

## CHAPTER IV

# THE PROGRAMS OPERATING IN 1940

The preceding chapter has described the evolution of governmental provision against loss or inadequacy of private income. It pointed out that the period 1930-40 showed certain clearly marked trends in the development of public aid, the most important of which were the entrance of the Federal Government into the public-aid field, its emergence as the increasingly important partner in cooperative programs with the States, and the evolution of diversified public-aid measures. In consequence of the developments which have been described, the nature of social provision against individual economic insecurity in 1940 was extremely complex. Evaluation of the results of these developments is rendered difficult by the existence of a variety of public-aid programs serving different groups of persons and having different objectives over and above the assurance of physical maintenance. These programs were administered by many different agencies, operating at various levels of government, and were financed by a variety of methods.

In succeeding chapters an attempt will be made to discover what this combination of programs meant to the economically insecure population, what were the consequences in social and economic terms of the methods of financing adopted, and how smoothly and efficiently the administration operated. Basic to such an evaluation, however, is a clear picture of the main characteristics of the programs as they operated in 1940. It is the purpose of this chapter to present such a brief characterization. For convenience of exposition, the measures have been grouped by reference to the special characteristics of the people whom they were intended to serve.

Unless otherwise noted, sources for the information given in this chapter were the published reports of the agencies concerned or information supplied by them at the request of the Committee on Long-Range Work and Relief Policies. The following descriptions are designed to give only the most important information about the programs operating in 1940. For detailed description of these programs, the reader is referred to the materials listed at the end of each section.

### Measures for the Unemployed

In addition to provisions made by the locally administered general-relief systems (including local work-relief projects<sup>1</sup>) and through special measures for the

<sup>1</sup> Because of their intimate relationship to the general-relief system, the local work projects will be described in connection with general relief.

agricultural population, which will be treated later in this chapter, there were by June 1940 no less than five different public-aid programs directly aiming to meet the needs of the unemployed. These were the Work Projects Administration, the Civilian Conservation Corps, the National Youth Administration, the State unemployment insurance or compensation systems, and the national railroad unemployment insurance plan. The first three aimed to provide, in addition to a cash income, work opportunity or training, including in the case of the NYA student work program continuance of general education. The unemployment compensation plans provided only cash income but made this available as a right to persons who could satisfy specified eligibility requirements without having to qualify as being in need. A discussion of the United States Employment Service is included in this section because of the interdependence of State unemployment compensation and employment service programs.

### Work Projects Administration

The Work Projects Administration in 1940 was a Federal work-relief program, in the Federal Works Agency, under the direction of the Commissioner of Work Projects, which provided employment at scheduled monthly payments, on public projects, to employable persons who were certified to be in need and who could meet other eligibility conditions.<sup>2</sup>

The average monthly employment for the fiscal year 1940 was 2,054,000<sup>3</sup> and during this period the total expenditures on projects were \$2,014,484,212.<sup>4</sup> During

<sup>2</sup> Throughout its existence the WPA had in common with a number of other public-aid programs one characteristic which has been noted in earlier chapters: It was financed by yearly appropriations (with supplemental and deficiency appropriations) which appeared to be made with the hope, if not the conviction, that the need for the program might pass with the fiscal year. Hence, the only enabling act for the agency was the yearly appropriation act, which not only stated the aims of the appropriation and gave general directions for its use but prescribed in great detail eligibility for employment, nature and types of projects, and various other matters. Hence, the following description of the nature of the program and conditions of employment on it is based in large measure upon the Emergency Relief Appropriation Act, fiscal year 1941 (Public Resolution No. 88, 76th Cong., 3d sess., approved June 26, 1940). Data relative to employment and expenditures are from the annual report of the agency, *Report on Progress of the WPA Program, June 30, 1940*, Washington, 1940, and *Work Relief and Relief for Fiscal Year 1941*, Hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, 76th Cong., 3d sess., Washington, 1940, hereinafter referred to by title only.

<sup>3</sup> Includes some 73,000 workers employed on projects operated by other Federal agencies. Computed from *Report on Progress of the WPA Program, June 30, 1940*, with special reference to tables 11, 12, and 22, and appendix tables I, XIX, and XX, pp. 43, 44, 55, 115, 138, 139.

<sup>4</sup> The total includes sponsors' contributions (see below) and \$58,316,000 expended on WPA activities conducted by Federal agencies other than WPA.

the month of June 1940, an average of 1,756,000 persons<sup>5</sup> were employed, at a total monthly expenditure of \$118,671,000. The average earnings of project workers in the continental United States during this month were \$58.02. During the fiscal year 1940, the national average was \$54.16 per month, ranging from \$39.39 in Mississippi to \$72.61 in New York City.

A wide variety of projects was conducted by WPA, ranging from many kinds of construction work to art, education, and research. Almost three-fourths of the employment was provided on construction projects, of which the improvement of roads, highways, and streets was the major part. One-fourth of the workers were engaged on professional and service projects, including education, research, production of goods, and other nonconstruction activities.<sup>6</sup> The operation of these "useful public projects" was authorized by the appropriation act under an inclusive description of types of projects for which the funds appropriated might be used. However, certain limitations on the use of these funds were set in the "General and Special Provisions" sections of the act. One of the most important limitations prohibited the use of emergency relief funds for the construction of any building of whose construction costs the Federal share was more than \$100,000 unless the building was a defense project. Theater projects were banned. No funds appropriated might be used "to purchase, establish, relocate, or expand mills, factories, stores, or plants which would manufacture, handle, process, or produce for sale articles, commodities, or products (other than those derived from the first processing of sweet potatoes and naval stores products) in competition with existing industries."<sup>7</sup>

The major eligibility requirement set by the appropriation act was that persons must be certified by local agencies as being in need of employment. These agencies were to refer eligible workers to the WPA. The WPA itself might perform this function where no such agencies existed or where the WPA refused to accept referrals by local public agencies. In practice, the WPA usually accepted local needs standards. Administrative practice required that at least 95 percent of

the project workers on projects operated by WPA be certified as in need.

As legally required, preference in employment was determined on the basis of relative needs. This requirement was further defined by administrative practice to give first preference to members of families or persons with no income and second preference to members of families or persons with income insufficient for maintenance on a subsistence level.<sup>8</sup> Where relative needs were the same, the law required that further preference be given to veterans, their widows (unless remarried), and the wives of unemployable veterans. Each employee's need was required to be tested again by a review conducted by the WPA at least once every 12 months (prior to July 1, 1940, every 6 months).

Other eligibility requirements set by law included citizenship and employability.<sup>9</sup> Employees were also required to be at least 18 years of age and to show capability of performing the work assigned to them. Employment of Communists, members of Nazi Bund organizations, and persons who advocated (or were members of organizations which advocated) the overthrow of the Government of the United States was specifically forbidden by law, but discrimination on account of other political activity by project workers or on account of race or religion was prohibited. By administrative ruling only one member of a family group was employed.

The Federal program provided no further limitations on eligibility than those mentioned above. In practice, other requirements might be made. Eligibility for WPA employment of persons benefiting from or eligible for other public-aid programs was regulated by agreements between WPA and the agencies concerned, unless these programs excluded WPA workers from their benefits by law. Some local certifying agencies established residence requirements and other restrictions and preferences than those set up by WPA.

All project workers (except veterans, unmarried widows of veterans, and wives of unemployable veterans) who had been continuously employed for more than 18 months were required by law to be removed from employment but could be recertified for employment after 30 days. Workers who refused to accept

<sup>5</sup> Includes about 86,000 persons employed on projects operated by other Federal agencies.

<sup>6</sup> As of June 26, 1940, 72.7 percent of persons employed on projects operated by the WPA were engaged in construction work (42.5 percent were employed on highways, roads, and streets; 9.1 percent, on public buildings; 10 percent, on publicly owned or operated utilities; the remainder, on other construction). The Division of Professional and Service Projects employed 25.2 percent of project workers (7 percent were engaged on sewing projects; 2.3 percent, on recreation; 2.4 percent, on research and surveys; and the remainder, on such projects as school luncheons, public records, music, etc.). Miscellaneous types of projects accounted for the small balance (2.1 percent) of the workers.

<sup>7</sup> Sec. 33. The limitation on construction costs and the prohibition of expenditures for theatre projects were made by secs. 11 and 24 respectively.

<sup>8</sup> Operating Procedure E-9, Revised January 29, 1940.

<sup>9</sup> WPA ruled that no person be employed whose age or physical condition was such as to make his employment dangerous to his health or safety, or to the health or safety of others. Employability was determined by the local referral agencies, subject to WPA approval. The 1941 appropriation act stated that "the agency providing the employment shall determine whether \* \* \* persons are able to perform the work \* \* \* and no person shall be employed or retained for employment \* \* \* whose work habits are such or work record shows that he is incapable of performing satisfactorily the work \* \* \*" (Sec. 15 c.)

offers of employment at work they could perform and at locally prevailing wage rates were required to be dropped from the rolls, and a WPA administrative ruling required the dismissal of any worker who failed to register with the United States Employment Service.

Payments to project workers were based on a predetermined monthly schedule of wages, fixed by the Commissioner of Work Projects, which varied according to degree of skill required for the job to which the worker was assigned, geographic regions, and the degree of urbanization of the county in which the worker was employed. It was legally specified that this schedule should not be varied between geographical regions to an extent greater than regional differences in living costs would warrant. Monthly payments under the 1940 schedule ranged from \$31.20 (for unskilled labor in rural counties of the southern wage region) to \$94.90 (for professional and technical labor in northern and western cities of 100,000 population and over).<sup>10</sup>

Hours of work were legally set at 130 per month, not to exceed 8 hours per day and 40 hours per week. Exemptions were permitted, at the discretion of the Commissioner of Work Projects, to protect work already done on a project, to make up lost time, to complete projects important for military or naval purposes, in case of an emergency involving the public welfare, and in the case of supervisory personnel employed on work projects.

By administrative ruling, machinery was provided for the handling of complaints, which included provision for appeals and hearings. The right of project workers to organize was recognized. Accident and disability compensation was provided by law.

In administration the WPA was a Federal program. All WPA officials were Federal officials, and all offices were branches of the Federal agency. Through its Federal office and local offices, the WPA interpreted and enforced statutes, Executive orders, and administrative rules and regulations governing financing, employment conditions, reports and records, project operations, and other questions of policy and procedures.<sup>11</sup> All projects were approved by the Federal office and by the President.

Local and State responsibilities included referral of applicants and sponsorship of projects. The initial selection of eligible persons was almost entirely a re-

sponsibility of the local public-welfare agencies, which referred applicants to WPA.<sup>12</sup> In most States the referral agencies entered into formal written agreements with the WPA. The actual certification and assignment to work was a responsibility of the WPA.

With the exception of a small number of projects sponsored by Federal agencies, all WPA projects were sponsored by State and local governmental bodies. The responsibilities of the sponsors included the initial planning and submission of projects, and contributions toward the cost in the form of cash, materials, personal and professional services, and land or leases. The great majority of non-Federal projects were locally sponsored, the remainder being sponsored by State agencies.

Federal funds for the operation of WPA were appropriated by Congress for the fiscal year<sup>13</sup> on the basis of estimates presented by the Commissioner of Work Projects. As noted earlier, certain limitations were placed by Congress on the use of these funds.<sup>14</sup> Total expenditures for the WPA program in the fiscal year 1940 were \$2,014,484,212, of which \$494,378,134 were sponsors' contributions. The remaining \$1,520,106,078 were from Federal funds and were distributed approximately as follows: Wage payments to project workers, \$1,339,194,000; nonlabor costs, \$125,534,000; administrative costs, \$55,331,000; miscellaneous, including settlement of property damage claims and special grants for disaster relief, \$47,000.<sup>15</sup>

Twenty-five percent of the total costs of all non-Federal projects approved after January 1, 1940 (except for defense and certain other projects), were required by law to be contributed by the sponsors in each State taken as a whole. Because of the limitations on nonlabor expenditures from Federal funds, the bulk of the sponsors' contributions were provided in the form of materials and equipment. The WPA determined the adequacy of the contribution. Sponsors were required to agree in writing to finance a specified part of the

<sup>12</sup> Except, as noted above, where WPA refused to accept referral by local agencies. As of March 1, 1940, WPA acted as its own referral agency in three jurisdictions: the District of Columbia, New Mexico, and South Carolina. (*Work Relief and Relief for Fiscal Year 1941*, table 30, p. 480.)

<sup>13</sup> The appropriation act for the fiscal year 1941 required that the funds be apportioned over a period of not less than 8 months.

<sup>14</sup> In addition to those previously discussed, the emergency relief appropriation act, fiscal year 1941, placed the following major limitations on use of funds: (1) Exclusive of administration, Federal expenditures for nonlabor costs were limited to an average of \$6 per month per worker, although the Commissioner might authorize an increase in this limitation up to \$7, and additional funds were appropriated for nonlabor costs on certain military and naval projects; (2) no expenditures might be made for purchase of construction machinery or equipment which could be rented; (3) the amount obligated for administrative expenditures was not to exceed \$41,534,000. (The amounts which might be spent for salaries, travel, etc., were enumerated.)

<sup>15</sup> *Report of the Progress of the WPA Program, June 30, 1940*, pp. 5, 6, 54.

<sup>10</sup> *Report on Progress of the WPA Program, June 30, 1940*, p. 5. For a detailed description of the established schedule of monthly earnings see ch. VII.

<sup>11</sup> Wages were paid through Treasury checks. Such materials as WPA might furnish for projects were bought through Federal purchasing channels. The Treasury Department made all purchases through regional or State procurement offices, made all payments through regional or State disbursing offices, and maintained detailed accounts.



total cost of a project before the project could be put into operation.<sup>16</sup>

### Measures for Youth

While the Work Projects Administration was devised for the whole group of the employable unemployed, young people from low-income families were given employment in 1940 through two programs: The Civilian Conservation Corps, which enrolled only young men, and the National Youth Administration, which employed both young men and women.<sup>17</sup>

*National Youth Administration.*—In 1940 this agency was operating two major programs. The student work program provided part-time employment to needy youth in regular attendance at day sessions of schools, colleges, and universities in order that they might remain in school and properly continue their education. The out-of-school work program provided part-time employment on useful public projects for needy youth who had left school and were unable to find private employment. As a part of the out-of-school work program, resident centers were set up for youth in sparsely settled areas.

For the fiscal year 1940, \$100 million, together with unexpended balances from the previous year, was appropriated for the NYA. Of this sum, about \$5 million was spent for administration in Washington and in the States. Of the remaining \$95 million, over \$27 million, or 29 percent, was spent for the student work program, and approximately \$67 million or 71 percent, was spent for the out-of-school program.<sup>18</sup>

The student work program gave employment to an average of 438,000 students per month during the fiscal year 1940, including over 317,000 in elementary and high schools and about 120,000 in colleges. In June 1940 about 315,000 youth were employed, with the sexes about equally represented.<sup>19</sup>

Minimum and maximum monthly earnings on the program were set by the National Youth Administrator, as follows: Elementary- and high-school students, \$3 and \$6; college undergraduates, \$10 and \$20; graduate students, \$20 and \$30. Hours worked were to be so

<sup>16</sup> For more detailed description of the WPA, see the agency's annual progress reports, Congressional hearings on relief and work relief, and MacMahon, Arthur W., Millett, John D., and Ogden, Gladys, *The Administration of Federal Work Relief*, Chicago, Public Administration Service (for the Committee on Public Administration of the Social Science Research Council), 1941.

<sup>17</sup> For an analysis of specific aspects of these programs, such as types of projects, work, training, education, guidance, and medical care, see ch. IX below.

<sup>18</sup> These and other data on the NYA program are either from its *Annual Report for the Year Ending June 30, 1940*, Washington, 1940, or from the monthly statistical tables for June 1940 compiled by its Division of Finance and Statistics.

<sup>19</sup> By June many schools have closed; hence the figure for this month is lower than the annual monthly average.

determined that earnings reflected the prevailing local rate for similar work. In no case could elementary- and high-school students work more than 3 hours on school days and 7 hours on nonschool days. Eight hours per day was the maximum for college students.<sup>20</sup>

In June 1940 the earnings of all youth employed on the student work program averaged \$7.38. This figure represents the average of 212,647 students working on the elementary- and high-school program, earning an average of \$4.74; 99,657 college undergraduates, earning an average of \$12.68; and 1,655 graduate students earning an average of \$21.72.

To be eligible for employment on this program, a youth must be between 16 and 25 years of age and in need of employment in order to continue his schooling. He was required to have good character and scholastic record and to be a citizen of the United States who did not advocate or belong to an organization which advocated the overthrow of the Government of the United States by force or violence. The program was restricted to regular students of the educational institutions participating in the program, who were carrying not less than three-fourths of the normal schedule.

Designated officials of the participating institutions were responsible for establishing the fact that part-time employment was necessary for an applicant to continue his study. These officials certified youth as in need of assistance, planned and supervised the work of those employed, and reported hours worked by each employee.

The out-of-school work program gave employment to an average of 264,000 youth per month during the fiscal year 1940. In addition, there were about 10,000 supervisors, most of them above the youth age. By June 1940, the employment on the program was 274,000 youth, with young men somewhat preponderant in numbers.

On the out-of-school program maximum hours and monthly payments were fixed by the National Youth Administrator, and the exact number of hours to be worked was fixed for each State by its administrator. With certain exceptions, maximum hours on projects were 70 per month, not to exceed 8 hours in 1 day and 40 hours in 1 week.<sup>21</sup> Maximum wage rates were fixed according to three wage regions.<sup>22</sup> Two classes of wages were paid: One for youth who acted in the capacity of

<sup>20</sup> NYA Administrative Order No. 3, July 17, 1939.

<sup>21</sup> NYA Administrative Orders No. 5, September 15, 1939, and No. 6, November 17, 1939. For subsequent changes see ch. IX.

<sup>22</sup> Up to June 26, 1940, there was a differentiation within each wage region, a slightly higher maximum monthly wage being set for counties in which the largest municipality was over 25,000 in population than for counties with smaller chief municipalities. This differentiation was ended by NYA Administrative Order No. 9.

junior foremen or skilled workers; and a second for all other workers.<sup>23</sup>

Monthly earnings on out-of-school work projects averaged \$15.15 during the fiscal year 1940, with Arkansas paying an average of \$10.91 and New York \$20.99 per month. During June average monthly earnings amounted to \$16.33, with 15 States paying more than the national average for the month. The range was from \$8.62 in Kansas to \$28.75 in New York City.<sup>24</sup> The young people worked an average of 57 hours per month, ranging from 33 hours in Kansas to 97 hours in Kentucky.

To be eligible for employment on the out-of-school work program a youth had to be between the ages of 18 and 25;<sup>25</sup> to be certified as in need, either by the NYA or by local relief agencies; and to be able to benefit by the work experience and training available under the NYA program. He was not permitted to carry as much as three-fourths of a normal schedule in an educational institution. Citizenship requirements were the same as in the student work program.

The fiscal year 1940 was the first year in which the NYA functioned as a part of the newly established Federal Security Agency, the National Youth Administrator being subject to the authority of the Federal Security Administrator. The general framework of policy within which both the out-of-school work program and the student work program operated was established in the Washington office of the NYA, but the responsibility for the operation of both programs rested with the State youth administrators, appointed by the National Youth Administrator. As noted above, State administrators shared responsibility for the student work program with officials of the participating educational institutions. The administrators were responsible for reviewing all plans made by participating institutions for the work of their NYA students. Payments were made to all youth workers from the Treasury.

Federal appropriations were the chief source of funds for both programs operated by the NYA. In the case of the out-of-school work program, contribu-

tions amounting in June 1940 to \$1,970,846, or 23 percent of the total cost of the program in that month, were made by the local public agencies who acted as cosponsors of the projects. For the entire fiscal year these contributions amounted to \$15,079,108, or 18 percent of the total cost. The educational institutions participating in the student work program contributed planning and supervision of the work of their NYA students, but no estimate of the costs of these services is available.<sup>26</sup>

*Civilian Conservation Corps.*—The CCC furnished employment as well as vocational training and educational opportunity chiefly to unemployed young men through advancing a Nation-wide conservation program on forest, park, and farm lands. The authorized strength of the Corps was 300,000 men, of which not more than 30,000 might be veterans. In addition, enrollment of not more than 10,000 Indians and 5,000 residents of Alaska, Hawaii, Puerto Rico, and the Virgin Islands was authorized. Owing largely to the fact that youth enrolled for a 6-month period,<sup>27</sup> the actual strength of the Corps varied somewhat from month to month. The average enrollment for June 1940 was 243,017.<sup>28</sup> Average monthly enrollment for the fiscal year 1940 was nearly 281,000 men.<sup>29</sup>

Enrollees were paid \$30 a month, of which \$22 was allotted to dependents or deposited to the credit of the enrollee if he had no dependents.<sup>30</sup> During the month of June 1940 enrollees' pay amounted to \$7,621,939, of which \$5,236,435 was paid to allottees. Total obligations for the month, including disbursements for Indian and veteran enrollees, amounted to \$26,502,580.

Enrollment in the Corps was restricted to unmarried

<sup>23</sup> For further information see annual reports of the National Youth Administration and also Johnson, Palmer O., and Harvey, Oswald L., *The National Youth Administration*, The Advisory Committee on Education, Staff Study No. 13, Washington, 1938; Lindley, Betty and Lindley, Ernest, *A New Deal for Youth*, New York, Viking Press, 1938; Jacobsen, Paul B., "Youth and Work Opportunities" and "Youth at Work," *Bulletin of the National Association of Secondary School Principals*, XXIV (April 1940) 1-164, and XXV (May 1941), 1-197; Lorwin, Lewis L., *Youth Work Programs: Problems and Policies*, Washington, American Council on Education, 1941; and two pamphlets of the American Youth Commission of the American Council on Education, *A Program of Action for American Youth and Next Steps in National Policy for Youth*, Washington, 1939 and 1940, respectively.

<sup>24</sup> With the privilege of reenrollment for additional 6-month periods on approval of the Corps, up to a total of 2 years.

<sup>25</sup> Including 7,345 Indians and 3,444 Territorial enrollees. In addition the Corps included 38,092 nonenrolled personnel. See *Civilian Conservation Corps, Monthly Statistical Summary, June 1940*, Washington, 1940, p. 3.

<sup>26</sup> *Annual Report of the Director of the Civilian Conservation Corps, Fiscal Year Ended June 30, 1940*, Washington, 1940, p. 1.

<sup>27</sup> Not more than 10 percent of the enrollees of each company (200 men) might receive \$36 as assistant leaders; not more than 6 percent might be appointed leaders at \$45. (Public, No. 163, 75th Cong., 1st sess., approved June 28, 1937, sec. 9.)

Allotments to dependents were reduced, as of January 1, 1941, from \$22 to \$15 per month, with the \$7 difference being placed in a savings account for each enrollee, payable in a lump sum on his discharge from the Corps.

<sup>23</sup> Until June 26, 1940, the former class of wages was \$3 per month higher than the latter. After that time, the former exceeded the latter by \$6 per month. During the fiscal year 1940, as many as 20 percent of the youth workers could be paid the higher wage, but after July 1, 1940, only 5 percent could be paid at this rate. (NYA Administrative Order No. 9.)

<sup>24</sup> Puerto Rico paid an average of \$8.55. Wisconsin, with \$22.40, and New Jersey, with \$22.30, were next to New York City at the other end of the range. On resident projects the monthly earnings averaged \$25.60, but a part of these earnings was deducted to cover cost of food and shelter on the project.

<sup>25</sup> Except in States where exemptions permitted the employment of persons 16 and 17 years of age. After June 1940, exemptions permitting the employment of 17-year-olds were granted to all the States except North Dakota and the District of Columbia. Permission was also given to more than 30 States to employ 16-year-olds.

male citizens between the ages of 17 and 23 (except in the case of Indians, veterans, residents of the Territories, and certain enrollees in each camp<sup>31</sup>) who were unemployed and in need of employment and who were otherwise qualified by character and physique. In the case of applicants with dependents, selection for enrollment was contingent upon willingness to make allotments to them.<sup>32</sup>

The Civilian Conservation Corps program was in charge of a director appointed by the President, who after July 1, 1939, was responsible to the Federal Security Administrator. The director coordinated and directed all phases of operation, with the assistance of an advisory council composed of representatives of the Federal agencies cooperating in the program—the Departments of Agriculture, Interior, and War, and the Veterans' Administration. The director was responsible for selecting the junior enrollees—i. e., all enrollees except veterans, Indians, and residents of the Territories. This was accomplished through the State welfare departments or relief agencies in all the States; more than 4,000 local welfare offices representing the State departments did the actual selection and certification of young men for CCC enrollment. Neither the States nor the local offices received any compensation for this service. Veteran enrollees were selected by the Veterans' Administration. The War Department was responsible for the administration of the camps and for the welfare of the enrollees, including their education;<sup>33</sup> the Departments of Interior and Agriculture were responsible for the designation, planning, and supervision of the work projects carried out under the supervision of experienced technicians of the various bureaus of the two departments.<sup>34</sup> In addition, the Office of Indian Affairs in the Department of Interior had complete responsibility for the operation of all phases of the CCC program for Indians.

The program was financed by Federal appropriations, which were allotted to the cooperating Federal departments by the Director of the Corps. During the fiscal year 1940, \$278,790,722 was expended, of which about \$215,000,000 was spent by the War Department, \$37,000,000 by the Department of Agriculture, and \$25,000,000 by the Department of the Interior. The latter figure included approximately \$7,000,000 spent for Indians.<sup>35</sup>

<sup>31</sup> 1 mess steward, 3 cooks, 5 project assistants, and 1 leader.

<sup>32</sup> Official Letter No. 25, dated June 13, 1940, removed this administrative restriction. The language of the 1937 law did not contain such a limitation upon enrollment.

<sup>33</sup> The Office of Education, Federal Security Agency, acted in an advisory capacity in regard to education in the camps.

<sup>34</sup> For a more detailed discussion of work in the camps, see ch. IX.

<sup>35</sup> *Annual Report of the Director of the Civilian Conservation Corps, Fiscal Year Ended June 30, 1940*, p. 83-86. In addition there were expenditures for the Director's office in Washington and the const-uc-

## Unemployment Compensation

Unemployment compensation provided cash benefits for involuntarily unemployed workers in specified types of employment. As a result of the financial inducements provided in the Social Security Act (which does not itself provide for the payment of unemployment benefits to individuals) all of the 48 States, Alaska, Hawaii, and the District of Columbia had unemployment compensation laws in 1940.<sup>36</sup> Railroad workers, however, had a separate, federally operated unemployment insurance program.<sup>37</sup>

*State unemployment compensation systems.*—In 1940 the State unemployment compensation laws covered approximately 28 million workers employed by over 800,000 employers.<sup>38</sup> During the fiscal year 1940, the number of individuals who were receiving benefits in any one month varied from 501,714 (in October 1939) to 1,268,566 (in June 1940). Benefit payments, which averaged \$10.42 for a week of total unemployment in June 1940,<sup>39</sup> totaled \$482,507,000 for the entire fiscal year. It is significant to note that 7 large industrial States alone accounted for more than half of the unemployment compensation activities in the United States.<sup>40</sup>

No two of the 51 State unemployment compensation laws in 1940 were identical. In view of the innumerable differences between State laws and the frequent amendments to them,<sup>41</sup> only the major aspects of the State laws are analyzed in this section. The benefit provisions of each law are described in greater detail in Appendix 6.

Provisions for the three essential features of unem-

tion, maintenance, and operation of the central repair shops, and other miscellaneous items.

For further information on the CCC, see annual reports of the director. See also McEntee, James J., *Now They Are Men*, Washington, National Home Library Foundation, 1940; three pamphlets of the American Youth Commission of the American Council on Education, *A Program of Action for American Youth*, *The Civilian Conservation Corps*, and *Next Steps in National Policy for Youth*, Washington, 1939, 1940, and 1941, respectively; and Lorwin, *op. cit.*

<sup>36</sup> As hereafter used, the word "State" includes all the 51 jurisdictions, i. e., the 48 States, the District of Columbia, Alaska, and Hawaii.

<sup>37</sup> The terms "unemployment compensation" and "unemployment insurance" are used interchangeably in this report.

<sup>38</sup> *Fifth Annual Report of the Social Security Board*, 1940, Washington, 1941, p. 67.

<sup>39</sup> Computed from *Social Security Bulletin*, III (August 1940), table 1, p. 19.

<sup>40</sup> California, Illinois, Massachusetts, Michigan, New York, Ohio, and Pennsylvania accounted for about 53 percent of all workers covered, 59 percent of tax collections, and 64 percent of benefit payments. (Computed from the *Fourth Annual Report of the Social Security Board*, 1939, p. 237, and *Fifth Annual Report of the Social Security Board*, 1940, Washington, 1941, pp. 181, 184, 185.)

<sup>41</sup> The Bureau of Employment Security of the Social Security Board issues from time to time a comparison of State unemployment compensation laws. The description of State laws in this section is based on the *Comparison of State Unemployment Compensation Laws as of October 1, 1940*, Employment Service Memorandum No. 8, Revised October 1940, Washington, 1940. Between this date and December 1941, 46 States amended their unemployment compensation laws.



ployment compensation laws—coverage, benefits, and financing—were decidedly complex. Employees in small establishments were excluded in most States. Workers in firms of fewer than 8 employees were not covered in 25 States, and only 6 States covered employers of 1 or more workers.<sup>42</sup> In addition, certain types of employment were excluded from coverage. In most States, the excluded employments were agricultural labor, domestic service in private homes, maritime service, service for relatives, and employment by government, by nonprofit-making organizations, and by the railroad industry (whose employees were covered by the railroad unemployment insurance system). Finally, a number of States excluded certain smaller occupational groups, such as insurance agents on a commission basis, students, newsboys, and casual laborers.

Unemployment compensation benefits were designed for only those unemployed persons who were "regularly attached" to the labor market. Eligibility was measured either by the amount of earnings or, more rarely, weeks of employment in a period previous to the claim for benefits, known as the "base period."<sup>43</sup>

The State laws aimed to restrict benefit payments to those persons who were unemployed through no fault of their own. Benefits were not paid, for example, unless the worker reported periodically at a local employment office that he was available for and willing to work. Furthermore, a claimant might not refuse "suitable employment"<sup>44</sup> proffered him by the employment office. Benefits were also denied to workers who left their jobs voluntarily without good cause, persons discharged for misconduct, persons unemployed because of an industrial dispute,<sup>45</sup> and recipients of certain other public-aid payments.<sup>46</sup>

<sup>42</sup> Illinois and Wisconsin excluded firms with fewer than 6 employees; Connecticut, firms with fewer than 5; California, Louisiana, Maryland, Massachusetts, New Hampshire, New York, and Rhode Island, fewer than 4; Arizona and Ohio, fewer than 3. The 6 States which taxed all employers in covered industries were Arkansas, Delaware, the District of Columbia, Hawaii, Minnesota, and Pennsylvania.

In 8 States the size of an employer's pay roll was a factor in establishing his liability to taxation. In 3 of these States it was the sole factor; in 2 States, an alternative factor, and in 3 States, an additional factor.

<sup>43</sup> Roughly speaking, in the year before claiming benefits a worker was required to have earned from \$100 to \$300, or to have been employed from 8 to 20 weeks (varying with the State), in order to qualify for unemployment benefits.

<sup>44</sup> The usual criteria of "suitable employment" were the degree of risk to a worker's health, safety, and morals; his physical fitness and prior training, experience, and prior earnings; the length of his unemployment; and the distance of the available work from his residence.

<sup>45</sup> However, in most States the disqualification did not apply to individuals not participating or directly interested in the dispute.

<sup>46</sup> For example, in the majority of States, benefits were not payable for a week during which a worker received wages in lieu of dismissal notice, Federal or State workmen's compensation for temporary partial disability, or an old-age and survivors insurance payment. In a few States, disqualifications applied in the case of any payment for wage loss from a private employer's pension plan, vacation allowances, and old-age assistance payments.

The benefit formulas used for calculating the worker's weekly benefit consisted of a number of interrelated clauses, each intended to relate a worker's benefit rights mathematically to his previous earnings experience.<sup>47</sup> In effect, most of the laws fixed the weekly benefit amount for total unemployment at about half of the weekly wage that a worker would receive when employed full time. In an effort to avoid the requirement of detailed reports from employers on the weekly earnings of individual workers, several methods were used. As of October 1940, most of the States (36) computed the weekly benefit amount for total unemployment compensation as a fraction of earnings in the highest calendar quarter in the base period. To simplify administration, other methods of computing the weekly benefit amount were also devised, including the use of an annual-wages formula and fixed benefit schedules. With the exception of the District of Columbia, in no State was the amount of the weekly benefit related to the number of dependents. The weekly benefit amounts were usually circumscribed by stipulated minimum and maximum amounts, commonly \$5 and \$15 respectively.<sup>48</sup>

With the exception of Montana, New York, and Pennsylvania,<sup>49</sup> State laws also provided benefits for partial unemployment. Partial unemployment was usually defined as a week when, owing to shortage of work, earnings fall below the worker's weekly benefit amount for total unemployment. The weekly partial unemployment benefit was then computed in most States as slightly more than the difference between the total unemployment benefit and actual earnings.<sup>50</sup>

Like eligibility and the amount of benefits, the duration of benefit payments in the majority of States depended upon a worker's earnings in the base period. The maximum duration was usually expressed as a multiple of the weekly benefit amount for total unemployment, or a fraction of earnings in the base period, whichever was less. The potential duration of benefits varied from 13 to 26 weeks in the different States, the most common being 16 weeks. However, as will be noted in chapter VIII, the actual duration of unemployment was

<sup>47</sup> For a discussion of the nature of the benefit formula and its administrative implications, see Matscheck, Walter and Atkinson, Raymond C., *Problems and Procedures of Unemployment Compensation in the States*, Chicago, Public Administration Service (for the Committee on Social Security, Social Science Research Council), 1939.

<sup>48</sup> The weekly benefit amounts as calculated by the use of the benefit formula were usually rounded to the next higher multiple (or in some States to the nearest multiple) of 1 dollar or of 50 cents.

<sup>49</sup> New York and Pennsylvania together contained approximately 25 percent of the covered workers in the United States.

<sup>50</sup> Thus, if a worker whose full-time weekly wages amounted to \$30 earned only \$5 in a week of partial employment, his partial benefit would be slightly more than \$10. The problems of paying partial benefits are discussed by Joseph, J. J., *An Explanatory Memorandum of Partial Unemployment Benefits in State Unemployment Compensation Systems*, Pamphlet Series No. 4, Washington, Committee on Social Security of the Social Science Research Council, 1941.

considerably less than 16 weeks. In about a fourth of the States in 1940, the duration of benefits was uniform for all qualified claimants. In these States the benefit periods were fixed at 13, 14, or 16 weeks.

By means of an interstate benefit-payment agreement to which the 48 States, the District of Columbia, Alaska, and Hawaii were signatories, it was possible for a worker who qualified for benefits in one State to continue receiving such payment through another State to which he moved before exhausting his benefit rights. No provision was made, however, for the interstate migratory worker whose earnings in any one State were insufficient to qualify him for benefits, but whose total earnings in a year would establish benefit rights had he remained in one State.

All State unemployment compensation programs were financed by taxes on the pay rolls of employers, and five States also levied taxes on workers. The provisions for employer taxation in the State laws were closely related to the tax-credit provisions of the Social Security Act of 1935, and the Federal Unemployment Tax Act of 1939 (formerly title IX of the Social Security Act). By these acts employers of 8 or more workers in specified employments<sup>51</sup> were taxed 3 percent of pay rolls, not counting wages paid to individual employees in excess of \$3,000 a year. In effect, this tax was reducible to 0.3 percent if the employers paid up to 2.7 percent under a State unemployment compensation law. Employers could secure the full "credit" of 2.7 percent even if their State tax was less than 2.7 percent, provided that the reduced State tax was based on experience rating or approved individual employer reserve systems.

The standard tax rate imposed on employers by almost all States was 2.7 percent of pay rolls.<sup>52</sup> Most States did not tax that part of individual wages which exceeded \$3,000 a year. Only in the District of Columbia law was provision made for a contribution financed by general tax revenues (for the first three years of operation).

By the end of the fiscal year 1940 the States had collected about \$3 billion in pay-roll taxes. Benefit payments by that date were less than half that amount. The balance standing to the credit of State unemployment compensation funds was thus about \$1.7 billion in June 1940. This amount was the sum of all the State unemployment compensation funds maintained in

<sup>51</sup> These Federal acts excluded agricultural labor, domestic service in private homes, casual labor not in course of employer's business, maritime employment, governmental service, employment for non-profit organizations, students, insurance agents, and newsboys.

<sup>52</sup> In the District of Columbia and New York, the standard rate was reduced from 3 to 2.7 percent, effective January 1, 1940. Beginning with 1940 Kentucky required of employers not subject to the Federal Unemployment Tax Act a contribution of 0.3 percent to be used for administrative purposes.

the unemployment trust fund account of the Treasury.<sup>53</sup> During the fiscal year 1940 benefits exceeded contributions in 3 States, but in 10 States benefits constituted less than 40 percent of contributions.<sup>54</sup>

The financing of unemployment compensation was complicated by the fact that in all but 12 States the employer's tax might vary in accordance with experience-rating provisions. As indicated in the previous chapter, the intent of these provisions was to induce employers to stabilize their operations by the promise of a reduction in the tax rate. Various methods of evaluating the employer's employment record were evolved.<sup>55</sup> As of October 1940, 37 of the 39 laws with experience rating provided for reductions in the tax rate to 1 percent of pay rolls or less (in six States the tax could cease altogether), but in only 26 States could the tax rate be increased.<sup>56</sup> The highest maximum rate provided was 4 percent (in nine laws).

The State unemployment compensation systems in 1940 were administered by State employment security agencies, subject to the supervision of the Social Security Board in certain matters. In all States benefits were paid through the public employment offices. The State employment security agencies collected taxes, disbursed benefits and administered employment services which received benefit claims and registered benefit claimants for employment. Amendments to the Social Security Act of 1939 were designed to ensure that the merit system would be applied in the selection of State personnel. Inasmuch as the costs of administration were borne by the Federal Government, the State budgets were subject to the review and approval of the Social Security Board. The costs of administration at both State and local levels (except for relatively small matching Wagner-Peyser Act appropriations for the State employment services) were wholly carried by the Federal Government, principally from that part of the pay-roll tax which it retained.<sup>57</sup>

<sup>53</sup> On certification by the Social Security Board, the Treasury released sums necessary for benefit payments from this account. Each State however, had its own account, so that the monies were not used for benefit payments in another State.

<sup>54</sup> Benefits exceeded contributions in Montana, Nevada, and Wyoming. They were less than 40 percent of contributions in West Virginia, North Carolina, Connecticut, Wisconsin, South Dakota, New Jersey, Delaware, Missouri, the District of Columbia, and Hawaii. For further discussion of the solvency of State funds, see ch. XI.

<sup>55</sup> Generally speaking, separate accounts were set up by the States for each employer, to which his contributions were credited and from which benefit payments to his employees were deducted. For further details, see Chapter XI.

<sup>56</sup> As of 1940, experience rating was operative in only 4 States (Wisconsin, Indiana, Nebraska, and South Dakota). Thirteen States were to begin experience rating in 1941, 21 States in 1942, and 1 in 1943.

<sup>57</sup> For further information on State unemployment compensation systems, see the *Comparison of State Unemployment Compensation Laws* issued from time to time by the Bureau of Employment Security, Social Security Board. See also Atkinson, Raymond, *The Federal Role in Unemployment Compensation*, Washington, Committee on Social Security of the Social Science Research Council, 1941; Malisoff, Harry.

"The Emergence of Unemployment Compensation," reprinted from



The Federal railroad unemployment insurance system.—In July 1939, railroad workers who had formerly been covered by the State unemployment compensation systems began to draw benefits under the Railroad Unemployment Insurance Act of 1938. Amendments liberalizing benefits were passed by Congress in 1940 to become effective November 1 of that year.<sup>58</sup> The following discussion applies to the system under the amended Act.

The separate railroad unemployment insurance system, which covered about 1,527,000 workers in railroad employment in 1940, was similar to the State unemployment compensation systems in several respects, particularly in its reliance on an employers' pay-roll tax as a means of financing the program. In some other features, however, the railroad plan was markedly different.

The benefit provisions of the railroad unemployment insurance system were considerably simpler than those of the State laws. In order to qualify for benefits, a worker must have earnings of \$150 in the "base year," defined as the calendar year preceding the claim for benefits. Benefits were paid on a daily basis instead of by the week, as under the State laws. When an insured worker applied for benefits, he began a "registration period" of 14 days. Benefits were payable for each day of full unemployment in excess of seven<sup>59</sup> within the first period of 14 consecutive days and for each day of unemployment in excess of four in each subsequent 14-day period.

Although the daily benefit amount was dependent on earnings in the base year, the relationship between the two was neither so complex nor so exact as under the State laws. Daily benefits were determined according to a schedule providing for seven wage classes and seven corresponding benefit classes.<sup>60</sup> The duration of benefits,

*Political Science Quarterly*, LIV (June 1939), pp. 237-58 (September 1939), pp. 391-420, and LV (June 1940), pp. 249-58; Matscheck and Atkinson, *op. cit.*; and Haber, William, and Joseph, J. J., *Unemployment Compensation: Principles and Administration*, New York, Prentice-Hall, Inc., 1942.

<sup>58</sup> For a comparison of the adequacy of benefits under the first and second railroad unemployment insurance laws and under the State acts, see ch. VII.

<sup>59</sup> Sundays and holidays were excluded as days of unemployment unless the claimant also registered as unemployed on the day preceding and the day following the Sunday or holiday. The 7 days served as a waiting period.

<sup>60</sup> The benefit scale under the Railroad Unemployment Insurance Act of 1940 was as follows:

Credited compensation in base year	Daily benefit amount	Maximum benefits in a 14-day period	Maximum benefits in 1 year
\$150-\$199	\$1.75	\$17.50	\$175
\$200-\$249	2.00	20.00	200
\$250-\$299	2.25	22.50	225
\$300-\$349	2.50	25.00	250
\$350-\$399	3.00	30.00	300
\$400-\$449	3.50	35.00	350
\$450 and over	4.00	40.00	400

Source: "Amendments to the Unemployment Insurance Act," *The Monthly Review* [of the Railroad Retirement Board], I (September 1940), 5.

however, was uniform for all qualified workers, 100 days within the "benefit year," which began for all workers on each July 1.

Each year every railroad employee received a certificate which stated the amount of his railroad earnings in the previous year. From this statement a worker was readily able to determine his eligibility and the amount of benefits to which he was entitled.

In the first year of operation of the Railroad Unemployment Insurance Act, during which the less liberal benefit provisions of the 1938 law applied, benefits amounting to \$14,806,879 were paid to 160,735 qualified applicants. The average daily benefit amount was about \$2.30, and the average number of compensable days in a 14-day period was slightly over six. The average benefit payment for a 14-day period was about \$14.80.<sup>61</sup>

The employer tax for railroad unemployment insurance was 3 percent of pay rolls, and there was no provision for experience rating. The system, though Federal, was not subject in any way to the Social Security Board, being administered solely by the Railroad Retirement Board. Funds for administration were derived from the automatic transfer of 10 percent of the pay-roll tax collections from the Treasury to the Railroad Retirement Board. The taxes were maintained in the unemployment trust fund in the Treasury, together with State unemployment compensation funds; but they were collected by the Railroad Retirement Board, not by Treasury officials. By June 30, 1940 the reserve fund amounted to \$31,699,000. The transfer of contributions from railroads which had been collected by the State unemployment compensation agencies prior to 1938 added approximately \$100 million to the railroad unemployment insurance account. By December 1940, the balance was \$153,144,000.<sup>62</sup>

### The Public Employment Service

In 1940 the public employment service was one of the major instruments of public-aid and labor market policy of government.<sup>63</sup> While not strictly a public-

<sup>61</sup> Data in this paragraph from *Social Security Bulletin*, III (August 1940), 35-38.

<sup>62</sup> For an analysis of the 1938 Railroad Unemployment Insurance Act, see Couper, W. J., "The Railroad Unemployment Insurance Act and Unemployment Compensation Administration," *Social Security Bulletin*, I (August 1938), 12-16. Details of the 1940 amendments are given in "Amendments to the Unemployment Insurance Act," *The Monthly Review* [of the Railroad Retirement Board], I (September 1940), 3-10. For further information on unemployment insurance activities of the Railroad Retirement Board, see *The Monthly Review* and the annual reports of the Board.

<sup>63</sup> From 1933 the United States Employment Service was closely connected with governmental measures to aid the unemployed population. Registration for the public work-relief programs in 1933-35 was effected

aid program in the more limited sense of the term, it played an important role, both as a service program for the general population and as an implement of public-aid measures, such as the Federal work programs and unemployment compensation.<sup>64</sup> In the following pages only the broad general service aspects of the employment service will be discussed; reference to more specific problems arising from the use of the employment service in connection with individual public-aid programs is made in the discussion of these programs.

The United States Employment Service in 1940 did not provide cash benefits for the needy, nor were its services restricted to low-income groups. Its major purpose was to reduce and minimize waste of time, effort, and expense in bringing jobs and workers together. Thus it had two functions: to render service to employers and workers; and to contribute toward intelligent labor-market planning by accumulating, analyzing, and disseminating information regarding labor supply and demand.

In June 1940, the 3,085 counties of the United States were served by almost 1,500 full-time local offices. In addition, there were about 3,100 itinerant offices which provided service at given points once or twice a week, or once every two weeks.<sup>65</sup>

During the fiscal year 1940, the United States Employment Service made over 3.5 million complete placements and assisted in the making of over a million so-called "supplementary placements" (verified placements made without all the steps necessary for complete placement). While most placements were effected locally (i. e., workers registered with a local office were placed in jobs in the community), intrastate and interstate "long-distance" placements were also made by means of clearance arrangements.<sup>66</sup>

The employment offices had about 5.7 million registrants in their active file in June 1940 and during the

fiscal year received some 16.2 million applicants for work, including both new and renewed applications. Members of the employment service staffs made 2.1 million visits to employers to explain the facilities of the service and to inquire about job openings.<sup>67</sup>

In addition to the general responsibility of the United States Employment Service to promote and develop a national system of employment offices for men, women, and juniors, and duties connected with this task, the Service was charged with a specific responsibility to maintain a placement service for veterans and a farm placement service.<sup>68</sup> The employment interests of veterans were served by the veterans' placement representatives in each State, whose duty it was to see that employment preferences to veterans were observed on certain Government projects and to make certain that proper attention was given to the employment problems of veterans in the local employment offices.<sup>69</sup> During the fiscal year 1940, a total of 128,000 veterans were placed, 95,000 of them in private employment.

The principal objectives of the farm placement service were to serve as an employment agency for growers and agricultural workers and to reduce to a minimum surpluses and shortages of labor due to undirected mass migration within and between States. These problems were met by the farm placement service through advance planning, registration, and placement.<sup>70</sup> During the fiscal year 1940 there were 369,000 complete placements in agriculture, forestry, and fishing, most of which were farm placements.<sup>71</sup> In 18 Western States there were farm-placement supervisors who guided and assisted employment-office personnel in this particular aspect of the work.

Accumulation, analysis, and dissemination of knowledge regarding labor supply and demand in order to facilitate intelligent planning of labor allocation was the second major function of the employment service. Study and analysis of the characteristics of workers and jobs was effected by the occupational-research program of the employment service.<sup>72</sup> Its major objective

through the employment service and the National Re-employment Service was created in the fall of 1933 in order to overcome the limitations of the United States Employment Service in regard to geographical coverage.

<sup>64</sup> Unemployment compensation added new and important functions to the duties of the USES by the requirement that State unemployment compensation laws, in order to be approved by the Social Security Board, must provide for the payment of unemployment compensation solely through public employment offices. Workers covered under unemployment compensation laws registered with the local employment service offices upon becoming unemployed and reported normally at weekly intervals for continued benefit eligibility. Thus, applications for work at public employment offices included all those filed by unemployed workers who were covered under State unemployment compensation laws.

By the fiscal year 1940, State unemployment compensation agencies reported that about 6.2 million new claims for benefits were allowed and 1.4 million disallowed. In addition to these 7.6 million claimants who had registered with the employment offices, about 64 million renewed claims were received during the year.

<sup>65</sup> *Fifth Annual Report of the Social Security Board, 1940*, p. 186.

<sup>66</sup> Data in this paragraph from *Fifth Annual Report of the Social Security Board, 1940*, pp. 187, 71.

<sup>67</sup> Data in this paragraph from *Fifth Annual Report of the Social Security Board, 1940*, pp. 187, 70.

<sup>68</sup> The USES was also specifically charged with the duty of maintaining a public employment service for the District of Columbia.

<sup>69</sup> They were Federal employees and had general supervision over placement work for veterans.

<sup>70</sup> See ch. IX.

<sup>71</sup> In addition, a large percentage of the 1.1 million supplementary placements were in seasonal agricultural work. (*Fifth Annual Report of the Social Security Board, 1940*, p. 71.)

<sup>72</sup> Study and analysis of occupational and employment trends based on observation of industrial activity were acknowledged as an important field of research by the establishment, in 1939, of the Occupational Outlook Service in the Bureau of Labor Statistics of the Department of Labor. This service was set up to advise as to which industries and occupations offered opportunity for young persons and which did not, at the suggestion of the Advisory Committee on Education. See *Annual Report of the Secretary of Labor, Fiscal Year Ended June 30, 1939*, Washington, 1939, p. 87, and *Annual Report of the Secretary of Labor*,

was to supply factual information about occupations. For the systematic study of workers and occupations, field research centers, staffed by trained analysts, prepared job schedules with occupational information secured from observing jobs in actual operation.<sup>73</sup>

Forecasting of employment trends by the employment service was facilitated by a comprehensive program of visits to employers by the employment-service staffs.<sup>74</sup> Under the stimulus of the defense program in 1940 the States began to report regularly on labor market conditions, labor supply, recent and prospective changes in demand for and supply of workers, present and prospective labor shortages, and trends in hiring practices. This information was published in the monthly *Employment Security Review* and through other means.<sup>75</sup>

Under Reorganization Plan No. I, approved June 7, 1939, the administration of the Wagner-Peyser Act was transferred from the Department of Labor to the Federal Security Administrator and the Social Security Board, and the United States Employment Service became a division of the Bureau of Employment Security of the Social Security Board. On the State and local level, the public employment service was administered in 1940 as a part of the State employment security agencies described in the section on unemployment compensation.

Funds for the administration of the public employment service came from Federal, State, and local sources. The largest part of its cost was borne by the Federal Government, which in the fiscal year 1940 provided some \$3,350,196 under Wagner-Peyser Act appropriations,<sup>76</sup> and \$62,323,317 under Title III of the Social Security Act for "proper and efficient administration" of unemployment compensation. In addition, the several States appropriated, in the form of sums

*Fiscal Year Ended June 30, 1940*, Washington, 1941, pp. 80-83. For a description and analysis of the purpose and function of the Occupational Outlook Service, see Hinrichs, A. F., "Research Through the Occupational Outlook Service," *Occupations*, XVIII (April 1940), pp. 483-87.

<sup>73</sup> For details of the occupational research program of the employment service see Stead, William F., Shurtle, Carroll L., and associates, *Occupational Counseling Techniques*, New York, American Book Company, 1940. See also ch. IX.

<sup>74</sup> Also, the manager of the local employment office was generally familiar with industrial and occupational trends in the locality. Some States studied trends on a State-wide scale, especially seasonal trends. The farm placement service analyzed, for almost every county in the United States, the demand for labor in crop and harvest seasons. See ch. IX.

<sup>75</sup> More recently, the USES was given important responsibilities and functions in connection with training for defense industries and occupations. See ch. XII and XVII.

<sup>76</sup> The amounts apportioned among the various States by the Social Security Board were based on the population of the States, with a minimum apportionment of \$10,000 to each eligible State in each fiscal year. State appropriations could not be matched if they were less than \$5,000, or less than 25 percent of the apportionment under the Act according to population during the fiscal year.

matched by the Federal Wagner-Peyser Act appropriations, \$3,413,332 out of State and local funds.<sup>77</sup>

## Measures for the Aged

By June 1940 three public-aid programs for aged persons were in operation: old-age assistance, old-age and survivors insurance, and old-age, disability, and survivors insurance for railroad workers.<sup>78</sup>

Old-age assistance (provided for under Title I of the Social Security Act) was designed to give cash payments to needy aged persons through Federal grants-in-aid to approved State plans for old-age assistance.

Old-age and survivors insurance (set up under Titles II and VIII of the Social Security Act, amended in 1939) was a purely Federal program of insurance by which commercial and industrial workers might retire at age 65 and claim benefits for themselves and their dependents on the basis of taxes paid by them and their employers. Survivors of insured workers might also claim benefits. All benefits of this program were paid as a right, irrespective of the need of the beneficiary.

The railroad retirement and carriers' taxing acts of 1935, as amended in 1937, provided for the payment of benefits to railroad workers under specified conditions on retirement or on proof of total permanent disability. Benefits were also provided for survivors of railroad workers. Benefits were paid as a right to workers on the basis of taxes paid by them and their employers and were not related to the need of any beneficiary. The system was purely Federal in administration.

### Old-Age Assistance

In 1940, 51 jurisdictions<sup>79</sup> operated old-age assistance plans qualifying for grants under the Social Security Act. In June of that year nearly 2 million persons, or approximately one-fourth of the aged population of the United States, were receiving this type of aid.<sup>80</sup> Obligations incurred for this program by Federal, State, and local authorities in the fiscal year 1940 amounted to \$453.3 million.<sup>81</sup>

The Social Security Act stated expressly that special-assistance allowances to which the Federal Government contributes should be on the basis of need and that,

<sup>77</sup> *Fifth Annual Report of the Social Security Board, 1940*, p. 188.

For a detailed analysis of the public employment service, see Atkinson, Raymond C., Odencrantz, Louise C. and Deming, Ben, *Public Employment Service in the United States*, Chicago, Public Administration Service, 1938.

<sup>78</sup> Although good reasons could be advanced for including a description of survivors insurance in the section of this chapter which deals with measures for dependent children, it is grouped here with old-age insurance under the Social Security Act and railroad retirement legislation since it is so intimately related to both.

<sup>79</sup> 48 States, the District of Columbia, Alaska, and Hawaii.

<sup>80</sup> *Fifth Annual Report of the Social Security Board, 1940*, p. 90.

<sup>81</sup> Excludes cost of administration and, for the first half of the year also excludes cost of hospitalization and burial of recipients. (*Ibid.*, p. 101.)



effective July 1, 1941, the State agencies in determining need must take into consideration any other income and resources of an individual granted assistance. The Act left to each State the definition of exactly what it means by "need." Hence, since no uniform standard of need was demanded, interpretations varied from State to State and within most States.<sup>82</sup>

In general, in 1940 need was determined either upon the basis of a budgetary deficiency<sup>83</sup> or by fixing a minimum monthly or annual income which disqualified an applicant for assistance. This amount was either specified in the State law or left to administrative discretion.

Twenty-two States in 1940 set a maximum amount of property which an aged person might own and still qualify for old-age assistance, and about half of the States had some form of cash or income limitation. Moreover, each of the 51 jurisdictions required that the applicant should not have disposed of property to qualify for assistance. Seven States exempted certain types of property and income in determining resources.<sup>84</sup> Relatives' resources were taken into account in the public-assistance laws of 32 States, but the extent of relatives' responsibility for the support of aged persons varied considerably between States, since the Social Security Act made no mention of such responsibility. Relatives most frequently held responsible by States were spouses, adult children, and grandchildren.

The Social Security Act stipulated that no State old-age assistance plan after January 1, 1940, might impose an age requirement of more than 65 years. Likewise, the act provided that State plans for old-age assistance might not impose a residence requirement to exclude applicants who had resided in the State for 5 of the 9 years immediately preceding application and had resided therein continuously for 1 year immediately preceding application. However, States might be, and occasionally were, more liberal with respect to residence.<sup>85</sup>

The Social Security Act also stipulated that plans for old-age assistance might not impose citizenship requirements which would exclude a United States citi-

zen who otherwise would be eligible for assistance, whether native-born or naturalized. A State, however, might omit citizenship requirements if it so chose. By July 1940 almost one-half of the States administering old-age assistance under approved plans had done so. Federal grants could not be used to match payments to persons residing in public institutions.

Some State plans also contained prohibitions against giving old-age assistance to persons with certain personal characteristics. In 1940, character disqualifications in various State laws included commission of a felony, intoxication, habitual vagrancy, desertion of spouse, failure to support dependent children, and being an inmate of a prison, jail, or other corrective institution.

As it was pointed out in Chapter III, during the decade 1930-40 there was a marked tendency to protect the rights of applicants and recipients of public assistance. In 1940 the rights of applicants and recipients of old-age assistance were protected in two ways. The Social Security Act required that a State plan must provide an opportunity for a fair hearing before the appropriate State agency to any person whose claim for assistance was denied. Furthermore, by the amendment of 1939, State agencies were to provide after July 1, 1941 safeguards to limit the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of special assistance.

The amount of the payment to a recipient of old-age assistance was determined by each State in accordance with its own plan. In June 1940 the average amount was \$20.10 and ranged from \$7.57 per recipient in Arkansas to \$37.95 in California.<sup>86</sup>

Medical care, hospitalization, and burial were provided to recipients of old-age assistance in 25 States during the period January-August 1940. The costs of these services amounted to \$4.4 million, or 2.2 percent of all obligations incurred in the 8-month period, which totaled \$202.6 million.<sup>86a</sup>

Major responsibility for the administration of the old-age assistance program rested with the States and localities, subject to compliance with the Federal legal requirements for the receipt of grants-in-aid. The Social Security Board had the duty of seeing that these conditions were continuously complied with and of certifying approval of State plans. It was also authorized to require that, as of January 1940, personnel policies of State plans for old-age assistance, like those for unemployment compensation, must be based

<sup>82</sup> The majority of State assistance laws defined need as "insufficient income to provide reasonable subsistence compatible with decency and health."

<sup>83</sup> See definition under "General Relief" and footnote 13, p. 27.

<sup>84</sup> California, Iowa, Michigan, Minnesota, Montana, Utah, and Vermont. Information in this and the two following paragraphs from Social Security Board, Bureau of Public Assistance, *Characteristics of State Plans for Old-Age Assistance*, Revised July 1, 1940, Publication No. 16, Washington, 1940. (Referred to hereinafter by title only.)

<sup>85</sup> By 1940, Alabama, Mississippi, Rhode Island, and West Virginia required residence of only 1 year immediately preceding application; Arkansas and Georgia required continuous residence in the State for 1 year; South Dakota required 2 out of the 9 years preceding application; while New Hampshire required only 6 months.

<sup>86</sup> *Social Security Bulletin*, III (August 1940), 48, table 6. Colorado (where the figure for June was \$33.75) and California were the only States in which the average payment exceeded \$30 per month.

<sup>86a</sup> *Social Security Bulletin*, III (November 1940), 61, table 5.

on a merit system. The Social Security Board provided both the services required by the act (i. e., approval of plans, administrative review, certification of amounts to be paid the States) and supplementary services requested by the States. Through its Bureau of Public Assistance, the Board gave advice, when requested, on legislative matters and on the preparation of plans and estimates submitted by the States.

At the State and local level there were variations in the extent to which responsibility was shared between the States and the subordinate political authorities. The act required that a State plan, to be approved for a grant, must be State-wide in operation, must provide for State participation in the financing of assistance, and must provide for either the establishment or designation of a single State agency to administer or supervise the plan. In 22 of the 51 jurisdictions with approved old-age assistance plans in effect in July 1940, direct responsibility for administration of the program was assumed by the State agency. In the remaining jurisdictions, the program was administered by the local units and supervised by the State.<sup>87</sup>

Funds for old-age assistance were provided by all levels of government. Federal grants-in-aid to States were determined by the payments made to individuals by the State, since Federal monies were designed to provide half the amount of assistance received by each individual up to \$40. (States were free, however, to make monthly assistance payments above \$40, but in such instances there was no Federal matching of the additional amount.) Federal grants-in-aid for matching payments to individuals were increased by 5 percent, in order to help States meet administrative costs of their programs. However, the States were free to use this sum wholly or in part to increase individual grants. Over and above the Federal grants-in-aid, all costs of the program were borne by States and localities in proportions differing between States.<sup>88</sup>

<sup>87</sup> "By 'direct responsibility' is meant the primary responsibility for making investigations and maintaining direct contact with the individual." (*Characteristics of State Plans for Old-Age Assistance*, p. 1.) States which supervised administration by local units were: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, Utah, Virginia, Washington, Wisconsin, and Wyoming.

<sup>88</sup> For further information on old-age assistance, see *Fifth Annual Report of the Social Security Board, 1940*, and *Characteristics of State Plans for Old-Age Assistance*. See also Lansdale, Robert T., and associates, *Administration of Old Age Assistance in Three States*, Chicago, Public Administration Service, 1936; Roseman, Alvin, "Old-Age Assistance," and Kulp, C. A., "Appraisal of American Provisions for Old-Age Security," *Annals of the American Academy of Political and Social Sciences*, CCII (March 1939), 53-59, and 66-73 respectively; Social Security Board, Bureau of Research and Statistics, *Trends in Public Assistance, 1933-1939*, Bureau Report No. 8, Washington, 1940; and Social Security Board, *Social Security Yearbook, 1939*, Washington, 1940, pp. 1-14, 153-220, 248-49.

#### Old-Age and Survivors Insurance Under the Social Security Act

By June 1940, close to 50 million individual employee accounts had been established by the Social Security Board for the purposes of old-age and survivors insurance provided by Titles II and VIII of the Social Security Act.<sup>89</sup> While certain lump-sum payments were first made in January 1937,<sup>90</sup> monthly benefits for retired workers and their dependents and survivors first became payable in January 1940. By June of that year, over 108,000 retired workers, their aged wives, dependent children, surviving widows, young orphans, or aged dependent parents had been awarded monthly benefits which totaled about \$2 million each month.<sup>91</sup>

Only workers in certain industries were covered by the old-age and survivors insurance system, since neither the Social Security Act of 1935 nor its amendments in 1939 were designed to provide coverage for all the gainfully employed population. Generally speaking, only wage and salary earners in commerce and industry were covered, and millions of workers in agriculture and domestic service, as well as other important groups, were left outside the scope of old-age and survivors insurance.<sup>92</sup>

Because benefits under old-age and survivors insurance were paid as a matter of right, no requirements were made of beneficiaries regarding need, citizenship, residence, or "good character." The basic requirement was that the worker should have been paid wages for covered employment; i. e., that he should have been employed in covered industry for a specified period of time and have earned in covered employment a specified amount of wages on which both he and his employer paid taxes.

The required length of employment and amount of wages earned in covered employment varied with the type of benefit claimed by the worker or by his survivors. Most of the benefits available under old-age and survivors insurance required that the worker on whose wages the claim for benefits was based be "fully insured."<sup>93</sup> This requirement applied to the "primary

<sup>89</sup> Effective April, 1939, title VIII of the Social Security Act of 1935 was incorporated into the Internal Revenue Code as chapter 9, subchapter A, known as the Federal Insurance Contributions Act.

<sup>90</sup> To the estates of insured workers who died prior to becoming eligible for monthly benefits, or to workers who reached age 65 but did not receive monthly benefits.

<sup>91</sup> *Social Security Bulletin*, III (August 1940), 62, table 4. By June 1941, a year later, the number of benefit awards had increased to over 372,000, and the total monthly amount awarded to \$6.8 million. (*Social Security Bulletin*, IV (August 1941), 65, table 3.)

<sup>92</sup> For an enumeration of the excluded groups see Appendix 7. For exclusions due to other eligibility requirements, see ch. 8.

<sup>93</sup> A person was considered fully insured if he had earned from covered employment at least \$50 per calendar quarter in 40 calendar quarters. A person was also fully insured if he had earned wages from covered employment amounting to at least \$50 per quarter in

benefit" of a worker retiring at age 65 or later, to the additional benefits to his aged wife and young dependent children, and survivors' benefits for widows over 65 and for surviving dependent parents over 65. A more liberal requirement was applied to survivor-benefit claims of young orphans and of widows under 65 with young dependent children. In their case, if the worker on whose wages the claim was based was not "fully insured" at the time of his death, benefits could be claimed if he was "currently insured."<sup>94</sup>

Retirement benefits were payable to the insured person only after he reached the age of 65. A similar age requirement must be met by the wife of a beneficiary for a wife's benefit. Widows under 65 years of age were eligible only so long as they had in their care unmarried dependent children under the age of 18. Children's and orphans' benefits were limited to children below that age.

Finally, to receive benefits a worker was required not to earn more than \$15 per month from covered employment; otherwise his benefits were suspended. In the case of a primary beneficiary whose wife or child under 18 was also entitled to supplementary benefit, earnings by the primary beneficiary of \$15 or more per month from covered employment resulted in the suspension of not only the primary but also the supplementary benefits. Benefits were also suspended in the case of children under 18 and over 16 who were not attending school regularly. Widows under 65 could not claim benefits for those months during which they did not have in their care a dependent child of the deceased husband.

The amounts of both primary and supplementary benefits were related to the average wage of the worker on the basis of whose taxable wages the particular type of benefit was paid.<sup>95</sup>

at least half of the number of calendar quarters after 1936 (or after the quarter in which he attained the age of 21, if this occurred after 1936) and prior to the quarter in which he died or attained the age of 65. At least 6 such calendar quarters with \$50 earnings each must be shown.

<sup>94</sup>A person was considered to have been currently insured if he had earned at least \$50 from covered employment per calendar quarter in not less than 6 out of the 12 quarters immediately preceding the quarter in which he died. This represented a liberalization over the fully insured qualification in favor of the survivors of those workers who had had little opportunity to be members of the system over long periods of time.

<sup>95</sup>The average monthly wage was determined by dividing the total wages paid for covered employment to a worker by the total number of months in which he could have earned such wages, i. e., all months after December 1936, excluding, however, those calendar quarters which elapsed prior to his attaining the age of 22 during which he was paid less than \$50 in covered employment. In the determination of the average monthly wage those wages which were earned by workers 65 years and over were taken into account except those for the years 1937 and 1938, as during these two years no credit was allowed for such wages. For details see Appendix 7, col. 6.

The monthly old-age benefit of a retired worker was computed so as to equal 40 percent of the first \$50 of his average monthly wage plus 10 percent of the next \$200, no credit being given for earnings over \$3,000 per year. (Thus workers with low wages received more favorable treatment than higher paid workers, inasmuch as a relatively high credit was given for the lower components of the average wage.) The amount thus calculated was increased by 1 percent for every year in which the worker had earned at least \$200 from covered employment. For the United States as a whole, primary benefits in June 1940 averaged about \$22; wives', children's, and orphans' benefits, about \$12; widows' benefits, about \$20; and parents' benefits about \$13.<sup>96</sup>

Dependents' and survivors' benefits were computed as a proportion of the primary benefit of the worker on whose wage credits these supplementary benefits were based. Dependents' benefits were payable with respect to an aged wife of the old-age beneficiary ("wife's insurance benefit") and unmarried dependent children under age 18 ("child's insurance benefit") and were payable only in conjunction with the primary benefit. The benefit amount for the wife or the dependent child was 50 percent of the primary benefit. Inasmuch as the law stated that the primary benefit could not be less than \$10, the primary plus wife's benefit could not be less than \$15, and the primary plus wife's plus child's benefit could not be less than \$20 per month, exclusive of deductions. (See Appendix 7.)

Survivors' benefits were also computed as a proportion of the primary benefit. These survivors' benefits were provided for aged widows of fully insured workers ("widow's insurance benefit"), for younger widows of currently or fully insured workers provided the widow had at least one dependent child in her care ("widow's current insurance benefit"), and for orphans of currently or fully insured workers ("child's insurance benefit"). Benefits for dependent parents of workers who died either fully or currently insured were also payable as a proportion of the primary benefit in cases where no widow or orphan under 18 was left. Widow's benefits amounted to 75 percent of the primary benefit, orphans' benefits to 50 percent, and parents' benefits to 50 percent.<sup>97</sup>

In the case of workers who died either fully or currently insured and who left no widow, orphan, or dependent parent entitled to monthly survivors' benefits in the month when the insured worker died, lump-sum death payments were payable to relatives or certain

<sup>96</sup> *Social Security Bulletin*, III (August 1940), 62, table 4.

<sup>97</sup> For minimum benefit amounts, see Appendix 7, col. 8, and footnote 12.



other persons,<sup>98</sup> amounting to not more than six times the monthly primary benefit.

There was no limit to the number of dependents or survivors who might be eligible for benefits on the basis of the insured worker's wages. There was, however, a limit on the amount of benefits that might be paid to the family of the insured worker which in effect limited the number of persons eligible for benefits with respect to one worker's taxable wages. The total of all benefits paid might in no case exceed either \$85 per month, or 80 percent of the wage earner's average monthly wage, or twice the amount of the primary benefit payable. The lowest of these three amounts represented the maximum payable in the given case.<sup>99</sup>

The old-age and survivors insurance program was administered entirely by two Federal authorities. Contributions were collected by the Bureau of Internal Revenue of the Treasury Department, and the benefit provisions were carried out by the Social Security Board in the Federal Security Agency, or, more specifically, by the Bureau of Old-Age and Survivors Insurance of the Social Security Board.<sup>1</sup> In 1940 the Bureau of Old-Age and Survivors Insurance was responsible for determining the eligibility of individuals for benefits and certifying claims to the Treasury for payment.<sup>2</sup>

The taxes imposed for the financing of the insurance system were collected from the employer (all employers in commerce and industry, no matter how small the number of their employees, were covered by the law) who in turn deducted the worker's share from the worker's pay. The taxes collected by the Bureau of Internal Revenue were paid into the Treasury as internal-revenue collections, and the information obtained by the Bureau of Internal Revenue while collecting these

taxes served as the basis for the administration of benefits by the Social Security Board.

The taxes collected were credited as a permanent appropriation to the Federal old-age and survivors insurance trust fund, which was administered by a board of trustees, headed by the Secretary of the Treasury, as managing trustee, and two other members, the Secretary of Labor, and the Chairman of the Social Security Board.<sup>3</sup> The amount of taxes collected with respect to taxable wages was 1 percent each from worker and employer on wages from covered employment in the years 1937 through 1942. For the years 1943 through 1945, the contributions will be 2 percent of taxable wages; for 1946 through 1948, they will be 2½ percent; after this time they will be 3 percent.<sup>4</sup> On June 30, 1940, the total assets of the old-age and survivors insurance trust fund stood at \$1,744,698,000.<sup>5</sup>

<sup>3</sup> For details of the investment procedure, as well as for the arrangements existing prior to the 1939 amendments, see Appendix 7, cols. 3 and 4.

The amended title II of the Social Security Act provided that the board of trustees should report immediately to Congress "whenever the board is of the opinion that during the ensuing 5 fiscal years the trust fund will exceed three times the highest annual expenditures anticipated during that 5-fiscal-year period." According to the Senate Committee report on the amending Act, the effects of the 1939 amendments with respect to benefits and taxes (retaining the 1 percent contribution rate for 3 more years) on the size of the reserve were estimated to be such that the maximum reserve built up by 1955 would probably be between 6 and 7 billion dollars. (Senate Report No. 734, 76th Cong., 1st sess., Washington, 1939, p. 17.) The Committee also estimated that, by 1954, benefit payments would exceed the net tax receipts, so that after that year part of the interest income would have to be used. It was pointed out, however, that no estimates could be made for a period of more than 10 or 15 years, and the Committee concluded that, if in the future the annual pay-roll tax collections and the available interest should prove to be insufficient to meet benefit payments, it would be necessary "to increase the pay-roll tax or provide for the deficiency out of other general taxes, or do both." (*Ibid.*, p. 18.)

<sup>4</sup> Taxes were payable on wages up to \$3,000 per year from one employer. A refund was provided to employees (not employers) for taxes paid on wages in excess of \$3,000 received from covered employment in a single calendar year from more than one employer.

<sup>5</sup> *Social Security Bulletin*, III (August 1940), 70, table 4.

While there is no comprehensive study or report on old-age and survivors insurance (reflecting the short experience in this country), there are some detailed shorter reports and some studies dealing with specific aspects of the program. Reference is made here to Social Security Board, *Handbook on Federal Old-Age and Survivors Insurance as Provided in the Social Security Act*, Washington, 1941. A considerable volume of detailed information will be found in *Social Security, Hearings Relative to the Social Security Act Amendments of 1939* before the Committee on Ways and Means, House of Representatives, 76th Cong., 1st sess., Washington, 1939, 3 vols.; in *Social Security Act Amendments of 1939*, Report No. 728, House of Representatives, 76th Cong., 1st sess., Washington, 1939; and in *Social Security Act Amendments of 1939*, Report No. 734, Senate, 76th Cong., 1st sess., Washington, 1939. An analysis of the 1939 Amendments to the Social Security Act with regard to old-age and survivors insurance is contained in Schmitter, Lyle L. and Goldwasser, Betti G., "The Revised Benefit Schedule Under Federal Old-Age Insurance," *Social Security Bulletin*, II (September 1939), 3-12; and in "Federal Old-Age and Survivors Insurance: A Summary of the 1939 Amendments," *Social Security Bulletin*, II (December 1939), 3-16. For characteristics of the workers covered by old-age and survivors insurance, see Corson, John J., "Employees and Their Wages Under Old-Age and Survivors Insurance, 1937-39," *Social Security Bulletin*, IV (April 1941), 3-10. A detailed description of operations of old-age and survivors insurance is given

<sup>98</sup> Lump-sum payments made under the 1935 act upon attainment of age 65 of persons not qualifying for monthly old-age benefits (because they were not to be payable until 1942) were discontinued immediately after the enactment of the 1939 amendments. Benefits under the 1939 amendments were also payable to workers who had received lump-sum payments under the 1935 act, but payment was deferred until the amount so received was balanced by the monthly benefits to which the beneficiary would have been entitled under the amending act. Lump sums were still being paid, however, to the estates of persons who had attained age 65 and had died prior to January 1, 1940, computed under the 1935 formula.

<sup>99</sup> These maximum limits did not apply to the total benefits payable with respect to one individual's wages if these benefits were less than \$20, nor could they reduce the total benefits to less than \$20 per month.

<sup>1</sup> The duties and powers of the Bureau of Internal Revenue and the Social Security Board were incorporated in title II of the amended Social Security Act and in the Internal Revenue Code, the latter provisions known as the Federal Insurance Contributions Act of 1939.

<sup>2</sup> Claimants who were dissatisfied with decisions of the Social Security Board were given an opportunity for reconsideration by the Bureau of Old-Age and Survivors Insurance, for a local hearing by a referee of the Social Security Board, and for an appeal to the national appeals council of the Social Security Board in Washington. They also had the right to appeal to a Federal court.

### Old-Age, Disability, and Survivors Insurance Under Railroad Retirement Legislation

By the end of June 1940, monthly benefits were being paid to 144,290 railroad workers who had retired on account of old-age or disability, to survivors of deceased railroad workers, and to former pensioners of private retirement plans of railroads. These benefits amounted to over \$9 million per month.<sup>6</sup>

Coverage under railroad retirement legislation was of course limited to railroad occupations, i. e., service for "carriers" subject to the Interstate Commerce Act, such as express companies, sleeping-car companies, and railroad companies. Service for railroad associations, traffic associations, and similar organizations, and railway labor associations was also covered. Street, suburban, and interurban electric railroads were not covered unless they operated as part of a general steam railroad system.<sup>7</sup>

Monthly benefits provided under the 1935 and 1937 provisions were old-age and disability benefits ("employee annuities"); survivors' benefits ("survivors' annuities"); death benefits, payable only under the 1935 Act for a period of 12 months to the surviving spouse or next kin of the deceased railroad worker entitled to an employee annuity ("death benefit annuities"); and monthly payments to former pensioners of railroad companies ("pensions"). There were also lump-sum death payments to designated beneficiaries which replaced, under the 1937 Act, the monthly death benefit annuities provided by the 1935 law.

All of these benefits were payable as a right to railroad workers who met certain conditions. Therefore, no requirements relating to need, citizenship, residence, or good character had to be met by beneficiaries. Furthermore, no minimum amount of earnings from covered employment during a given time period was required. In order to be eligible for monthly old-age benefits a worker must be 65 years of age; if he had 30 years of railroad service (either covered or subsequently covered in the case of employment prior to the enactment of railroad retirement legislation), he might

<sup>6</sup> in *Social Security Bulletin*, IV (February, March, and April, 1941), 87-90, 76-81, and 86-90, respectively.

<sup>7</sup> *The Monthly Review* [of the Railroad Retirement Board], I (July 1940), 20-21. The two Railroad Retirement Acts of 1935 and 1937 established the statutory basis for the payment of benefits. Inasmuch as the 1935 Act was still in force with respect to persons who became eligible under that Act, and inasmuch as the 1937 Act introduced new types of benefits (monthly benefits to former pensioners of railroads and lump-sum death payments in lieu of death benefit annuities payable for 12 months) the benefits payable in 1940 were based on either the 1935 or the 1937 Act, depending on the date on which they began to accrue. Appendix 8 below should therefore be consulted in order to get a complete picture of the details of the railroad retirement benefits available in 1940.

<sup>8</sup> For details of included and excluded employment, both under the 1935 and 1937 Acts, see Appendix 8, col. 4.

claim benefits at age 60. Eligibility for monthly disability benefits required either 30 years of railroad service or attainment of age 60, and permanent, total disability for any regular employment for hire.<sup>8</sup> To claim a joint-and-survivor annuity, payable first to the insured worker and, after his death, to his surviving spouse, the insured worker had to become eligible for an old-age or disability benefit (at age 60) and to choose a joint-and-survivor annuity instead of a single life annuity; and he was required to have made this selection 5 years before the benefit became payable or have furnished proof of health satisfactory to the Railroad Retirement Board. Eligibility for monthly payments provided for former pensioners of railroads was restricted to workers who had been in receipt of a pension or gratuity both on March 1 and on July 1, 1937, and who were ineligible for employee annuities under the railroad retirement acts.

All benefits except monthly benefits to former pensioners of railroads were computed on the basis of the average monthly wage earned by the beneficiary from railroad employment and the number of years of such employment.<sup>9</sup>

The amount of old-age and disability benefits was computed by multiplying by the number of years of covered employment the aggregate of 2 percent of the first \$50 of the average monthly wage, 1½ percent of the next \$100, and 1 percent of the balance up to \$300.<sup>10</sup> The amount of joint-and-survivors annuities was related to but lower than the amount of the old-age or disability annuity to which the worker would have been entitled had he not elected to provide a survivor annuity for his spouse.<sup>11</sup> Death benefit annuities were

<sup>8</sup> Satisfactory proof of continuance of disability must be submitted from time to time up to the age of 65, when the disability annuity became an old-age benefit. A special disability rating board determined the existence of total permanent disability.

<sup>9</sup> Service rendered in any calendar month in covered employment was credited as a month of service, and 12 such months constituted a year of service. The average monthly wage was the average of wages up to \$300 per month, earned in covered employment.

Railroad employment prior to enactment of the railroad retirement acts was also credited, up to a total of 30 years of service. Workers who on August 29, 1935, were either in the active service of, or in an employment relation to, a covered employer, were eligible for credit for years of service prior to January 1937. Under the 1935 Act, credit was given for service prior to March 1, 1936.

The average monthly wage earned by an individual during the 8 years 1924 through 1931 was taken as applicable to his entire period of prior service. The average monthly wage from covered employment after enactment of the law was the actual average of such monthly wages from covered employment.

<sup>10</sup> Old-age benefits for workers between 60 and 65 years of age were reduced by 1/180 for every month by which they were less than 65 years old; disability benefits for workers with less than 30 years of service were reduced in a similar manner.

<sup>11</sup> The old-age and disability annuity ("normal annuity") was thus reduced in such a way that the amount of the two annuities (i. e., the worker's and that of his surviving spouse) in their combined actuarial value were equal to the actuarial value of the normal annuity to which the worker would have been entitled if he had not elected



one-half of the annuity of the deceased beneficiary. Lump-sum death payments were 4 percent of the wages earned in covered employment after December 31, 1936. Monthly benefits to former pensioners of railroads were equal to the amount of the individual pension or gratuity paid under the employer-pension plan.

The maximum monthly benefit was \$120. While there was no minimum limit under the 1935 act, the 1937 law established minimum benefits for workers who were 65 and had at least 20 years of railroad service to their credit.<sup>12</sup> At the end of June 1940, old-age and disability benefits averaged about \$65 per month; survivors' benefits, \$33; death benefit annuities, \$36; monthly payments to former pensioners, \$58. Lump-sum death payments certified during the fiscal year 1940 averaged \$157.<sup>13</sup>

The benefit provisions of the railroad retirement legislation were administered for the whole country by the Railroad Retirement Board, which kept wage and service records for all employees covered and certified benefit claims filed with its Washington office or the appropriate one of its regional or local offices.<sup>14</sup>

The tax provisions of the railroad retirement legislation were administered by the Bureau of Internal Revenue which collected the contributions imposed by the Carriers Taxing Act. This act levied an excise tax on employers and an income tax on employees payable with respect to wages paid and received for covered employment. The tax rate in 1940 was 3 percent each from employers and employees.<sup>15</sup> The receipts from the tax went into the general fund of the Treasury.

A Railroad Retirement Account was created in the Treasury by the Railroad Retirement Act of 1937, which also authorized appropriations to the account for the benefit payments under the railroad retirement acts. Annual appropriations for benefit payments and investments in a reserve fund<sup>16</sup> were made by Congress

to provide an annuity for his surviving spouse. Thus, the joint and survivor annuity varied with the life expectancy of both the worker and his spouse, and varied further with three options applying to the amount of the survivor annuity in relation to the worker's annuity during his lifetime. The worker might elect an annuity for his surviving spouse amounting to 100, 75, or 50 percent of his own monthly benefit which in turn was affected by his selection of one of the three options.

<sup>12</sup> See Appendix 8, footnote 6.

<sup>13</sup> *The Monthly Review*, [Railroad Retirement Board], I (July 1940), 5-7.

<sup>14</sup> The Board's offices also administered unemployment insurance for railroad workers.

<sup>15</sup> For tax rates in later years see Appendix 8, col. 3.

<sup>16</sup> Although the railroad retirement system was conceived on a reserve basis, the chairman of the Railroad Retirement Board stated that during the year 1938 the system was operating on substantially a pay-as-you-go basis, and that "if the rate of retirement should continue as in the past and if there should be additional demands for a more perfect act, such an act can be attained satisfactorily only if there were a sub-

stantial Government contribution." (Latimer, Murray W., "The Security Programs for Railroad Workers," *Social Security in the United States, 1939*, New York, American Association for Social Security, 1939, p. 56.)

on the basis of estimates made by the Railroad Retirement Board. Separate annual appropriations were made at the same time for administrative expenses. Although the appropriations authorized by the Railroad Retirement Act were legally related to the requirements for benefit payments, it was Congressional policy to limit appropriations to the amount of anticipated receipts under the Carriers Taxing Act. At the end of June 1940 the total assets stood at \$91,540,000.<sup>17</sup>

### Measures for the Agricultural Population

To some extent the economic needs of the agricultural population in 1940 were provided for by many of the other programs described in this chapter. Attention will be paid here only to those measures specifically limited in scope to the agricultural population.

In 1940 these special measures were concentrated under the Farm Security Administration in the Department of Agriculture.<sup>18</sup> The work of this agency fell into three general divisions, which represented the immediate, the long-term, and the experimental phases of the problem. The first of these was the agency's greatest task—the continuation of the rural-rehabilitation program begun under the Federal Emergency Relief Administration and transferred to the Resettlement Administration. The second was the tenant-purchase program which the Farm Security Administration administered under the Bankhead-Jones Farm Tenant Act.<sup>19</sup> The third consisted of administering the miscellaneous rural- and suburban-resettlement projects begun by the Division of Subsistence Homesteads in the Department of the Interior, the Federal Emergency Relief Administration, and the Resettlement Administration.<sup>20</sup> As compared with its predecessor, the Resettlement Administration, the Farm Security Administration put "increased emphasis

<sup>17</sup> *Social Security Bulletin*, III (September 1940), 92, table 4.

<sup>18</sup> In addition to the annual reports of the Railroad Retirement Board and its *Monthly Review*, for detailed information on the operation of the railroad retirement system see Silverman, A. G. and Senturia, Joseph J., "Retirement Payments for Railroad Workers," *Social Security Bulletin*, II (July 1939), 3-21; and Fitch, Edwin M. and Ely, J. Edward, "Survivor Payments under the Railroad Retirement Act," *Social Security Bulletin*, II (October 1939), 27-35.

<sup>19</sup> Responsibility for administering loans for the sole purpose of financing feed and seed purchases rested in 1940 with the Farm Credit Administration. From April 1936 the Resettlement Administration operated a special feed and seed loan program. This program was continued by the FSA as a part of its emergency loan program, which made loans not only for human needs but also for seed and livestock feed.

<sup>20</sup> Under this Act, a limited number of farmers were given an opportunity to buy farms of their own. Loans for this purpose were available to capable tenant farmers, sharecroppers, and farm laborers.

<sup>21</sup> The development of these experimental projects has been discussed in ch. III.



on adjustment of group debts, community and cooperative loans, and expansion of the medical program."<sup>21</sup> For the purpose of this study only the rural-rehabilitation loans, the farm security grants, the debt-adjustment activities, the camps for migrants, and the medical-care program, developed by the Farm Security Administration will be described.<sup>22</sup>

### Rural-Rehabilitation Loans

The rural-rehabilitation program of the FSA made available loans and assistance in farm and home management to farmers who, in the absence of such aid, might have been unable to continue as independent producers.<sup>23</sup> In addition to standard loans, emergency loans were made to needy farmers unable to obtain aid elsewhere, who had suffered loss of working capital or crops because of some catastrophe, such as flood, drought, or hurricane. Subsequently, emergency borrowers might apply for standard loans. Loans were also available on a community or cooperative basis.

In the fiscal year 1940, loans amounting to \$96,405,541 were made,<sup>24</sup> and by June 30, 1940, a total of \$491,449,566 had been loaned under the rural rehabilitation program since its inception.<sup>25</sup> Of the total amount loaned \$169,121,773 had matured as of June 30, 1940, while \$128,463,004 had been collected.<sup>26</sup>

From the beginning of the rural-rehabilitation loan program up to June 30, 1940, a total of 1,875,757 rehabilitation loan agreements had been made. These agreements were made with 856,024 families, many of whom had received more than one loan.

The standard loan program aimed to assist farm families who could not get adequate financing from any other source, who were recommended as honest and hardworking by responsible local citizens and who owned or were able to rent a farm which could produce a living.<sup>27</sup> Preference was given to needy

farmers,<sup>28</sup> and provision was made for the granting of supplemental loans if it became evident that the client's needs would be "greater than the [standard] loan provided for, . . . providing the original Farm and Home Plan<sup>29</sup> or a revised Farm and Home Plan shows sufficient income to repay the increased indebtedness."<sup>30</sup>

The Washington office of the FSA was responsible for making policy, coordinating the work of the agency with that of other agencies, and performing service functions for the field offices. The "spearhead" of the rural-rehabilitation program, however, was the county office, where applications for loans and other aid were made, farm and home plans worked out, and the actual work of planning, supervision, debt adjustment, and collection done. All contact with borrowers ordinarily was made through the county office.

Apart from defaults the net costs of the rural-rehabilitation loan program were for administration and for the provision of technical and advisory services. The FSA expected that eventually approximately 80 percent of the money loaned would be repaid except in those areas which had suffered from prolonged drought, where repayments had been averaging about 50 percent of maturities.<sup>31</sup>

they derive the major portion of their livelihood; (2) temporarily living in towns and villages because of inability to remain on farms from which they previously derived the major portion of their livelihood; or (3) recently married young men who are sons of farm families and desire to engage in farming operations for a livelihood; or (4) accepted applicants for TP [Tenant Purchase] loans will be considered eligible for standard loans if they are: (A) In need of the supervised and financed farm and home management services of the FSA. (B) Unable to obtain adequate farm financing from agencies other than the FSA. (This provision does not apply to TP borrowers as it is deemed desirable that all financing for such borrowers be through the FSA.) (C) Willing to assume the obligations of self-help necessary to effect their rehabilitation and show evidence of acceptable industry, ability, and managerial capacity to profit from farm and home management guidance and instructions as well as financing." (*Standard Rural Rehabilitation Loans, Criteria and County Office Routine*, sheet 2.)

<sup>23</sup> "So long as there is unmet need among full-time farmers in a given area, unemployed industrial workers, who desire to return to the farm, will not be eligible under the standard RR [Rural Rehabilitation] loan program." (*Ibid.*)

<sup>24</sup> This plan, devised for improving farm and home management, was prepared by the farm family and the county FSA supervisor. The family's economic situation was analyzed in detail, including size of farm, fertility of land, quantity of equipment and livestock, amount of indebtedness, amount of cash crops and feed crops planted in the past, and the number of acres in garden and food crops. The family and the supervisor jointly decided what changes could be made to increase the family's income to restore the family to a self-supporting basis. The farmer's wife and an FSA home-management specialist worked out a similar plan for the home, contriving improved and thriftier ways of providing a good diet, decent clothing, and closer supervision of the family's income. A record book was kept which became a basis for the plans for next year's farming. (*Report of the Administrator of the Farm Security Administration, 1939*, Washington, 1939, pp. 2-3.)

<sup>25</sup> *Standard Rural Rehabilitation Loans, Criteria and County Office Routine*, sheet 7. During the fiscal year 1940 a total of 213,156 supplemental loans were made to borrowers of standard loans. On June 30, 1940, there was a total of about 385,000 active standard rural-rehabilitation borrowers, exclusive of clients of the predecessor agencies of FSA. (Data supplied by Statistics Section, Finance Division, Farm Security Administration.) See also ch. IX.

<sup>26</sup> *Report of the Administrator of the Farm Security Administration, 1939*, p. 14.

<sup>21</sup> Farm Security Administration, *History of the Farm Security Administration*, Washington, 1939, p. 8.

<sup>22</sup> Another measure which affected the agricultural population, the Surplus Marketing Administration, will be described later in this chapter.

<sup>23</sup> The rate of interest on rural-rehabilitation loans was 5 percent per annum. "Interest will accrue on principal only and shall not be compounded." (Farm Security Administration, *Standard Rural Rehabilitation Loans, Criteria and County Office Routine*, FSA Instruction 731.1, Washington, 1938, sheet 4. Referred to hereinafter by title only.) Rural-rehabilitation loans were made for periods of from 1 to 10 years but most frequently for 5 years.

<sup>24</sup> Except where otherwise stated, data in this section were supplied by the Statistics Section, Finance Division, Farm Security Administration.

<sup>25</sup> For distribution of the loans by States, see *Work Relief and Relief for Fiscal Year 1941*, pp. 179-80.

<sup>26</sup> The latter item includes prepayments on unmatured principal.

<sup>27</sup> The specific groups eligible for standard loans were described as follows: "Low-income farmers, including owner-operators, tenants, sharecroppers, and farm laborers who are (1) living on farms from which

As of December 31, 1939, out of approximately 800,000 loan cases there had been about 1,000 involuntary liquidations (\$414,000); about 30,000 voluntary repossession (\$5,499,000); and over 10,000 abandonments (\$2,962,000).<sup>32</sup> Administrative costs were paid out of funds allocated to the FSA from emergency relief appropriations. The money from repaid loans was returned to the general fund of the Treasury.

#### Farm Security Grants

Nonrepayable grants for subsistence, comparable in many respects with direct relief, were also made by the FSA. From 1935 through June 1940, a total of 948,474 families were given grants; of these families 398,142 also received rehabilitation loans. In accord with the provisions of the Emergency Relief Act of 1939, the FSA adopted the policy of requiring the recipients of grants, in virtually all cases, "to sign agreements to perform useful work which will contribute to their eventual rehabilitation and protect soil resources."<sup>33</sup> No data are available on the extent to which recipients were required to perform work.

By June 30, 1940, a total of about \$116,000,000 had been expended on the grant program. During the fiscal year 1940, 923,196 grant payments were made to 177,793 recipients. The average grant payment was about \$24.<sup>34</sup>

Persons eligible to receive grants were recipients of standard and emergency loans from the FSA and its predecessor agencies, potential recipients of FSA standard loans for whom loans could not immediately be made available, and victims of flood, drought, storms, and like catastrophes, living in open rural areas in which the Administrator had declared an emergency to exist.<sup>35</sup>

Funds allocated to the FSA from the annual emergency relief appropriation act were available for this program.

#### Farm Debt Adjustment

By 1940 the farm-debt-adjustment program, which aimed to bring together distressed farm debtors and their creditors to arrive at adjustments which would prevent foreclosure, bankruptcy, and destitution had come to be operated as an integral part of the rural-rehabilitation program, although the service was also available to other farmers. The FSA generally at-

tempted to scale down the indebtedness of a prospective loan client before making a standard loan.

Although general instructions on procedure with regard to farm debt adjustment were issued from the Washington office, the work was accomplished by voluntary State and county farm-debt-adjustment committees, appointed by the governors of the various States, which served without pay. They had no legal authority to force an adjustment. They merely conducted friendly meetings to help the farmer and his creditors work out an agreement satisfactory to both parties. The FSA expended about \$2,000,000 for the administration of the farm-debt-adjustment program during the fiscal year 1940. Most of this money was used to reimburse committeemen for travel and other out-of-pocket expenses incurred while engaged in farm-debt-adjustment work.

During the fiscal year 1940 a total of 15,085 farmers had their debts scaled down from a total of \$75,501,128 to \$62,095,927, a reduction of \$13,405,201, or about 18 percent of the original indebtedness. In addition, 19 group cases involving 3,520 farmers had their debts reduced from \$4,523,109 to \$2,096,148, a reduction of \$2,426,961, or about 54 percent of the original indebtedness. Besides reducing the indebtedness of farmers and groups, the FSA through its debt-adjustment program in 1940 aided 11,547 other farmers in securing more favorable terms, such as a reduction in the rate of interest, an extension of time, etc., without actually reducing the amount of their debts.

#### Migrant Camps

One of the main purposes of the FSA rural-rehabilitation program was to prevent undue migration of farmers with its resulting problems. However, in those States where migrants had already congregated, the FSA attempted to relieve unfavorable conditions by building camps to provide decent shelter for needy families. The camp program was begun by the erection of a few camps in the Pacific Coast States, where the migrant problem was particularly acute. Other camps were being erected in 1940 in Texas and Florida. In the original camps the FSA provided limited cash and commodity grants and emergency medical service. Both the grants and the emergency medical services were available to migrants generally, as well as to those in the camps.<sup>36</sup>

From the beginning of the special migrant program in March 1936 through June 1940, the Resettlement Administration and the Farm Security Administration expended about \$11,696,000 on the construction and administration of 55 migrant camps, of which 39 were

<sup>32</sup> *Work Relief and Relief for Fiscal Year 1941*, p. 190.

<sup>33</sup> *Ibid.*, p. 166.

<sup>34</sup> Computed from data furnished by the Statistics Section, Finance Division, Farm Security Administration.

<sup>35</sup> Farm Security Administration, *Rural Rehabilitation Grants, Criteria and County Office Routine*, FSA Instruction 741.1, Washington, 1938, sheet 1.

<sup>36</sup> *Work Relief and Relief for Fiscal Year 1941*, pp. 166-67.

permanently located and 16 were mobile. The FSA estimated that these camps could accommodate approximately 45,000 families during a year because of the rapid turnover. During the fiscal year 1940 the FSA expended about \$4,512,000 on its migrant-camp program.

The migrant-camp program was essentially federally directed and administered and was conducted by the resettlement and labor relations divisions of the Farm Security Administration. Funds for migrant camps were derived from allocations made to the FSA from the annual emergency relief appropriations.<sup>37</sup>

#### Medical Care

By 1940 the Farm Security Administration had developed a many-sided health program. In the present study only the programs of medical care will be discussed.

*Medical-care program for rural-rehabilitation families.*—This program was developed in cooperation with State medical associations. By the end of 1939, formal and informal agreements were in effect in 38 States and were being discussed in four other States.<sup>38</sup> The program had its fullest development in the South, where rural medical facilities were least adequate.

Within each State, details of the program were developed in cooperation with county and district medical societies. Families who participated in the plan had a free choice among the participating physicians. These families paid annual membership fees, which varied according to the extent of benefits, the size of the family, and the farm income level of the locality.<sup>39</sup> According to most of the plans, these funds were deposited with a bonded trustee, who paid bills submitted by participating physicians either from a separate account for each family on a pro rata basis as far as funds would allow. In some cases where there was no nearby physician, FSA families grouped together to employ one or more physicians on a salary basis. Membership in FSA medical-care plans was voluntary, but any FSA loan client who could pay membership fees was eligible for participation.

The relationship of the FSA with these medical-care plans was chiefly advisory and consultative. The Washington office considered the stimulation of such plans among its loan clients a part of its functions, since families in poor health are not good credit risks.

The chief costs of the program were borne by the

member families themselves. Families who were unable to pay the fees were lent the necessary funds by the FSA. Local administrative expenses were paid out of membership fees. Federal and regional administrative costs were included in the administrative budget of the FSA.

*Medical care for migrants.*—To cope with the health problems arising from the flow of migrant agricultural labor into California and Arizona, a special medical-care program was developed by the FSA. In 1940 plans were also under way for introducing this type of program into Florida, Idaho, Oregon, Texas, and Washington as well.

Services provided included ordinary medical care, surgery, laboratory, X-ray, and diagnostic treatment, dentistry, and prescriptions. The plan operated in cooperation with State health departments to promote preventive service in order to keep infectious diseases under control.

The services mentioned were provided in California and Arizona through the Agricultural Workers' Health and Medical Association formed by the Farm Security Administration, the State medical associations, the State departments of health, and the State relief administrations. Occupants of FSA camps were eligible for services by making applications at the Association's district offices or camp treatment centers. Where possible, the benefits of the program were extended to indigent migratory agricultural workers who were not residents of the camps and, in fact, to any indigents not eligible for State welfare programs. In the year ending February 29, 1940, 31,183 cases of illness received physicians' care. Of this total, 21 percent were hospitalized.<sup>40</sup>

The total expenditures of the Agricultural Workers' Health and Medical Association for the calendar year 1939 were \$961,845.56.<sup>41</sup> The program was financed by the FSA, as the financial status of migrant workers precluded any expectation of payment in most cases. At the end of June 1939, however, payments for services of \$1,423 had been received in California and \$494 in Arizona.<sup>42</sup>

<sup>37</sup> Farm Security Administration, Office of the Chief Medical Officer, *Progress Report for 1939*, p. 77.

<sup>38</sup> *Ibid.*

<sup>39</sup> Farm Security Administration, Office of the Chief Medical Officer, *Annual Report, Fiscal Year July 1, 1938, to June 30, 1939*, Washington, 1940, p. 27.

For further information on the FSA programs, see the annual reports of the administrator, miscellaneous publications of the Administration, and the hearings on the annual emergency relief appropriation acts (*Work Relief and Relief*). See also Woofter, T. J., Jr. and Winston, Ellen, *Seven Lean Years*, Chapel Hill, The University of North Carolina Press, 1939; and Asch, Berta and Mangus, A. R., *Farmers on Relief and Rehabilitation*, Works Progress Administration, Division of Social Research, Research Monograph VIII, Washington, 1937.

<sup>37</sup> The amount of money expended in cash and commodity grants for migrants is not reported separately by the FSA.

<sup>38</sup> Farm Security Administration, Office of the Chief Medical Officer, *Progress Report for 1939*, Washington, 1939, p. 1.

<sup>39</sup> Under a typical agreement the family paid from \$15 to \$30 per year.