

Part III

PUBLIC ASSISTANCE

INTRODUCTION AND SUMMARY

Public Assistance and Social Insurance

In each of its two preceding reports,¹ the Advisory Council has stated that it believes the foundation of the social-security system should be the method of contributory social insurance with benefits related to prior earnings and awarded without a means test. In its first report the Council recommended extension of the protection of the old-age and survivors insurance system to virtually all persons who work, a substantial increase in benefits, and considerable liberalization of eligibility requirements for older workers. In its second report the Council recommended expansion of the Federal system of old-age and survivors insurance to include protection against loss of income arising from permanent and total disability.

The adoption of the recommendations in the Council's first two reports would, in the long run, greatly reduce the need for public assistance. Employed and self-employed persons would earn protection for themselves and their families while working, and—in the event of old age, permanent and total disability, or death—they or their families would receive insurance benefits. Assistance payments, however, still would be necessary for those who had unusual needs, or for those who were in need for reasons not covered by the insurance program, or for the few who for one reason or another were unable to earn insurance rights through work. Even in the long run there would be from 5 to 15 percent of the men over 65 years of age who would not be able to meet the eligibility requirements for retirement benefits. About half the women over 65 would not have retirement protection based on their own earnings, but most of them would have protection based on their husband's wage records. Assistance would continue to be necessary for children in need because of desertion by their father, for persons who become disabled before they have an opportunity to earn insurance rights, and for persons who had exhausted their rights under unemployment insurance or who were unprotected by that program. Finally, since the amount of insurance benefits must be geared to the more or less average case, some persons in unusual circumstances would need assistance to supplement their insurance benefits.

During the next decade or two there will be a much greater need for assistance than this continued long-run need for supplementing and filling in the gaps of the insurance program. In the immediate future large numbers of aged persons, children, and disabled persons will be forced to rely on assistance because old-age and survivors

¹ See pp. 1-68 for report on old-age and survivors insurance and pp. 69-93 for report on permanent and total disability insurance.

insurance has failed to cover all occupations from the beginning of the program and because it is unable to cover those who are already retired or disabled, or the survivors of those who have already died when the expanded system first becomes effective. By 1955 there will still be an estimated 33 to 44 percent of the male population 65 years of age and over who will not be eligible for retirement benefits even though coverage is broadly extended, and only 10 to 13 percent of the women 65 years of age and over will have retirement rights based on their own employment. Even by 1960 there will be 19 to 31 percent of the men and 83 to 87 percent of the women in this age group without fully insured status (appendix III-A, table 1). Furthermore, under the Council's recommendations only persons with at least 10 years of coverage and a continuing attachment to the labor market would be eligible for permanent-and-total-disability benefits. A relatively small proportion of workers therefore would have such protection in the immediate future.

In its recommendations on public assistance, the Council has had in mind both the function of that program as a large-scale transitional system during the relatively short period which will elapse before the comprehensive social-insurance system becomes fully effective and the function of public assistance in a mature social-security system as a means of supplementing the basic insurance benefits and filling in the gaps in insurance protection. Assistance is the program which takes final responsibility for meeting need when all methods of preventing dependency have failed.

In the Council's opinion, public assistance should continue to be administered on the basis of a strict needs test with all income being taken into account in determining both eligibility and the amount of the payment. A relaxation of the needs test in assistance would result either in more funds being expended for assistance than would otherwise be necessary or, if additional funds were not made available, the increasing number of eligible persons would necessarily force down the level of payments for those who need help most.

The development of the proper relationship between social insurance and public assistance is a matter of major concern to the Council. We believe that it is of great importance that the social-insurance system be strengthened at the earliest opportunity through extension of coverage, increases in benefit amount, and liberalization in eligibility requirements so that insurance becomes the recognized basic method for dealing with income loss. As stated in our report on old-age and survivors insurance, p. 1:

Differential benefits based on a work record are a reward for productive effort and are consistent with general economic incentives, while the knowledge that benefits will be paid—irrespective of whether the individual is in need—supports and stimulates his drive to add his personal savings to the basic security he has acquired through the insurance system. Under such a social-insurance system, the individual earns a right to a benefit that is related to his contribution to production. This earned right is his best guaranty that he will receive the benefits promised and that they will not be conditioned on his accepting either scrutiny of his personal affairs or restrictions from which others are free.

Public assistance payments from general tax funds to persons who are found to be in need have serious limitations as a way of maintaining family income. Our goal is, so far as possible, to prevent dependency through social insurance and thus greatly reduce the need for assistance.

If social-insurance payments are allowed to be lower on the average than assistance payments, public support of the insurance principle will be undermined. People expect benefits under a contributory program to be at least as high as grants made from general taxation as a consequence of need. At the beginning of 1941 this was the case. The national average for retirement benefits under the insurance program was slightly higher than the national average for assistance—\$22.60 as compared with \$20.49. Since that time, however, the level of assistance payments has increased considerably as prices have increased and the Federal Government has twice increased its amount of participation in the assistance program, once in 1946 and again in 1948. No comparable increase has been made in the level of payments under the old-age and survivors insurance program. At the beginning of 1945, even before the Federal Government had increased its rate of participation in assistance, the national average for old-age assistance had risen to \$28.52, while the average for retirement benefits was \$23.73. According to the latest available figures (June 1948), the assistance average has risen to \$38.18 as compared with \$25.13 for insurance. In October of 1948 under Public Law 642 (80th Cong., 2d sess.), the amount in old-age assistance can be increased to about \$43 for the number of recipients now on the old-age-assistance rolls without additional cost to the States and local units of government. The following table shows the progressive disparity in amounts paid under the two programs:²

TABLE A.—*Comparison of average payments under old-age assistance and for retired workers under old-age and survivors insurance*

	Old-age assistance	Retired worker under old-age and survivors insurance
January 1941.....	\$20.49	\$22.60
January 1945.....	28.52	23.73
June 1948.....	38.18	25.13

In October of 1948 the old-age assistance average will again increase substantially because of changes in the Federal law, while the old-age and survivors insurance average will be only a few cents more.

The fact that these changes in the public assistance program have preceded changes in social-insurance coverage and benefits is in our opinion a matter of serious concern. Unless the insurance system is expanded and improved so that it in fact offers a basic security to retired persons and to survivors, there will be continual and nearly irresistible pressure for putting more and more Federal funds into the less constructive assistance programs.

² If it were possible to compare the national averages for aged couples under the two programs, the disparity would undoubtedly be greater than that shown above. Aged couples under insurance are entitled to only half again as much as the single retired worker with the same wage record, while the aged couple under assistance may receive up to twice as much as the single person and on the average do receive much more than half again as much. The averages shown above for assistance include those cases in which both a husband and wife are receiving payments, while the averages for old-age and survivors insurance include only the retired worker. If the wife's benefits under old-age and survivors insurance were averaged in, the figure for June 1948 would be \$21.98 per individual as compared with \$25.13 for retired workers.

The Nature of the Program

Responsibility for public assistance in the United States is now shared by the local, State, and Federal Governments. Until 1936 this responsibility was entirely local and State, except for the emergency programs during the early thirties. Earlier still, the responsibility for relief was entirely local. Even now all expenditures for general assistance come from local funds in 15 States; half or more than half of the funds for general assistance come from the State in only 18 States; and in only 4 States are all expenditures for general assistance financed by the State (appendix III-A, table 14).

With the passage of the Social Security Act, the Federal Government assumed substantial responsibility on a continuing basis for public assistance to the aged, to the blind, and to dependent children. Within these areas the Federal Government has supplied large sums, at first on a 50-50 matching basis within maximums of \$30 for old-age assistance and aid to the blind, while the basis was \$1 for each \$2 for aid to dependent children within maximums of \$18 for the first child and \$12 for each additional child aided in the family. In 1939 the Federal maximums for old-age assistance and aid to the blind were increased to \$40 and Federal matching for aid to dependent children was established on a 50-50 basis. Since October 1, 1946, Federal funds have been paid under a matching formula which established the Federal share of assistance payments at two-thirds of the first \$15 of the average monthly payment per recipient, plus one-half the remainder within maximums of \$45 for old-age assistance and aid to the blind; in aid to dependent children the Federal share has been two-thirds of the first \$9 of the average payment per child plus one-half of the remainder within maximums of \$24 for the first child and \$15 for each additional child aided.

In October 1948 the Federal participation in the three State-Federal programs will increase again under Public Law 642. The Federal Government will provide three-fourths of the first \$20 of the average monthly payment plus one-half of the remainder within maximums of \$50 for old-age assistance and aid to the blind; the Federal share for aid to dependent children will be three-fourths of the first \$12 of the average payment per child plus one-half the remainder within the maximums of \$27 for the first child and \$18 for each additional child. Except for the emergency programs in the early thirties, no Federal funds have been made available for general assistance.

The Federal Government has not assumed responsibility for the operation of the three public-assistance programs for which Federal aid is provided. Aside from sharing in the costs of assistance and administration, the role of the Federal Government has been limited to that of setting minimum standards and providing technical advice and consultation on problems of administration.

Because public assistance is essentially a State responsibility, considerable variation in operating policies and in eligibility requirements, including definitions of need, appears among the States. The wide range in the proportion of persons receiving assistance in the several States and the range in the amount of the average payment not only indicate State differences in the need to be met and ability to meet that need, but also reflect wide State diversity in standards and policies. The proportion of the population aged 65 or over who were in receipt

of old-age assistance in December 1947 ranged from a high of 581 per 1,000 in Oklahoma, and more than 400 per 1,000 in Colorado, Georgia, and Texas, to a low of less than 100 per 1,000 in Delaware, the District of Columbia, Maryland, New Jersey, New York, and Virginia (appendix III-A, chart 3). The average payment per recipient for old-age assistance ranged from \$84.72 a month in Colorado and \$57.10 in California to \$16.90 in Georgia and \$15.87 in Mississippi (appendix III-A, chart 2). Similar variation occurs in the other programs. The Council does not regard an investigation of the policy decisions by the several States in connection with public assistance as part of its mandate. Nevertheless, the very wide variation among the States suggests that Congress might want to inform itself further concerning the effect of Federal grants-in-aid upon the policy decisions of the several States. A special investigation of this matter is worthy of consideration.

Wide differences are also apparent in the extent to which expenditures and case loads of the various public assistance programs have been affected by general economic conditions. The rise in employment brought about by the war and postwar boom was sharply reflected in rapidly declining expenditures for general assistance. Expenditures by the States and localities for the general assistance program dropped from \$493,900,000 in 1940 to \$104,800,000 in 1945 and rose to \$168,200,000 in 1947. (See appendix III-A, table 13, for case loads and expenditures, 1936-47.) Although expenditures for aid to dependent children increased from \$128,300,000 in 1940 to \$151,400,000 in 1945 and \$275,600,000 in 1947, a relationship between this program and business conditions is reflected in the changes in the number of families on the rolls. At the end of the 1940 fiscal year, 333,000 families were receiving aid as compared with 255,600 at the end of the 1945 fiscal year. The 1947 case load, however, exceeded the 1945 figure partly, no doubt, because the rise in the number of broken homes, in the birth rate, and in the cost of living made it necessary for families to seek aid to supplement income from other sources. (See appendix III-A, table 12.) Changes in the number of recipients of old-age assistance and aid to the blind have not reflected general economic conditions to the same extent as general assistance or aid to dependent children. Although the number of recipients on old-age assistance did decline somewhat in 1943, 1944, and 1945, the 1945 figure was somewhat more than 2,000,000 as compared with somewhat less than 2,000,000 in 1940. By June of 1947 there were 2.3 million persons on the old-age assistance rolls, the same number as were on the rolls in March 1948, the last date for which figures are available. Expenditures for old-age assistance and aid to the blind rose continually throughout this period since the level of assistance payments increased enough to offset the declining number of recipients in those years when the number did decline. (See appendix III-A, tables 10 and 11.)

The varying effect of general economic conditions on the different programs reflects the fact that general assistance and, to a less extent, aid to dependent children are available to persons who are employable in times of good business conditions. On the other hand, old-age assistance and aid to the blind are limited for the most part to persons unable to work regardless of economic conditions. A study conducted in 1944 in 21 States indicated that only about 20 percent of

the old-age assistance recipients were under age 70 and about 45 percent were age 75 or over. To some extent, the differences in expenditures and case loads of the various programs may also reflect the absence of Federal participation in general assistance and the lower rate of Federal participation in aid to dependent children. States and localities have not been encouraged to put money into these programs to the same extent as in old-age assistance and aid to the blind.

Several other factors should be taken into account in seeking an explanation of the differences in expenditures from one year to the next and among the various programs. These factors include (1) the increase in the number of aged persons in the population from about 9 million in 1940 to about 10.8 million in 1947, (2) the long waiting lists of eligible applicants during the early years of the State-Federal programs, a fact which indicates that the number of recipients was lower in the early years because funds were not available to meet existing need (witness the 260,000 applications for old-age assistance pending in January 1940 as compared with 42,000 in January 1945), and (3) the increase in expenditures for assistance resulting from rising prices.

Major Defects in the System of Federal Grants-in-Aid for Public Assistance

The Council believes that the basic features of the present arrangements are sound. In particular, it believes that the diversity of conditions and traditions among the States makes it desirable that the States retain wide discretion in determining needs, eligibility, and administrative policies. The Council feels, however, that the present system of Federal grants-in-aid for public assistance has many gaps and inequities. Federal participation in aid to dependent children is far less adequate than in old-age assistance and aid to the blind. Needy persons who require medical attention cannot receive adequate medical services within the limits of the ceilings on Federal matching. Moreover, many persons who do not fall within the categories of the aged, the blind, or dependent children may be in dire need of public assistance. As now constituted, the Social Security Act ignores the needs of this group. In point of fact, the act has led some States to apply virtually all the State and local funds available for public assistance to the specific programs for which Federal reimbursement is available, leaving little or no money for so-called general assistance. State funds are thus concentrated on programs which have Federal grants-in-aid.

There is an immediate and imperative need to redress this imbalance by eliminating the existing gaps and correcting the inequities in the public assistance titles of the Social Security Act. More extensive Federal participation in such programs has been recommended because of the conviction that readjustments are urgently needed and cannot otherwise be achieved as expeditiously. The Council believes, however, that the total amount of Federal expenditure for assistance should decline as the insurance program becomes more fully operative.

In making recommendations to improve the present Federal policy in assistance, the Council has been guided by the following major considerations:

1. The public-assistance program should not interfere with the growth and improvement of the insurance program.

2. The Federal Government's participation in public assistance should be designed to encourage the best possible administration by the States and localities and promote adequate support of the needy by the States and the localities.

3. The Federal Government should continue its present practice of setting only minimum standards relating to conditions of eligibility and administration but, beyond the minimum, it should leave to the States wide discretion both in determining policies and in setting standards of need.

Summary of Recommendations

1. *Increased payments for aid to dependent children.*—The Federal Government's responsibility for aid to dependent children should be made comparable to the responsibility it has assumed for old-age assistance and aid to the blind. In determining the extent of Federal financial participation, the needs of adult members of the family as well as of the children should be taken into consideration. Federal funds should equal three-fourths of the first \$20 of the average monthly payment per recipient (including children and adults) plus one-half the remainder, except that such participation should not apply to that part of payments to recipients in excess of \$50 for each of two eligible persons in a family and \$15 for each additional person beyond the second.

2. *Federal grants for general assistance.*—Federal grants-in-aid should be made available to the States for general assistance payments to needy persons not now eligible for assistance under the existing State-Federal public assistance programs. Federal financial participation should equal one-third of the expenditures for general assistance payments, except that such participation should not apply to that part of monthly payments to recipients in excess of \$30 for each of two eligible persons in a family and \$15 for each additional person beyond the second. In addition, the Federal Government should match administrative expenses incurred by the States for general assistance on a 50-50 basis, in the same manner that it now shares in administrative expenses for the existing State-Federal public assistance programs. The proposed grants-in-aid for general assistance, however, should not be considered as a substitute for a program designed to deal with large-scale unemployment.

3. *Medical care for recipients.*—To help meet the medical needs of recipients of old-age assistance, aid to the blind, and aid to dependent children, the Federal Government should participate in payments made directly to agencies and individuals providing medical care, as well as in money payments to recipients as at present. The Federal Government should pay one-half the medical-care costs incurred by the States above the regular maximums of \$50 a month for a recipient (\$15 for the third and succeeding persons in a family receiving aid to dependent children) but should not participate in the medical costs above the regular maximums which exceed a monthly average of \$6 per person receiving old-age assistance or aid to the blind and a monthly average of \$3 per person receiving aid to dependent children.

State public-assistance agencies should be required to submit plans to the Social Security Administration for its approval, setting forth

the conditions under which medical needs will be met, the scope and standards of care, the methods of payment, and the amount of compensation for such care.

4. *Care of the aged in medical institutions.*—The Federal Government should participate in payments made to or for the care of old-age-assistance recipients living in public medical institutions other than mental hospitals. Payments in excess of the regular \$50 maximum made to recipients living in public or private institutions or made by the public-assistance agency directly to those institutions for the care of aged recipients should be included as a part of medical-care expenditures under recommendation 3. To receive Federal funds to assist aged persons in medical institutions under either public or private auspices, a State should be required to establish and maintain adequate minimum standards for the facilities and for the care of persons living in these facilities. These standards should be subject to approval by the Social Security Administration.

5. *Residence requirements.*—Federal funds should not be available for any public-assistance program in which the State imposes residence requirements as a condition of eligibility for assistance, except that States should be allowed to impose a 1-year residence requirement for old-age assistance.

6. *Study of child health and welfare services.*—A commission should be appointed to study current child health and welfare needs and to review the programs operating under title V of the Social Security Act relating to maternal and child health services, services for crippled children, and child welfare services. The commission should make recommendations as to the proper scope of these services and the responsibilities that should be assumed by the Federal and State governments, respectively.

The Cost of the Council's Recommendations

Assuming the continuation of current conditions, it is estimated that the annual cost to the Federal Government of all the public-assistance recommendations of the Council will range between about \$270,000,000 and \$340,000,000. If the Council's recommendations for social insurance become effective, the cost of assistance to the Federal Government should gradually decline as insurance benefits eliminate or reduce the need for assistance among more and more persons affected by old age, loss of parental support, or permanent and total disability.

These estimates are subject to a considerable margin of error since many unpredictable factors will influence the Federal cost of these recommendations. As public assistance is a matching program, that cost is determined by the extent to which the States take advantage of the offer of Federal funds as well as by the extent of the actual need to be met. The availability of State revenues to finance a share of public assistance, the competing demands of other governmental functions, and State and local policies in determining need and granting aid are all important factors in determining costs.

These estimates are based on recent case loads which may prove unreliable guides for the future. Changes in social and economic conditions would have a substantial effect on the need for assistance and thus on future case loads. The error which can arise from this factor is limited, however, by the fact that the recommendations in this report are not intended to meet the problem of mass unemploy-

ment in the event of a severe or even moderately severe depression. In its report to be submitted on unemployment insurance, the Council plans to consider the problem of the responsibility of the Federal Government for the income maintenance of workers in time of business depression. (Note: The Council was not able to carry out this plan. See pp. 178-180). Yet, even though the recommendations in this report pertain to the needs that arise in times when employment is good, these needs are nevertheless greatly influenced by changes in price levels and by even relatively minor changes in levels of employment and unemployment. Changes in other social provisions to meet or prevent need, such as social insurance, dependents' allowances for servicemen, veterans' benefits, and health programs, may also have a significant effect on the extent to which the assistance programs will be called on to aid needy persons.

The extent of need for general assistance and for medical care (including care of the aged in public medical institutions) will not be completely clear until Federal funds become available for these types of aid. Present case loads in general assistance and present expenditures for medical care reflect more nearly what States and localities are able and willing to spend than the actual need for these services. As long as the means to meet need are lacking, much need remains hidden. Few people apply for help that they know they cannot get.

Because of the uncertainty of the effect of many of these factors, the estimates have been stated as a range. Separate estimates have been given for each recommendation.

Financing the Public Assistance Programs

The Council believes that, as provided in Public Law 642, the Federal Government should, for the near future, meet three-fourths of the first \$20 of the average monthly payment per recipient and half the remainder within given maximums for old-age assistance and aid to the blind, and that Federal participation in aid to dependent children should be made comparable. The Council believes that the maximums up to which the Federal Government makes grants should be uniform for these three programs. As the burden on the States is reduced through the expansion and liberalization of the Federal insurance program, the rate as well as the total amount of Federal participation in these assistance programs should be reduced. For general assistance, the Council recommends a much lower rate of participation by the Federal Government than for the other parts of the assistance program.

The Council believes that, in general, the present method of participation by the Federal Government in the existing State-Federal programs is well adapted to a public-assistance program which leaves the States wide discretion in determining eligibility for assistance and in making administrative policies. Under such a program, the Council believes that it is wise to have the Federal Government and the States share equally in the costs above some low figure such as \$20 a month per recipient. In some of the proposals which the Council has examined, such as those for relating the rate of Federal participation to the per capita income in the State, the amount of State financial interest would not seem sufficient in the lowest-income States to guarantee prudent consideration of the level of payments.³ Under

³ See *Annual Report of the Federal Security Agency, Section One, Social Security Administration, 1947*, pp. 109-110, for discussion of typical plan.

one per capita income plan studied, several States would be able to get three Federal dollars for each State and local dollar even if they made average assistance payments well above the national average. Low-income States could, for example, make average payments of nearly the Federal maximum of \$50 for old-age assistance and the Federal Government would still pay three-fourths of the total cost.

The present method, as well as those which would vary the rate of Federal participation in accordance with per capita income, provides Federal funds which represent a larger proportion of the costs of assistance in most low-income States than in the high. Because the average assistance payment in low-income States is usually low, Federal participation at the rate of three-fourths of the first \$20 of average payments will mean that the Federal Government will bear nearly three-fourths of the total expenditures for assistance payments in most of the lowest-income States. For example, in the calendar year 1947, when the rate of Federal participation was two-thirds of the first \$15 in old-age assistance and aid to the blind and two-thirds of the first \$9 in aid to dependent children, the Federal Government paid only 52.7 percent of all costs of old-age assistance in the United States, 50.6 percent of the total costs of approved plans for aid to the blind, and 39.4 percent of the total costs for aid to dependent children. In the five States with the lowest per capita income, however, Federal participation in old-age assistance ranged from 62.5 to 64.7 percent of total costs; in aid to the blind the Federal share ranged from 60.5 to 63.6 percent; and in aid to dependent children from 60.5 to 65.8 percent.

Federal, State, and Local Responsibility

Although it is beyond the scope of the present study to analyze the policy which should govern the over-all financing of public services in the United States and the relationship of the Federal Government to the States and localities, the Council wishes to express its belief that the only sound long-run method of preserving a workable State-Federal system lies in the readjustment of State-Federal tax and fiscal relationships. The principles of citizen-participation in Government and maximum State and local responsibility will be promoted if States and localities are better able and more willing than at present to raise the funds necessary to finance their own activities. Two world wars and a major depression have introduced a degree of central fiscal authority and an aggregate tax burden undreamed of 50 years ago. Indeed, within the last few years the demands upon the Federal Government have increased much faster than anyone would have anticipated. Several years ago forecasts of the postwar Federal budget usually ran in the neighborhood of \$15,000,000,000 to \$25,000,000,000 a year. For example, the Committee for Economic Development in a study of the tax problem assumed that the budget of the Federal Government would be about \$18,000,000,000 in dollars of 1943 purchasing power or about \$23,000,000,000 in dollars of 1947 purchasing power. The budget is now more than \$40,000,000,000 and is likely to remain at that level. Because of these developments and because of the ever-increasing public demand for services from all units of government, means must be found to make sure that State and local governments have revenues adequate to finance the functions which they can best perform. These broad problems of inter-

governmental relationships need the most careful study so that financial self-sufficiency and harmonious fiscal policy among the various governmental units may be promoted to the greatest extent possible.

Under the best possible division of fiscal responsibility, however, there will remain wide differences in the available tax and revenue resources of the States and localities. In order to encourage the States to provide the assistance required for health and decency, Federal participation in financing old-age assistance, aid to dependent children, and aid to the blind should be continued on a basis whereby the Federal Government will pay a higher proportion of the total cost of assistance in the low-income States than in those with high per capita income.

The Council believes, furthermore, that differences between the needs and resources of the various counties within States require a flexible use of State and Federal funds on an equalization basis so that State plans may be uniformly and equitably in effect in all parts of a State. The Council believes that this end may be attained by State action and by Federal participation in the development of State plans, and that further Federal legislation is not now required to effect the desired end.

RECOMMENDATIONS

1. Increased Payments for Aid to Dependent Children

The Federal Government's responsibility for aid to dependent children should be made comparable to the responsibility it has assumed for old-age assistance and aid to the blind. In determining the extent of Federal financial participation, the needs of adult members of the family as well as of the children should be taken into consideration. Federal funds should equal three-fourths of the first \$20 of the average monthly payment per recipient (including children and adults) plus one-half the remainder, except that such participation should not apply to that part of payments to recipients in excess of \$50 for each of 2 eligible persons in a family and \$15 for each additional person beyond the second

Today more than 1.1 million children under 18 years of age are receiving aid to dependent children through the State-Federal program because one or both of their parents are dead, absent from the home, or incapacitated. These children, regardless of the State in which they now live, will someday find their place in the productive activities of the Nation and, should the necessity arise, will take part in defending our Nation. Many of these children will be seriously handicapped as adults because in childhood they are not receiving proper and sufficient food, clothing, medical attention, and the other bare necessities of life. The national interest requires that the Federal Government provide for dependent children at least on a par with its contributions toward the support of the needy aged and blind.

Since Federal grants to States under the Social Security Act were first available, the Federal Government has made it possible for States to provide higher assistance payments to the needy aged and the needy blind than to those who meet the act's definition of "dependent children." The maximum amount of assistance payments in which the Federal Government will participate, beginning October

1, 1948, will be \$50 for old-age assistance and aid to the blind and \$27 for the first child and \$18 for each additional child in a family receiving aid to dependent children. The Federal share of payments for old-age assistance and aid to the blind will be three-fourths of the first \$20 of the average monthly payment per recipient, plus one-half the remainder within the maximums. The Federal share in aid to dependent children will be three-fourths of the first \$12 of the average monthly payment per child, plus one-half the remainder up to the maximums. Thus the Federal Government will contribute a maximum of \$30 a month toward meeting the needs of a recipient of old-age assistance or aid to the blind, while the maximum Federal contribution in aid to dependent children will be \$16.50 for the first child in a family and \$12 for each additional child aided. Yet, by and large, families with dependent children need as much in assistance payments as do aged and blind persons.

Further evidence of the favored position of old-age assistance and aid to the blind is found in the proportion of the total expenditures for assistance supplied by the Federal Government in States with approved plans. In 1947, under the matching formula then in effect,⁴ Federal funds represented 53 percent of total expenditures for old-age assistance and 51 percent for aid to the blind, but only 39 percent for aid to dependent children. (See appendix III-A, tables 3, 4, and 5.) The Federal Government contributed \$19.05 a month per recipient of old-age assistance, as compared with \$6.92 per person receiving aid to dependent children (including the children and one adult in each family). In all States the average payment to recipients as well as the average amount paid from Federal funds was lower in aid to dependent children than in old-age assistance. (See chart A, p. 107.)

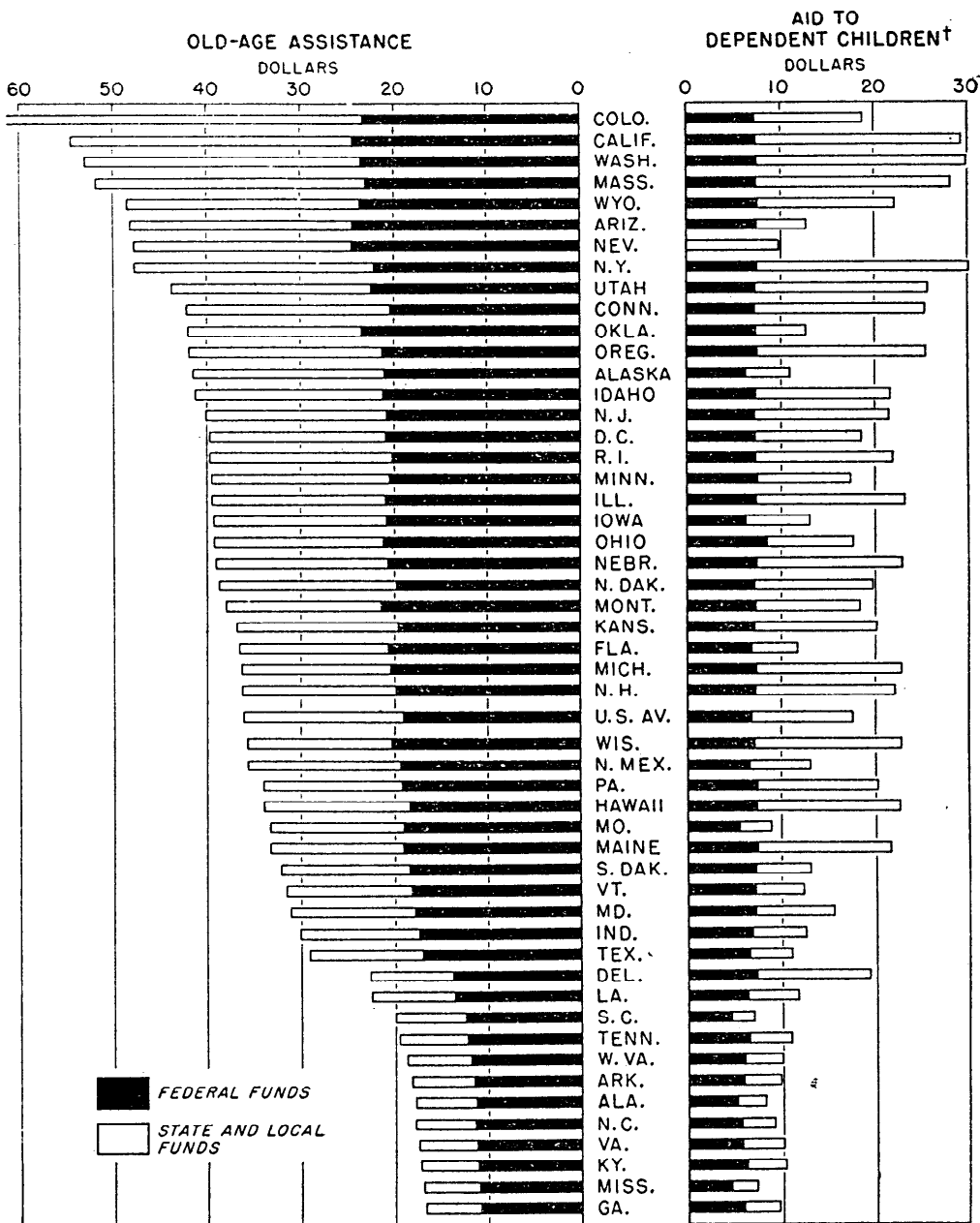
We believe that it is sound national policy for the Federal Government to make it possible for the States to provide payments for aid to dependent children comparable to those for the needy aged and blind. This result could be substantially attained if the Federal maximums for aid to dependent children were established at \$50 for each of the first two persons in a family and \$15 for each additional person and if the Federal Government shared in assistance payments within these maximums on a basis similar to that in old-age assistance and aid to the blind. Under our recommendation, Federal funds for aid to dependent children would equal three-fourths of the first \$20 of the average payment per recipient, plus one-half the remainder within the maximums. The maximum Federal share would be \$30 for each of the first two persons in a family and \$11.25 for each additional person.

In determining the extent of Federal financial participation, the needs of the adult members of the household who are essential to the well-being of the children should be taken into consideration. Thus for a family consisting of a mother and one child, the Federal Government should participate with the State in an assistance payment to the child and to the mother. The mother and child would thus be entitled to the same consideration from the Federal Government as a husband and wife when both receive old-age assistance.

⁴ The matching formula in effect from October 1, 1946, to September 30, 1948, set the Federal share of assistance payments at two-thirds of the first \$15 of the average monthly payment per recipient, plus one-half the remainder within the maximums of \$45 for old-age assistance and aid to the blind, and two-thirds of the first \$9 of the average payment per child plus one-half of the remainder within the maximums of \$24 for the first child and \$15 for each additional child aided in a family receiving aid to dependent children.

CHART A

OLD-AGE ASSISTANCE AND AID TO DEPENDENT CHILDREN: AVERAGE MONTHLY PAYMENT PER RECIPIENT FROM FEDERAL, AND STATE AND LOCAL FUNDS, CALENDAR YEAR 1947



† ONE ADULT PER FAMILY, AS WELL AS THE CHILDREN, COUNTED AS A RECIPIENT.

Many families, of course, would not receive payments as high as the maximums set for Federal participation, since the amount of the payments would depend on the extent of the need of the children and adults and on the willingness and ability of the States and localities to put up their share of the cost. In October 1947, 34 percent of all payments for aid to dependent children were below the existing low maximum in the Federal law. (For distribution of payments for October 1947, see appendix III-A, table 9.)

The estimated additional annual cost to the Federal Government for the liberalized provisions for aid to dependent children that we have recommended would range from a low of \$135,000,000 to a high of \$160,000,000. This estimate is based on March 1948 case loads, the latest month for which data are available.

2. Federal Grants for General Assistance

*Federal grants-in-aid should be made available to the States for general assistance payments to needy persons not now eligible for assistance under the existing State-Federal public assistance programs. Federal financial participation should equal one-third of the expenditures for general assistance payments, except that such participation should not apply to that part of monthly payments to recipients in excess of \$30 for each of two eligible persons in a family and \$15 for each additional person beyond the second. In addition, the Federal Government should match administrative expenses incurred by the States for general assistance on a 50-50 basis, in the same manner that it now shares in administrative expenses for the existing State-Federal public assistance programs. The proposed grants-in-aid for general assistance, however, should not be considered as a substitute for a program designed to deal with large-scale unemployment*⁵

The Social Security Act limits Federal participation in the costs of public assistance to three groups of needy persons—the aged, the blind, and certain children. Federal funds may be used along with State funds for an assistance payment to a man aged 65 or over, but not to his 64-year-old wife, who may be just as much in need. Federal funds are available for assistance payments to a person handicapped by blindness but not to one incapacitated by paralysis. The Federal Government will share in the cost of aid to needy children living with certain relatives under conditions specified in the Social Security Act, but if the children are living with relatives other than those enumerated or are living with their parents under conditions other than those specified, the Federal Government assumes no share of the cost of assistance for them, regardless of how needy the children may be.

The persons who are not eligible for public assistance under the Social Security Act and who require assistance during periods of high employment usually have physical or mental handicaps, suffer from temporary or chronic illness, or are unable to earn a living because of age or home responsibility. In addition, there are some persons who, even during periods of high employment, are temporarily unemployed, are ineligible for unemployment insurance benefits, lack resources, and therefore require assistance.

⁵ Four members of the Council do not favor Federal grants-in-aid for general assistance, but do favor the expansion of aid to the needy blind to include other disabled persons. The reasons for this opinion are given in appendix III-B.

Three members of the Council believe that its recommendations on Federal grants-in-aid for general assistance should be as generous as those for other categories.

The State-Federal vocational rehabilitation program provides payments for the maintenance of needy disabled persons when they are receiving training or services directed toward physical restoration, but that program provides no financial aid for their families. Payments for maintenance are made to facilitate rehabilitation of disabled individuals who must meet three basic conditions of eligibility: (1) They must be of employable age, (2) they must have an occupational handicap by reason of disability, and (3) it must be possible for them to become employable or more suitably employed through rehabilitation service. Only 13,062 persons received maintenance payments under this program during the fiscal year 1946-47. The responsibility for other persons without resources, who are not eligible for assistance under the existing State-Federal programs, now rests with the States and localities.

In March 1948, 402,000 cases (900,000 persons) were on State and local general assistance rolls, and assistance expenditures from State and local funds totaled \$18,000,000 for the month. The average payment per case ranged from \$67.16 in New York to \$10.39 in Mississippi.

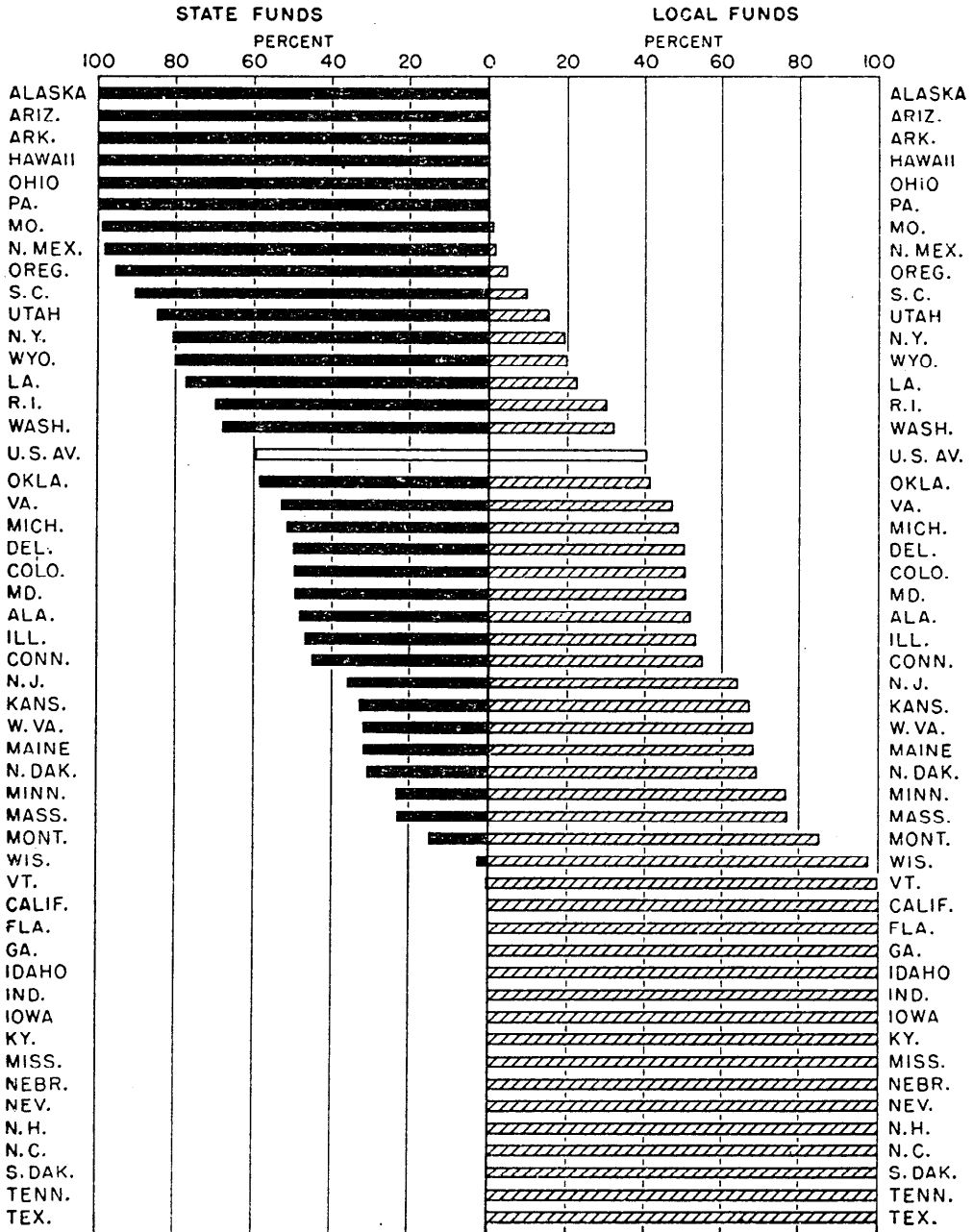
Wide differences in average payments are found not only among States, but also among communities within States. In some communities, general assistance payments are grossly inadequate. In one community, for example, the local public welfare agency granted only \$2.50 per family per month to meet all the needs of the destitute families on the rolls. In another county, general assistance payments averaged \$2.75 per person per month.

In 15 States general assistance is financed exclusively by the localities. In 15 additional States the local units of government bear more than half the costs (see chart B, p. 110). In view of the fact that many States have shown little interest in contributing to the general assistance program within their own boundaries, one may well ask why the Federal Government should contribute. The Council does not believe that lack of interest on the part of some States should deter the Federal Government from offering to bear a part of the cost of general assistance. The Council believes that as in old-age assistance, aid to the blind, and aid to dependent children, State financial participation should be made a condition of Federal aid to general assistance. When the financing of any assistance program is dependent upon the revenue that can be raised by local units of government without substantial contributions from a governmental unit with broader revenue-raising resources, the assistance needs of persons residing in impoverished communities cannot be met.

Many localities lack revenues sufficient to finance the other governmental functions imposed upon them and at the same time to furnish adequate aid to needy persons. States and localities tend to put the money available for public assistance into the programs in which State and local dollars will be augmented by Federal matching. This situation is particularly true in low-income States. Consequently, the provisions for public assistance in the Social Security Act, which recognize the needs of only those among the aged, the blind, and the dependent children who meet prescribed conditions of eligibility, sometimes have the effect of depriving other needy persons of adequate help from State and local funds.

CHART B

GENERAL ASSISTANCE: DISTRIBUTION OF EXPENDITURES FOR ASSISTANCE BY SOURCE OF FUNDS, FISCAL YEAR 1946-47¹



¹ Includes payments for maintenance assistance only; amounts for medical care, hospitalization, and burial are excluded except when allowances for such purposes are included in cash payments to recipients.

The Council believes that Federal financial participation in general assistance, even in the limited manner recommended herein—whereby the State and local unit of government would have to expend \$2 for assistance payments to receive \$1 in Federal funds—will, in most States, result in better provision for needy individuals. Federal financial help is especially important for the low-income States. Furthermore, the establishment of minimum Federal requirements for the operation of a State-Federal general assistance program as a condition of Federal aid would improve the administration of general assistance in all parts of the country. These requirements should be similar to those for the existing State-Federal public assistance programs, and should create a State-Federal partnership in general assistance like that in the other programs. The proposed program would continue to be essentially a State and local responsibility, but Federal participation would result in more nearly equitable and adequate treatment for persons in need of general assistance. The Social Security Administration would be charged with the duty of ascertaining that each State receiving Federal funds had a State-wide general assistance plan in effect which was administered in a proper and efficient manner, with the selection of personnel on a merit basis. General assistance would be available to needy persons regardless of where they happened to live in a State, and objective methods of determining eligibility for and the amount of assistance would be required of all units of government administering the program.

Because the proposed general assistance program should provide subsistence to persons who cannot be self-supporting and for whom other provision is lacking, we believe that, as a condition of Federal financial participation, a State should be precluded from denying any person general assistance on the basis of his residence or citizenship. Without such a safeguard, it cannot be expected that all persons in need of assistance would receive aid. Today, although the State-local general assistance programs are widely assumed to assist all needy persons not covered by the State-Federal programs, State laws, as well as interpretations by local autonomous units of government administering the programs, generally provide continuing assistance only to those who meet State and local residence requirements. (See recommendation 5, p. 116, for discussion of residence requirements.)

In order to help persons who need assistance because of unemployment to obtain jobs and to avoid paying public funds to employable persons when suitable employment is available, the States should be required to assure registration and clearance of employable applicants for assistance with the public employment service. The States should also be required to refer all persons likely to benefit from the State-Federal vocational rehabilitation program to the agency administering that program.

Although we recommend that the Federal Government finance only one-third of the cost of general assistance payments made by the States within the maximums specified, we believe it is desirable to match the administrative costs incurred by the States on a 50-50 basis. Then the Federal Government will share uniformly in the administrative costs for all State-Federal public assistance programs. This uniformity will simplify recording for purposes of reimbursement in the States that integrate general assistance with one or more of the existing State-Federal assistance programs.

In recommending Federal grants-in-aid to the States for general assistance, we do not intend that a general assistance program should be considered as a preferred method of dealing with large-scale unemployment if it should again occur. Neither should general assistance be a substitute for unemployment insurance. These subjects are discussed in the report by the Council on pages 178-180. General assistance would serve the purpose of providing an underpinning for the other social measures by aiding those for whom no other means of support is available.

It is difficult to estimate with accuracy the long-range costs of a State-Federal general assistance program. General assistance is more sensitive to changes in economic conditions than are any of the other public-assistance programs. In the last 12 years, expenditures for general assistance have ranged from a high of \$472,000,000 in the fiscal year 1938-39 to a low of \$85,500,000 in 1944-45 (see appendix III-A, table 13). Expenditures for general assistance payments from State and local funds in 1947 amounted to \$164,000,000.

It is estimated that under a continuation of current economic conditions, the annual cost to the Federal Government under the proposed general assistance program would range from a low of \$65,000,000 to a high of \$75,000,000 for assistance payments, and from \$13,000,000 to \$15,000,000 for administrative expenses. This estimate is based on the assumption that the October 1947 case loads represent an average annual case load. This assumption, of course, would be invalid if current economic conditions changed materially.

3. Medical Care for Recipients

To help meet the medical needs of recipients of old-age assistance, aid to the blind, and aid to dependent children, the Federal Government should participate in payments made directly to agencies and individuals providing medical care, as well as in money payments to recipients as at present. The Federal Government should pay one-half the medical care costs incurred by the States above the regular maximums of \$50 a month for a recipient (\$15 for the third and succeeding persons in a family receiving aid to dependent children) but should not participate in the medical costs above the regular maximums which exceed a monthly average of \$6 per person receiving old-age assistance or aid to the blind and a monthly average of \$3 per person receiving aid to dependent children.

State public-assistance agencies should be required to submit plans to the Social Security Administration for its approval, setting forth the conditions under which medical needs will be met, the scope and standards of care, the methods of payment, and the amount of compensation for such care.

The present Social Security Act limits Federal financial participation in assistance payments to those which are paid to the recipients in money. Consequently, if the cost of medical care furnished to recipients of assistance is met by the State or local agency through direct payments to physicians or other suppliers of medical care, the expenditures must now be borne entirely by the State and local governments. Under our recommendations, total money payments in which the Federal Government will be able to participate will be limited to \$50 monthly (\$15 for the third and succeeding persons in

a family receiving aid to dependent children) except when medical care is needed. In most cases these amounts or more will be needed to meet living costs other than medical care. Consequently, Federal funds will be available as they are now to only a very limited extent for money payments to recipients to enable them to arrange for their own medical care.

Most States are now financing the medical care they provide in large part from State and local funds. Since States with comparatively meager resources cannot afford to spend funds for which they cannot get Federal matching, they provide little or nothing for medical care, while in almost all States the medical care provided is inadequate.

It would seem desirable for the Federal Government to participate in the cost of necessary medical care for assistance recipients under arrangements that afford the assistance agency flexibility in establishing its policies and procedures. It is frequently desirable to let recipients make their own arrangements for medical services. On the other hand, there are many circumstances in which the assistance agency finds it preferable to pay the doctor or other supplier of medical care directly. People who are sick or old often need help in arranging and paying for medical services. Furthermore, care is sometimes not available unless arrangement is made in advance for payment to the doctor or hospital for the services to be supplied. The cost of the last illness of a recipient who leaves no insurance or other assets can be met only through direct payments. If the Federal Government—within specified maximums—should share one-half the payments to suppliers of medical care and one-half the money payments to recipients which exceed the maximums because of the need for medical attention, the State agency would have no financial inducement to provide medical care in one way rather than the other. Choice could be made of the best way to make medical care available to a recipient in his particular situation.

Illness and disability occur more often among recipients of public assistance than among persons in the general population. Recipients of old-age assistance have an average age of 75 years and have great need of medical services. Like other people of advanced age, they are particularly subject to chronic ailments requiring diagnosis, continuing treatment, and sometimes hospitalization or nursing care.

Evidence of the substantial need of dependent blind persons for medical care has been supplied by a study of the causes of blindness of recipients of aid to the blind. It is estimated that about one-third of the recipients are 65 years of age and over. Many of these aged, blind persons are handicapped by other infirmities as well as by blindness. About one-fifth of the recipients are blind as a result of cataract, a condition which in a substantial proportion of cases might have been corrected by surgery. More than one-tenth of the recipients suffer from glaucoma, which requires early detection and continuing medical treatment to prevent progressive and irremediable loss of vision. Medical assistance could do much to alleviate suffering and prevent or reduce visual loss among persons who are blind or in danger of becoming so.

Children on the aid to dependent children rolls, like all children, need medical services for acute illnesses, correction of defects, dentistry, and immunization against infectious diseases. To the extent

that other community programs do not provide such services, the assistance agency should be able to help children obtain them.

It would be very difficult to meet medical needs with a ceiling imposed on individual payments. When medical bills are incurred, they are often large, particularly when the recipient receives hospital or nursing-home care. We recommend, however, the control of Federal expenditures by limiting Federal contributions for medical care to one-half the amounts which average not more than \$6 per month per person receiving old-age assistance and aid to the blind, and not more than \$3 per month per person receiving aid to dependent children. Analysis of the characteristics of the case loads and of the costs of medical care indicate that adequate medical care for recipients of assistance can be provided on an average basis within these maximums. In addition to these maximums, the requirement of State financial participation in expenditures for medical care would act as a safeguard against extravagant expenditures. A further control would result from having each State set forth, in the plan which it submits to the Social Security Administration for approval, the conditions under which medical needs of recipients would be met, the scope and standards of care, the methods of payment, and the amount of compensation for such care.

The estimated additional annual cost to the Federal Government for providing medical care to recipients of old-age assistance ranges from a low of \$45,000,000 to a high of \$72,000,000. These amounts include the estimated annual cost to the Federal Government for recipients residing in public medical institutions under recommendation 4. For aid to dependent children the annual cost to the Federal Government would range from \$10,000,000 to \$15,000,000 and for aid to the blind from \$1,000,000 to \$2,000,000. Thus the estimated additional annual cost to the Federal Government under this and the following recommendation would range from \$56,000,000 to \$89,000,000. These estimates are based on March 1948 case loads, the latest month for which data are available.

4. Care of the Aged in Medical Institutions

The Federal Government should participate in payments made to or for the care of old-age-assistance recipients living in public medical institutions other than mental hospitals.⁶ Payments in excess of the regular \$50 maximum made to recipients living in public or private institutions or made by the public-assistance agency directly to these institutions for the care of aged recipients should be included as a part of medical-care expenditures under recommendation 3, page 112. To receive Federal funds to assist aged persons in medical institutions under either public or private auspices, a State should be required to establish and maintain adequate minimum standards for the facilities and for the care of persons living in these facilities. These standards should be subject to approval by the Social Security Administration

Many recipients of old-age assistance suffer from chronic ailments and some of these conditions require prolonged treatment in medical

⁶ The Federal Government now shares in money payments to aged individuals living in private institutions, but it does not share in aid to persons who are living in public institutions, unless they are receiving only temporary medical care. Persons in public mental hospitals would not generally be competent to handle their own payments and are therefore excluded from this recommendation.

institutions. Private institutions and commercial nursing homes with charges within the financial reach of recipients of old-age assistance do not have sufficient capacity to provide for all recipients needing care in medical institutions. In some communities, public medical institutions could care for these aged persons if the Federal Government were to bear a share of the cost. Moreover, if Federal funds were available for this purpose, communities would be stimulated to develop additional facilities for the care of chronically ill persons and to improve the quality of care in such facilities.

Care for aged and chronically ill persons is a growing problem and in the opinion of the Council is a Federal concern. Today more than 350,000 recipients of old-age assistance are bedridden or are so infirm as to require considerable help in eating, dressing, and getting about indoors. Of them, about 50,000 are living in commercial boarding or nursing homes or private institutions. Some of these persons living in such homes or institutions are getting very unsatisfactory care. Of those living in their own homes or with others, many need prolonged treatment in medical institutions.

As the number of aged persons in the population grows, the number needing nursing-home and other services for the chronically ill will also rise. Since the passage of the original Social Security Act, the number of persons aged 65 and over has increased from about 8,000,000 to nearly 11,000,000. In another 25 years there will probably be almost twice as many aged persons in the United States as there are today.

Care of chronically ill persons in medical institutions is necessarily expensive. A needy person without some additional resources cannot obtain satisfactory care with an assistance payment limited to \$50 a month. In Connecticut in 1946, for example, the average cost of nursing-home care for the aged was \$118 a month.

We believe, therefore, that the Federal Government should participate in monthly amounts in excess of \$50 paid to old-age-assistance recipients living in medical institutions, including commercial nursing homes meeting prescribed standards, and should participate also in payments made by the State or local agency directly to such institutions for the care of aged recipients. Such expenditures should be classified as medical-care costs and should be included in the average monthly maximum recommended for medical care in recommendation 3 (p. 112). Thus the Federal Government would share in individual payments beyond the regular maximum, but total Federal expenditures for medical care, including care of aged persons living in private or public medical institutions, would be limited to a monthly average of \$6 per recipient for the program as a whole.

In writing the Social Security Act, Congress prohibited Federal participation in payments to persons living in public institutions. In so doing, it sought wisely, we believe, to discourage care of needy persons in almshouses. In many localities in the Nation, persons unable to support themselves previously had no choice but to go to the almshouse. We believe that it would be desirable to continue for the present to prohibit Federal sharing in assistance to recipients of old-age assistance in public domiciliary institutions. This recommendation therefore is limited to medical institutions. Although some States have developed public homes supplying a very high quality of care, there is still danger that in other States, Federal par-

icipation in the cost of domiciliary care would encourage the continuance or return of the almshouse. Safeguards should be imposed by statute and by regulations of the Social Security Administration to preclude the use of the old-fashioned "poor house" for recipients of old-age assistance. Safeguards would also be needed to protect the rights of recipients to live where they choose, without pressure to live in institutions if they do not wish to do so.

At present the Social Security Act does not require States giving assistance to persons living in private institutions or nursing homes to establish any standards for the operation of such facilities. Some of the private institutions and nursing homes in which recipients are living offer a very poor quality of care and do not properly protect the health and safety of the recipients. We believe that, as a condition of eligibility for Federal funds, a State aiding needy aged persons in public and private medical institutions and commercial nursing homes should be required to have an authority or authorities that would establish and maintain adequate minimum standards for institutional facilities, and for the care of aged persons living in these facilities. The Social Security Administration should, before approving the standards established by a State, assure itself that the recipients of old-age assistance residing in private and public medical institutions and commercial nursing homes will receive adequate medical and nursing services and that their safety will be adequately protected. For institutions, both private and public, to be considered as medical institutions under this recommendation, the institutions should maintain and operate facilities for the diagnosis, treatment, or care of persons suffering from illness, injury, or deformity, and be devoted primarily to furnishing medical or nursing service.

It is estimated that the additional annual cost to the Federal Government under this recommendation would range from a low of \$20,000,000 to a high of \$32,000,000. These amounts have been included as part of the estimated cost for medical care under recommendation 3 (p. 112).

5. Residence Requirements

*Federal funds should not be available for any public assistance program in which the State imposes residence requirements as a condition of eligibility for assistance, except that States should be allowed to impose a 1-year residence requirement for old-age assistance*⁷

The Social Security Act provides that a State plan for old-age assistance or aid to the blind may not require, as a condition of eligibility, residence in a State for more than 5 of the 9 years immediately preceding application and 1 continuous year before filing the application. For aid to dependent children, the maximum requirement for the child is 1 year of residence immediately preceding application, or, if the child is less than a year old, birth in the State and continuous residence by the mother in the State for 1 year preceding the birth.

In old-age assistance, of the 51 jurisdictions with federally approved plans, 27 have a 5-year residence requirement. Three States require residence within the State for 3 years, 1 for 2 years, and 16 for 1 year.

⁷ One member of the Council felt that States should be allowed to impose up to a 5-year-residence requirement in the old-age-assistance program.

Four States (Kentucky, New York, Rhode Island, and Utah) have no residence requirement imposed by statute or regulation.

In aid to the blind, of the 47 jurisdictions receiving Federal funds, 21 have a 5-year requirement; 2 require 3 years; 2 require 2 years; 17 require 1 year; and 5 have no requirement. The five States with no requirement are Mississippi and the four listed above as having no residence requirement for old-age assistance. Many other States waive the residence requirement in aid to the blind for applicants who become blind while residing in the State.

In aid to dependent children, of the 50 jurisdictions with approved plans, 8 States have no residence requirement: Alabama, Georgia, Kentucky, Mississippi, New York, Rhode Island, Wisconsin, and Utah. The others have a 1-year requirement. (See appendix III-A, table 15.)

In general assistance, which is financed solely from State and local funds, there is of course no Federal requirement and practice varies widely. Legal settlement in the community as well as State residence is often required. The settlement requirement not only makes it necessary for the applicant to have resided in the community for a specified period of time, but may require him and all members of his family to have been self-supporting, or at least not to have been dependent on public funds for support during any part of such time. In communities with such a rule, the receipt of any amount of public aid during a qualifying period prevents the recipient and his family from gaining legal settlement and thereby from becoming eligible for continuing assistance.

Under one State law, if the local public assistance office believes that a newcomer to a community may not retain his job and may need assistance, he may receive a "notice to depart." Such notices disqualify the person for general assistance for 2 years, and the notice is subject to renewal.

Residence and settlement laws result in unwarranted hardship for needy persons, not only because these laws are sometimes invoked by welfare administrators for the purpose of "shipping back" needy persons to the communities where they "belong," but also because persons often lose their residence and settlement in the State in which they once had such status before they can acquire it in another. They "belong" nowhere under the statutes of the respective States.

In our society, mobility of population is essential. Individuals should be free to move where jobs are available and if, as a result of illness or other misfortune, they become needy, they should not be denied assistance because they have crossed State or county lines. We believe that residence and settlement provisions are socially unjustifiable.

In the programs for aid to dependent children and aid to the blind, immediate steps should be taken to require the States to abolish residence requirements. Elsewhere in this report we have recommended that the Federal Government participate in the costs of a State-Federal general assistance program to aid those persons to whom no other means of support is available. We believe that it is essential, if such a program is to fulfill its purpose, that the States be prohibited from imposing any residence or other artificial barriers to eligibility for general assistance.

We recognize, however, that the States into which older persons move because of favorable climate and which have relatively adequate assistance for the aged, fear increased financial liability if residence requirements should be eliminated entirely for old-age assistance. Therefore, we have recommended that the States be authorized to impose, if they desire, a residence requirement of not more than 1 year for old-age assistance.

6. Study of Child Health and Welfare Services

A commission should be appointed to study current child health and welfare needs and to review the programs operating under title V of the Social Security Act relating to maternal and child health services, services for crippled children, and child welfare services. The commission should make recommendations as to the proper scope of these services and the responsibilities that should be assumed by the Federal and State Governments, respectively

More fully to meet the needs of children in two important areas, the Council has recommended increased insurance protection for children under old-age and survivors insurance and has recommended also that the Federal share in payments for aid to dependent children be made comparable to that in payments to needy aged and needy blind persons.

In addition, the Council received information on further needs of children which, the Council believes, would require direct health and welfare services rather than the cash payments with which it has been primarily concerned. Accordingly, the Council recommends appointment of a special commission which should include specialists in child health and welfare services to appraise currently unmet needs of children and to determine how these needs may best be met. Consideration should be given to such questions as: What constitute the essential features of an adequate maternal and child health program and an adequate child welfare program? Should necessary health and welfare services be provided to all children and mothers or should they be limited to those whose families cannot afford to pay for the services? Is the present scope of maternal and child health and welfare services sufficiently broad or should new services be instituted? Should new or expanded services be supplied by governmental agencies, by voluntary agencies, or by both acting together?

According to information supplied to the Council by the Children's Bureau, many children are now in great need of health and welfare services for whom such services are not available or are wholly inadequate. Among the health needs which that Bureau feels are most urgent are those arising from—

(1) Inadequate health services for both mothers and children; these services are lacking in many areas, particularly in rural communities.

(2) Rheumatic fever; some 500,000 children are suffering from rheumatic fever.

(3) Premature birth; some 150,000 infants are born prematurely each year.

(4) Lack of dental care; some 20,000,000 children are in urgent need of dental attention.

(5) Cerebral palsy; between 100,000 and 160,000 children have cerebral palsy.

(6) Physical and mental defects; many children of school age lack provision for medical examinations and for the correction of handicapping conditions found.

(7) Inadequate supply of professional personnel; nearly all parts of the United States lack a sufficient number of pediatricians, public-health nurses, and medical social workers to provide adequate health services for children.

Among the welfare services which the Bureau feels are most urgent are those arising from the lack of—

(1) Adequate boarding home care for children in need of such care—60,000 children are now receiving care in boarding homes under public auspices, and many communities have insufficient funds to provide adequate care.

(2) Proper detention or temporary shelter care for children—some 300,000 children annually receive detention care, a large proportion under very unfavorable circumstances.

(3) Facilities and services for the day care of children of working mothers; approximately 2,000,000 women with children under 10 years of age were in the labor force in February 1946.

(4) A sufficient number of child welfare workers and other qualified personnel in many parts of the country, particularly rural areas.

Unmet health and welfare needs among children are of the gravest consequences to the Nation. Such needs, if ignored too long, may necessitate more expensive and less effective treatment later. If child health and welfare services meet these needs promptly and constructively, however, incalculable gains in physical strength and efficiency, in personal adjustment, family solidarity, vocational aptitude, and more satisfying and useful lives can be realized. The Council believes that, after extended inquiry, a commission such as that suggested here would be able to formulate farseeing plans on which may be built a sound long-range program for the Nation's children.