

sons), and a \$3,600 maximum on the contribution base, resulting in a national total contribution base of about \$100 billion. (This is somewhat less than the contribution base which would obtain under the assumed conditions and with present price and income levels; it was used as representing a reasonable average for the development of contribution rates.) The estimated "initial or early year" disbursements for all benefits (table 3) is \$3.45 billion, assuming the minimum service hospital benefits; and it is \$3.11 billion with minimum cash benefits. These figures are about 3.5 and 3.1 percent, respectively, of the estimated \$100 billion earnings or contribution base. The corresponding contribution rate needed to meet the total costs for a later year would be about 4.7 percent with the minimum service hospital benefit and about 4.2 percent with the minimum cash hospital benefit.

It is useful to see what the corresponding percentages are if it is assumed that some of the costs are to be met from general revenues instead of insurance premiums. Table 3 shows the total costs exclusive of those for dental and home nursing benefits, for example, assuming that these two classes of benefits are financed from general revenues. Using the same contribution base as before, the costs (exclusive of dental and home nursing benefits) would have been approximately 3.0 and 2.7 percent of the contribution base in the initial or early year, depending on the hospital benefit; and about 3.7 and 3.2 percent, respectively, for the costs applicable to 195X.

These rough calculations suggest that if insurance premiums are to pay the whole cost of the system of benefits described in this study, they would need to be either 3.0 or 3.5 percent at the outset, rising to 4.0, 4.5, or 5.0 percent later. If the premiums are to pay for all the benefits exclusive of dental and home nursing, they need to be about 3.0 percent at the outset and about 3.5 or 4.0 percent later. A contingency reserve would make frequent revisions in the premium rates unnecessary.

These contribution rates and the expenditures they cover for medical care would, on the whole, represent a substitute form of expenditure for

disbursements already being made in other ways,¹² chiefly through individual payments. The insurance costs include reductions in some directions and expansions in others as compared with present expenditures. Some individual expenditures beyond those covered by the insurance premiums would still be necessary, particularly in the early years of insurance operation when some benefits would have to be more limited than in later years.

Conclusion

This study suggests that the prospective costs of medical care insurance, with a stated system of assumed specifications, can be estimated closely enough for use in policy discussions. The specific estimates and their composition are tentative and should be regarded as a basis for further study.

¹² *Ibid.*, p. 158.

The insurance costs estimated in this study are less than customary expenditures for medical care. And since they would be distributed wholly or largely in relation to earnings, it is reasonable to assume that they would not represent undue burdens on individuals, and that—on an over-all basis—they would be well within the Nation's resources. Indeed, the opinion may be ventured that we should be able and that we could afford to spend even more than these costs for medical care if necessary. In dollar amounts, or as a percentage of income, the costs of medical care insurance are not large when regarded as a means of obtaining more and better medical care without burdensome costs on individuals, strengthening and stabilizing the financial support of professional personnel, hospitals and other facilities, and promoting research and professional education.

The 1946 Amendments to the Railroad Retirement and Railroad Unemployment Insurance Acts

By Jack M. Elkin*

Summary of Changes

The principal changes made in the old laws, and the dates on which the changes become effective, are as follows:

1. Provision for monthly and lump-sum death benefits similar to and coordinated with those paid under the Social Security Act (January 1, 1947).

2. Liberalization of the conditions for the payment of annuities based on disability for all gainful employment, and introduction of a new type of annuity based on disability merely for the regular occupation (January 1, 1947).

3. Liberalization in general of the conditions under which minimum retirement annuities are payable to workers with low wage records, and increase in the amount of such annuities (January 1, 1947).

4. Lowering of the age requirement from 65 to 60 for full, nondisability annuities in the case of women

THE AMENDMENTS to the Railroad Retirement and Railroad Unemployment Insurance Acts, approved on July 31,¹ not only give railroad workers the most comprehensive system of social insurance in the United States, in terms of risks covered, but provide the first major, if partial, extension of the coverage of old-age and survivors insurance since the Social Security Act Amendments of 1939. For the first time in this country, a major group of industrial workers and their families is covered under a unified Federal program providing protection against the five major hazards of economic insecurity—old age, disability, death, unemployment, and sickness.

*Chief Statistician, Office of Director of Research, Railroad Retirement Board. This discussion is based on an analysis of the statutory provisions and not on an official interpretation of the law by the Railroad Retirement Board. The opinions expressed by the author are not necessarily those of that Board.

¹Public, No. 572, 79th Congress, 2d session.

with 30 years of service (January 1, 1947).

5. Addition of two new and higher daily benefit rates for unemployment insurance (July 31, 1946) and lengthening of the period for which unemployment benefits are payable (July 1, 1946).

6. Provision for the payment of cash benefits in case of loss of earnings due to sickness (July 1, 1947).

7. Provision for the payment of cash maternity benefits to women employed in the industry for loss of earnings before and after childbirth (July 1, 1947).

8. Increase in the tax paid by employers and employees for the support of the retirement and survivor benefit program, sufficient to place the system on a full actuarial basis (January 1, 1947).

The amendments also include several changes, especially in the retirement act, designed to clarify certain provisions in the old laws, simplify the administration of others, and eliminate certain inequities (mainly July 31, 1946).

Retroactive provisions.—Retirement annuities already in force on the effective date may be recertified as of that date for higher amounts under the new provisions, in cases in which the larger annuities could have been awarded originally had the amendments then been in effect. The monthly, but not the lump-sum, death benefits are payable to the survivors of employees who died before the effective date. Finally, the new unemployment, sickness, and maternity benefits are payable to employees who qualified in the base year preceding the respective effective dates.

Death Benefits

Inadequacies of former benefits.—A major criticism of the original Railroad Retirement Act was that it made no adequate provision for the survivors of deceased railroad men. The law was designed primarily to provide benefits for persons who became old or disabled, while the death benefits granted were largely incidental.

A lifetime survivor annuity was, under certain conditions, paid to the widow of an employee annuitant, but it was, in effect, paid for by the employee himself, who in electing to pro-

vide for his surviving widow agreed in return to accept a reduced annuity during his own lifetime. The restricted conditions under which the employee could elect this joint-and-survivor annuity, the reduction in his own benefit, his difficulty in understanding the requirements for, and implications of, an election, the element of speculation involved in judging the comparative life expectancies of himself and his wife—all served to limit the usefulness of the provision. As a consequence, only slightly more than 1 percent of the employees entering the annuity rolls just before the enactment of the amendments were doing so on a joint-and-survivor basis.

The more important survivor benefit, in terms of the number of beneficiaries and the total amount involved, was the lump-sum death benefit, and even this was accounting for less than 6 percent of the total payments being disbursed. The lump-sum payment was equal to 4 percent of the taxable compensation after 1936 (a little more than a refund of employee contributions, exclusive of interest) less any annuity payments that might have been made if death occurred after retirement. It could not, in most cases, do more than take care of the immediate expenses of the employee's last illness and burial and thus could not be considered a satisfactory means of replacing the income loss to the surviving family unit.

New benefits provided.—The amendments provide monthly insurance annuities and lump-sum death benefits payable, for the most part, to the same classes of survivors as those covered by the Social Security Act and under analogous conditions.

These monthly benefits (table 1) are payable to widows at age 65; younger widows with unmarried children of the deceased wage earner in their care; dependent unmarried children up to age 18; and dependent parents aged 65 or over.

A lump-sum death benefit is also payable to the widow, children, parents, or persons who pay the funeral expenses (in that order), if the employee dies after 1946 and leaves no survivor entitled to an immediate monthly annuity.

The requirements of the Social

Security Act with respect to dependency, adoption, and membership in the same household are for the most part applied identically in determining whether a widow, child, or parent is qualified for monthly benefits under the Railroad Retirement Act.

If the deceased employee was partially but not completely insured, however, only the widow's current and child's monthly benefits and the lump-sum death benefits are payable.

Quarters of coverage and insured status.—Whether the deceased employee was completely or partially insured depends on his quarters of coverage. Quarters of coverage are either those defined in the Social Security Act or those determined on the basis of railroad compensation in accordance with the following tabulation:

Total compensation paid in calendar year	Number of quarters according to specified months of service			
	1-3	4-6	7-9	10-12
Less than \$50.....	0	0	0	0
50-99.....	1	1	1	1
100-149.....	1	2	2	2
150-199.....	1	2	3	3
200 or more.....	1	2	3	4

The need for such a tabulation arises from the fact that reports of service and compensation are in most cases filed with the Board annually and indicate merely the total compensation paid in the year and the months in which it was paid. Quarters of coverage from both social security and railroad earnings are combined, except that no more than 4 may be credited in any calendar year.

An employee is completely insured at the time of his death if he meets any of the following four conditions:

1. He has a current connection with the railroad industry and at least 40 quarters of coverage.

2. He has a current connection with the railroad industry and a number of quarters of coverage (but not less than 6) equal to at least one-half the number of calendar quarters in the period after 1936 and before the quarter in which he died. Not counted among the elapsed calendar quarters in this period are the quarter containing the worker's twenty-first birthday and all earlier quarters, the quarter containing his sixty-fifth birthday and all later quarters, and any quar-

Table 1.—Summary of benefit provisions of the Railroad Retirement Act, as amended July 31, 1946

Type of benefit	Benefit eligibility requirements			Duration of benefit	Amount of benefit		
	Age	Previous employment or insured status	Other		Benefit formula	Maximum	Minimum
I. Retirement benefits ¹							
1. Old-age annuity—age.	65 years or over...	No service requirement.	Ceased all compensated service, whether or not for covered employer.	Annuity begins after all eligibility requirements are met, but not more than 60 days before application is filed. Annuity is payable monthly through end of month preceding month of death. It is not payable for any month in which annuitant renders service to a covered employer or to last person by whom employed before retirement.	Years of service multiplied by 2 percent of first \$50 of monthly compensation, plus 1½ percent of next \$100, and plus 1 percent of next \$150. Annuity of less than \$2.50 a month is paid in a lump sum equal to its commuted value. Once becoming payable, annuity is not subject to recomputation on account of subsequent employment.	Years of service multiplied by \$4. Limitation of service to 30 years so long as prior service is included imposes further maximum of \$120 until end of 1966.	The least of: (1) years of service multiplied by \$3, (2) \$50, (3) monthly compensation. Payable only if employee has a current connection with the railroad industry and 5 years of service.
2. Old-age annuity (men)—age and service.	60 years or over...	30 years of service...	As in 1.-----	As in 1.-----	As in 1, except that annuity is reduced by 1/180 for each calendar month employee is under age 65 on annuity beginning date. Reduction is not restored at age 65.	As in 1. Reduction for retirement before age 65 computed after applying maximum.	As in 1. Reduction for retirement before age 65 computed after applying minimum.
3. Old-age annuity (women)—age and service.	60 years or over...	30 years of service...	As in 1.-----	As in 1.-----	As in 1.-----	As in 1.-----	As in 1.
4. Disability annuity—occupational disability and service.	No age requirement.	20 years of service. Must have current connection with railroad industry.	As in 1. Must be permanently disabled for work in his regular occupation.	Annuity begins after all eligibility requirements are met, but not more than 60 days before application is filed. Annuity is payable monthly through end of month preceding month of death, but may continue after age 65 only upon relinquishment of rights. It is not payable for any month in which annuitant renders service to a covered employer or to last person by whom employed, or for any month before age 65 following month of recovery from disability. A disabled annuitant who earns more than \$75 in service for hire or in self-employment in each of 6 consecutive months is considered to have recovered from disability in the last of the 6 months.	As in 1, except that additional years of service acquired after cessation of annuity because of recovery may be credited towards any annuity subsequently awarded.	As in 1.-----	As in 1.
5. Disability annuity—occupational disability and age.	60 years or over...	No service requirement. Must have current connection with railroad industry.	As in 4.-----	As in 4.-----	As in 4.-----	As in 1.-----	As in 1.
6. Disability annuity—employment disability and service.	No age requirement.	10 years of service...	As in 1. Must be permanently disabled for any regular employment.	As in 4.-----	As in 4.-----	As in 1.-----	As in 1.
7. Disability annuity—employment disability and age.	60 years or over...	No service requirement.	As in 6.-----	As in 4.-----	As in 4.-----	As in 1.-----	As in 1.

Table 1.—Summary of benefit provisions of the Railroad Retirement Act, as amended July 31, 1946—Continued

Type of benefit	Benefit eligibility requirements			Duration of benefit	Amount of benefit		
	Age	Previous employment or insured status	Other		Benefit formula	Maximum	Minimum
I. Retirement benefits— Continued 8. Pension to former carrier pensioners.	No age requirement.	No service requirement.	On pension or gratuity roll of an employer on Mar. 1 and July 1, 1937.	Payable monthly through end of month preceding month of death.	Same rate as pension or gratuity granted by employer, with restoration of any general reduction or readjustment made by employer after 1930.	\$120.....	None.
II. Death benefits: 9. Widow's insurance annuity.	65 years or over.	Employee died completely insured.	Widow has not remarried since death of employee. Widow was living with husband employee at time of his death and either is mother of his children or was married to him for at least a year before month in which he died.	Annuity begins on first day of month in which individual qualifies for it, if application is filed not later than end of third month following; otherwise it begins no earlier than first day of month in which application is filed. It is payable monthly through end of month preceding month in which recipient dies or ceases to be qualified. An application is not valid if filed more than 3 months before first month for which applicant otherwise becomes entitled to receive annuity.	Three-fourths of employee's basic amount in case of widow, one-half in case of child or parent. If there is more than one employee with respect to whose death child or parent may be entitled to annuity, annuity is equal to one-half of whichever of the employee's basic amounts is greatest. Basic amount is (1) 40 percent of first \$75 and 10 percent of next \$175 of employee's average monthly remuneration, plus 1 percent of sum added for each year after 1936 in which he was paid at least \$200 in combined railroad and social security employment, or (2) 40 percent of first \$75 and 10 percent of next \$175 of average monthly compensation on which employee's annuity or pension was based, depending on manner in which employee acquired insured status. Annuity to which individual is otherwise entitled for any month is reduced by total of any retirement annuity, other insurance annuity, and social security insurance benefits to which individual would on application be entitled for that month. Deductions are made from annuities to which individual is entitled until total of deductions equals annuities for months in which he— (a) rendered compensated service to a covered employer, (b) rendered service for wages in social security employment of at least \$25, (c) if a child under 18 and over 16, failed to attend school regularly when attendance was feasible, or (d) if a widow otherwise entitled to a current insurance annuity, did not have in her care a child of deceased employee entitled to receive a child's insurance annuity.	Benefits limited by method of calculation under which basic amount, in cases where it is computed from average monthly remuneration, may not exceed \$47.50 increased by 1 percent for each year after 1936 in which employee was paid at least \$200 in combined railroad and social security employment, or, in cases where it is computed from monthly compensation on which annuity or pension was based, may not exceed \$47.50. If total of annuities is more than \$20 and also exceeds (1) \$120, or (2) twice employee's basic amount, or, (3) in cases where basic amount is computed from average monthly remuneration, 80 percent of this average, the total is reduced to least of these three amounts, but not below \$20.	Benefits limited by provision that basic amount, in cases where it is computed from average monthly remuneration, may not be less than \$10. No minimum basic amount where it is computed from average monthly compensation on which annuity or pension was based. If total of annuities is less than \$10, it is increased to \$10.
10. Widow's current insurance annuity.	No age requirement.	Employee died completely or partially insured.	Widow has not remarried since death of employee, has in her care a child entitled to a child's insurance annuity, and is not entitled to a widow's insurance annuity. See 9, second paragraph.				
11. Child's insurance annuity.	Under 18 years..	Employee died completely or partially insured.	Child was dependent on parent employee at time of his death, was not adopted after such death, and is unmarried. If a stepchild or adopted child, child had such relationship for 12 months immediately preceding month in which employee died.				
12. Parent's insurance annuity.	65 years or over..	Employee died completely insured..	Parent has not remarried since death of employee. Parent was wholly dependent on and supported by employee, and filed proof of such dependency and support within 2 years after employee's death or by July 1, 1947, if later. If a step-parent or adopted parent, parent acquired such relationship before employee attained age 16.				

12. Parent's Insurance annuity. (Continued)

<p>13. Lump-sum payment to following survivors, in order of precedence given, who are alive at the time their relationship to deceased is determined: (i) widow or widower, (ii) children and any other persons entitled under intestacy laws of State to share as distributees with children, (iii) parents. If there are no such persons, other persons may be compensated to extent and in proportions that they have borne expenses of burial.</p>	<p>No age requirement.</p>	<p>Employee died after 1946, completely or partially insured.</p>	<p>Employee is not survived by a widow, child, or parent who on application would be entitled to an annuity for month in which employee died. Survivor files application within 2 years after employee's death.</p>	<p>Paid in one sum-----</p>	<p>Deductions are also made from any payments with respect to death of employee until deductions total:</p> <ul style="list-style-type: none"> (a) any lump-sum death benefit under Railroad Retirement Act of 1937, or 12-month death-benefit annuity under Railroad Retirement Act of 1935, paid on death of same employee, (b) any lump sum paid on death of same employee under Social Security Act or under Social Security Act before 1939 Amendments, (c) any lump sum paid to same employee as old-age benefit under Social Security Act before 1939 Amendments, provided the lump sum has not previously been deducted from any social security insurance benefits, (d) one percent of any wages paid to same employee for services performed in 1939 after attaining age 65, with respect to which social security taxes were not deducted by his employer from his wages or paid by his employer, provided amount has not previously been deducted from any social security insurance benefits. <p>An annuity of \$5 a month or less may be paid in a lump sum equal to its commuted value.</p> <p>Eight times employee's basic amount.</p> <p>If lump sum would have been payable except for fact that a survivor was entitled to receive an annuity for month in which employee died, but if within year after employee's death total of annuities which accrued to his survivors is less than amount of such lump sum, difference is payable at end of year to any surviving widow, children, or parents.</p> <p>Deductions as in 9-12, except in so far as they apply to annuities only.</p>	<p>As in first paragraph, 9-12.</p>	<p>As in first paragraph, 9-12.</p>
--	----------------------------	---	---	-----------------------------	---	-------------------------------------	-------------------------------------

¹ A month of service is a calendar month in which employee was in creditable employment or military service. Any 12 months of service count as a year of service, with an ultimate fraction of 6 months or more (where total service period exceeds 53 months) taken as a year. Service after year of attainment of age 65 not creditable. Service before 1937 creditable if employee was in active service or in an employment relation to an employer on August 29, 1935. Entire period of creditable service

limited to 30 years if service before 1937 is included; no limitation otherwise. Compensation credited up to \$300 a month; in addition, \$160 is imputed to each month of creditable military service. Monthly compensation is average obtained by dividing total compensation by number of months of service, with compensation in 1924-31 generally taken as representative of all compensation before 1937.

² For definitions, see text.

ter during any part of which a retirement annuity was payable to him. Compensation and wages paid in the excluded quarters, however, are taken into account in determining the number of quarters of coverage. When the number of calendar quarters in the elapsed period is odd, it is reduced by one.

3. A retirement annuity based on at least 10 years of service began to accrue to him before 1948.

4. He was a former carrier pensioner whose pension was taken over by the Board as of July 1, 1937.

An employee is partially insured at the time of his death if he has a current connection with the railroad industry and at least 6 quarters of coverage in the period beginning with the third calendar year preceding the year in which he died and ending with the calendar quarter preceding the quarter in which he died.

Current connection with the railroad industry on the date of death.—An employee has a current connection with the railroad industry on the date of his death if he has been in railroad service in at least 12 out of any 30 consecutive months before the month in which he dies (or, in the case of an annuitant, the month in which his annuity has become payable) and has not worked in any regular employment outside the railroad industry after that 30-month period and before the month in which he dies (or in which his annuity has become payable). In view of the provision crediting service under the Railroad Retirement Act toward survivor payments under the Social Security Act (see page 29), an employee would normally have, as far as the quarters-of-coverage requirement is concerned, the equivalent insured status at death under both acts. The current-connection test, therefore, is an additional requirement that must be met before benefits may be paid under the Railroad Retirement Act. In the absence of a current connection, adjudication proceeds under the Social Security Act.

Average monthly remuneration and basic amount.—The amount of the survivor benefits paid on the death of an employee who was completely or partially insured depends on the employee's basic amount, which in turn depends on his average monthly re-

muneration. To determine his average monthly remuneration, the amount of his combined earnings in both railroad and social security employment after 1936 and before the quarter in which he died is divided by the number of months in that period. Railroad earnings of more than \$300 in any 1 month and combined earnings in excess of \$3,000 in any 1 year are excluded. The divisor may include months in which the employee did not work but does not include those up to the end of the year in which he reached age 22—except to the extent of three times the number of quarters of coverage acquired by the end of that year—and does not include those which fall in a quarter during any part of which a retirement annuity was payable to him.

The basic amount is equal to 40 percent of the first \$75 of the average monthly remuneration, plus 10 percent of the amount from \$75 to \$250, with an additional 1 percent of this combined sum for each year after 1936 in which the employee was paid \$200 or more from his combined railroad and social security employment. The basic amount has a \$10 minimum limit.

If the employee was completely insured only by meeting condition (3) or (4) above, the average monthly remuneration is not computed. Instead, the basic amount is calculated in the regular way from the average monthly compensation on which the retirement annuity or the original railroad pension was based, except that the 1-percent increment for each year after 1936 in which earnings amounted to \$200 is omitted and the \$10 minimum does not apply. If the employee was completely insured on the basis of condition (1) or (2) and also of condition (3) or (4), the basic amount is calculated both ways, and the survivors receive benefits computed from the higher amount.

Calculation of death benefits.—The widow's annuity is equal to three-fourths, and the child's or parent's annuity to one-half, the employee's basic amount. These annuities are reduced by the total of any retirement annuity, other insurance annuity under the retirement act, and social security monthly insurance benefit to which the survivor would, on application, be entitled. If an annuity is \$5 a month

or less, it may be paid in a lump sum equal to its commuted value.

The lump-sum death benefit is equal to eight times the basic amount but may not exceed the amount of the funeral expenses if it goes to the person who pays these expenses. When a lump sum would be payable except for the fact that a survivor is entitled to receive an annuity for the month in which the employee dies, and if within 1 year after the employee's death the total of annuities which accrue to his survivors is less than the amount of the lump sum, the difference is payable at the end of the year to any surviving widow, children, or parents.

If the total of all monthly annuities paid on the death of an employee is more than \$20 and also exceeds \$120, or twice the basic amount, or 80 percent of the average monthly remuneration, whichever is least, it is reduced to that amount but not below \$20. The test of 80 percent of the average monthly remuneration is, of course, not applied in the case of an employee whose basic amount derives from his having died completely insured under condition (3) or (4) above. At the lower extreme, if the total of all monthly annuities is less than \$10, it is raised to \$10.

Monthly death benefits are not payable for any month in which the survivor works in covered railroad employment, regardless of earnings, or in social security employment at wages of at least \$25, and deductions are made from both monthly and lump-sum death benefits under certain conditions (table 1).

Duration of annuity payments.—The annuity becomes effective on the first of the month in which the survivor meets all the qualifications (but not before 1947), provided a valid application is filed before the end of the third following month. If the application is not filed within the prescribed time limit, the annuity begins with the month in which it is filed. An application is not acceptable if it is filed more than 3 months before the month in which the survivor first meets the necessary qualifications. The annuity remains in effect until the end of the month preceding the one in which the survivor is no longer qualified to receive it.

Intergration with social security

benefits.—As has been said, social security wages are counted toward survivor benefits under the Railroad Retirement Act. Likewise, to determine social security benefits which begin to accrue after 1946, the amendments make railroad service creditable as employment under the Social Security Act, and compensation reported to the Board for such service is credited as wages for such employment. In effecting the transfer of credits, railroad compensation for any year is presumed to have been evenly distributed over the months of service in that year. The Railroad Retirement Board and the Social Security Administration are required to supply each other, on request, with certified service and wage records pertinent to their respective spheres of administration.

Provision is made to prevent dual benefits. Thus, a survivor entitled on application to receive before 1947 a social security monthly benefit on the basis of an employee's wages is entitled to a monthly benefit payable under the Railroad Retirement Act with respect to the death of the same employee only if the second benefit is larger; in that case the social security benefit will not be paid. Moreover, once a survivor is entitled, on application, to receive a monthly or lump-sum death benefit under the Railroad Retirement Act, he is not entitled to a lump-sum or, for any month after 1946, a monthly social security benefit based on the death of the same employee.

The amendments thus accomplish a major extension of the coverage of the Social Security Act, at least with respect to survivor benefits. The importance of this extension is evident from the fact that, of the more than 7 million persons who have come under the coverage of the Railroad Retirement Act since 1936, probably more than 4 million have also been covered under the Social Security Act. Perhaps in a majority of the cases currently reported to the Railroad Retirement Board of the death of a present or former railroad employee who has not yet retired, the employee had some social security employment. The need for a similar coordination of credits under the two systems for retirement benefits is, at least for the present, not so great as in the case of

survivor benefits, since the bulk of the employees with split coverage are still relatively young, while substantially all employees currently qualifying for railroad retirement annuities have never worked in social security employment.

By January 1, 1950, the Railroad Retirement Board and the Social Security Administration are required to "make a special joint report to the President to be submitted to Congress setting forth the experience of the Board in crediting [social security] wages toward awards, and the experience of the Social Security Administration in crediting [railroad] compensation toward awards, and their recommendations for such legislative changes as are deemed advisable for equitable distribution of the financial burden of such awards between the retirement account and the Federal Old-Age and Survivors Insurance Trust Fund."

Disability Retirement Annuities

Before the amendments were approved, the retirement act provided annuities to employees who were "totally and permanently disabled for regular employment for hire" and who, in addition, were 60 years of age or had acquired 30 years of service. Annuities awarded on the basis of less than 30 years of service were subject to a reduction of $\frac{1}{180}$ for each calendar month the employee was under age 65 on the date the annuity began. The regulations of the Board made the concept of invalidity more precise by providing that an individual was to be considered permanently and totally disabled if (1) his mental or physical condition was such that he was unable to perform regularly, in the usual and customary manner, the substantial duties of any regular and gainful employment with any employer whether or not subject to the act, and (2) the facts of his mental or physical condition afforded a reasonable basis for an inference that this condition was permanent.

Although almost one-fifth of the employees retiring in the recent past were being awarded annuities under the disability provisions, for many others these provisions proved to be too restrictive. The high standards of physical and mental competence applied by the railroads often resulted

in removing from active service persons who were disabled insofar as the practices in force on the railroads were concerned but who in many instances were not disabled for "regular employment for hire." The majority of the latter were not fitted by experience or training to engage in any other occupation which would yield an income comparable to their previous earnings. Many, moreover, because of their age or physical handicap, were unable to find any employment even under relatively favorable labor-market conditions.

Furthermore, many cases occurred in which an applicant who had not yet reached his sixtieth birthday could prove permanent and total disability according to the statutory definition but lacked the required 30 years of service. The applicant, in these circumstances, was obliged to wait until he reached age 60 before becoming eligible for an annuity.

New provisions.—The amendments liberalize the disability provisions of the retirement act by providing that (1) an employee under 60 years of age who is disabled for all gainful work may qualify for a disability annuity on the basis of 10, instead of 30 years of service; (2) an employee who becomes disabled for all gainful work with less than 10 years of service may qualify for a disability annuity at age 60 as before, but the reduction of $\frac{1}{180}$ in the amount of annuity for each month he is under age 65 is eliminated; (3) an employee who is permanently disabled for work in his regular occupation may qualify for a disability annuity if he is 60 years of age or has acquired 20 years of service, provided he has a current connection with the railroad industry on the date the annuity begins.

An employee's regular occupation is the covered occupation in which he was engaged in the greatest number of calendar months in the last 5 calendar years (not necessarily consecutive) before the date the annuity began, in each of which he earned compensation. If he worked in some other occupation in at least half of all the calendar months in which he was in covered employment during the last 15 consecutive calendar years before the beginning date of the annuity, he may claim that as his regular occupation instead.

The Board, in cooperation with employers and the employee organizations, must establish standards determining the physical and mental conditions which permanently disqualify employees for work in the several occupations in the railroad industry. An employee's condition is held to be disabling for work in his regular occupation if he has been disqualified by his employer for service in that occupation in accordance with the applicable standards; if he has not been so disqualified, the Board itself determines, in the light of those standards, whether his condition is disabling. The Board has no authority over the employment rights of any employee, nor may it require an employer to disqualify or not to disqualify an employee. If, in spite of the establishment of an acceptable standard for the industry as a whole, a particular railroad chooses not to disqualify an employee who meets that standard, the Board may not require his dismissal but may award him an annuity if he chooses to quit service of his own accord.

An employee on the disability annuity rolls must, as under the old law, submit such proof of the continuance of disability (under the standards applied in establishing the disability) as the Board may from time to time prescribe and until he reaches age 65. The annuity ceases on the last day of the month in which the employee recovers from disability. Under the old law, performance of gainful work did not of itself constitute evidence of recovery. The Board considered each case on its merits to determine whether the employee's ability to work was compatible with the ruling of disability. This provision remains in effect so long as the employment is only casual or intermittent. An additional provision is introduced, however, under which a disability annuitant who earns in service for hire, or in self-employment, more than \$75 in each of any 6 consecutive calendar months is considered to have "recovered" in the last of the 6 months, regardless of his actual physical condition.

Minimum Retirement Annuities

The amendments leave untouched the basic formula for computing monthly retirement annuities but re-

vise the provision dealing with minimum annuities (table 1). The old law allowed a minimum of 80 percent of the average compensation but not more than \$40, if the average was \$25 or more, and a minimum of 100 percent of the average compensation but not more than \$20, if the average was less than \$25. The provision was applied, however, only to persons who were in active service or in an employee status on their sixty-fifth birthday and who retired thereafter with at least 20 years of service. The new minimum-annuity formula provides for the least of the following three amounts: \$3 multiplied by the number of years of service, \$50, and the average monthly compensation. It is less restrictive than the earlier formula since it is applied to persons who retire after at least 5 years of service and have a current connection with the railroad industry on the date the annuity begins, without regard to the employee's age at retirement.

The former minimum-annuity provision affected only 5 percent of the annuities thus far awarded and had a negligible bearing on the average of all annuities. The new provision, however, had it been in effect originally, would have applied to more than 25 percent of the annuities and raised the general average monthly amount by about 5 percent. The more liberal formula is particularly significant in the light of the new disability provisions under which annuities may be awarded to relatively young employees with as little as 10 years of service, and in the light of the general increase in the number of annuities awarded to employees under age 65.

Retirement Annuities to Women

The unamended law contained a provision, retained in the amendments, under which a nondisability annuity can be awarded any time after age 60 to an employee with 30 years of service. Such an annuity was subject to a reduction of $\frac{1}{180}$ for each month the employee was under age 65 on the annuity beginning date. The amendments remove the reduction in the case of women. The effect of the change on the retirement system is not great because of the relatively small number of women who accumulate as much as 30 years of service in railroad employment, but it is significant in that it recognizes that em-

ployed women normally become unable to continue work at a much earlier age than men.

Unemployment Insurance Benefits

It was the general aim of the Railroad Unemployment Insurance Act to pay benefits which would be limited in duration and would approximate, on the average, one-half the employee's regular full-time pay. Benefits were to be more than half-pay at the lower end of the wage scale, and less at the upper end. Accordingly, the benefit rate established by the 1940 amendments for a compensable day of unemployment in any benefit year (July 1-June 30) ranged from \$1.75 for workers who had earned \$150 but less than \$200 in the base year (the calendar year preceding the benefit year) up to \$4 for those who had earned \$1,600 or more. During the 6 years since the adoption of that benefit schedule, there were three general increases in wage rates, with a consequent decline in the ratio between the benefit and the wage loss. For the lower-paid workers the increase in pay rates resulted in increased benefits. For example, an increase of 25 percent in base-year compensation of \$900, \$1,200, or \$1,500 resulted in a 20-percent, 17-percent, or 14-percent increase, respectively, in the daily benefit rate. But an increase, no matter how great, from a wage base of \$1,600 or more produced no increase in benefits.

How far the benefit scale had fallen short of meeting its original objective for the middle-bracket and higher-paid workers is seen from the fact that, in 1944, 58 percent of all employees with wage credits of \$150 or more in that year earned at least \$1,600, and 34 percent at least \$2,500, compared with 47 percent and 12 percent, respectively, in 1939, the year before the scale was adopted. To remedy the situation, the amendments introduce two new daily benefit rates: \$4.50 for employees whose compensation in the base year was \$2,000 but less than \$2,500, and \$5 for those whose compensation was \$2,500 or more (table 2).

Formerly, the maximum number of days for which unemployment benefits could be paid in any one benefit year was 100. Since benefits are payable, in effect, for 5 days each week,

the payments could run for 20 weeks. Taking the first 1-week waiting period into account, a worker exhausted his benefit rights after 21 weeks of continuous unemployment. While, in recent years, relatively few unemployed workers have exhausted their benefit rights in the course of a benefit year, the number could reach serious proportions when unemployment is widespread. The amendments serve in large part to minimize that hazard by extending the duration of unemployment benefits to a maximum of 130 days, or 26 weeks, a year—a recommendation for unemployment insurance in general made as far back as 1943 by the National Resources Planning Board and by the Social Security Board in its reports for that and subsequent years.

The waiting-period and registration-period provisions remain unchanged. Benefits are paid to a qualified employee for each day of unemployment in excess of 7 in the first 14-day registration period in a benefit year in which he has 7 or more days of unemployment, and for each day in excess of 4 in any subsequent registration period in the same benefit year.

Sickness Benefits

Before benefits may be paid under the Railroad Unemployment Insurance Act the applicant must, at the present time, show that he is "able to work." Thus, if he becomes unemployed because of sickness or other disability, or if he becomes unemployed while able to work and then falls ill, he is disqualified for unemployment insurance benefits during the period of disability. He thus suffers a loss of wages just at a time when his expenses for medical care may be heavy, unless his inability to work is the result of a work injury, in which case the employer may be liable for damages. In the railroad industry, however, unless a State workmen's compensation law is applicable, no liability is ordinarily attached if the employer can establish lack of responsibility for the injury; in most other industries the principle is almost universally accepted that the employer, even though without fault, is liable for occupational injuries.

The amendments do not undertake to provide directly for the medical

and related care of disabled workers. They are intended to provide cash benefits to replace in part the loss of income whether the worker is unemployed because of illness or other reasons. These are the first government sickness benefit provisions applicable on a national scale and the first which do not require deductions from the wages of employees. Except for an occasional plan established by State and local governments for their employees, only two other government plans for the payment of cash sickness benefits have been enacted—one in Rhode Island and the other in California—and in these only the covered employees contribute to the benefit fund.

Sickness benefits will be payable in the benefit year beginning July 1, 1947, for any disabling injury or sickness if the employee does not receive wage payments during his disablement and submits as evidence of his disablement a statement signed by a doctor or by any other qualified person authorized by the Board. Payments will be in addition to and apart from benefits for unemployment for reasons other than sickness. Whether or not the illness or injury was related to his employment will not affect the employee's rights to benefits, but if he becomes entitled to payment for damages, such as a settlement under the Federal Employers' Liability Act, the Board will be entitled to recover such payment up to the amount of the benefits. A worker may not ordinarily receive both other government social insurance benefits and sickness benefits for any particular period, but, as in the case of the regular unemployment benefits, he may without prejudice receive payments for the same illness under any non-governmental plan, such as fraternal or group sickness insurance.

Benefits for sickness will be provided on substantially the same basis as those for unemployment, and the provisions dealing with registration periods, daily benefit rates, and maximum duration remain unchanged. Days of unemployment and days of sickness may not, however, be combined in the same registration period, but if an employee becomes sick before the end of an unemployment registration period he may begin a sickness registration period immediately.

Similarly, if he becomes available for work but fails to find employment before the end of a sickness registration period, he may begin an unemployment registration period immediately.

In the benefit year 1943-44, it is estimated, workers entitled to benefits under the Railroad Unemployment Insurance Act lost about 17.2 million days because of disabilities other than those arising from industrial injuries. This was the equivalent of a loss of a year of full-time work for almost 60,000 workers. Taking into account the waiting period for sickness benefits and the number of illnesses of various durations, the Board has estimated that about 48 percent of the days of sickness would have been compensated if the amendments had been in effect for that year.

Maternity Benefits

The amendments provide separately for benefits to qualified women employees for each day in a maternity period (table 2). Such a period is defined as beginning 57 days before the expected birth of the child and extending for 116 days, or at least until the thirty-first day after the day the child is born. If birth takes place after the eighty-fourth day of the maternity period, no benefits will be paid for the days after the eighty-fourth and before the date of birth. Benefits will thus be payable, in any event, for a total of 116 days.

The daily benefit rate will be the same as for unemployment and sickness, except that the benefit rates for the first 14 days of the maternity period and for the 14 days immediately following the birth of the child will be 1½ times the regular rates. Thus, the maternity benefits payable to a qualified employee will total 130 times the daily benefit rate. Maternity benefits will not be affected by any sickness or unemployment benefits that may have been paid to the same employee earlier in the same benefit year, and vice versa. Once maternity benefits become payable, they will continue to the end of the maternity period even if it extends into the next benefit year. If the employee is not qualified when the maternity period begins, but the period extends into a year in which she is qualified, benefits will become payable for the portion of the maternity period included in the latter year.

Table 2.—Summary of benefit provisions of the Railroad Unemployment Insurance Act, as amended July 31, 1946

[An employee is qualified for benefits in a benefit year if he was paid compensation of \$150 or more for work in covered employment in the corresponding base year. The benefit year begins on July 1 and the base year is the calendar year preceding the beginning of the benefit year]

Type of benefit	Benefit formula			Disqualifying conditions																				
	Compensable days	Benefit rate	Maximum duration of benefits																					
I. Unemployment benefits.	<p>Benefits are payable for each day of unemployment in excess of 7 in first 14-day registration period in benefit year and for each day of unemployment in excess of 4 in any subsequent registration period in same benefit year.</p> <p>A day of unemployment is a calendar day on which employee is able to work and available for work, and with respect to which (a) no remuneration is payable or accrues to him and (b) he has registered at an employment office in accordance with Board regulations. Subsidiary remuneration averaging not more than \$1 per day is not considered remuneration if it is for part-time work that does not prevent normal full-time employment, unless employee would not be qualified for benefits without inclusion of remuneration from same position or occupation in his base-year compensation.</p>	<p>Amount payable for each benefit day in a benefit year depends on employee's base-year compensation in accordance with following schedule:</p> <table border="1"> <thead> <tr> <th>Base-year compensation</th> <th>Daily benefit rate</th> </tr> </thead> <tbody> <tr> <td>\$150.00-199.99.....</td> <td>\$1.75</td> </tr> <tr> <td>200.00-474.99.....</td> <td>2.00</td> </tr> <tr> <td>475.00-749.99.....</td> <td>2.25</td> </tr> <tr> <td>750.00-999.99.....</td> <td>2.50</td> </tr> <tr> <td>1,000.00-1,299.99....</td> <td>3.00</td> </tr> <tr> <td>1,300.00-1,599.99....</td> <td>3.50</td> </tr> <tr> <td>1,600.00-1,999.99....</td> <td>4.00</td> </tr> <tr> <td>2,000.00-2,499.99....</td> <td>4.50</td> </tr> <tr> <td>2,500.00 or more....</td> <td>5.00</td> </tr> </tbody> </table>	Base-year compensation	Daily benefit rate	\$150.00-199.99.....	\$1.75	200.00-474.99.....	2.00	475.00-749.99.....	2.25	750.00-999.99.....	2.50	1,000.00-1,299.99....	3.00	1,300.00-1,599.99....	3.50	1,600.00-1,999.99....	4.00	2,000.00-2,499.99....	4.50	2,500.00 or more....	5.00	130 compensable days.	<p>The following are not considered as a day of unemployment:</p> <p>(a) Any of 75 days beginning with first day of a registration period, with respect to which employee knowingly makes, aids in making, or causes to be made any false or fraudulent statement or claim for purpose of causing benefits to be paid. A fraudulent statement or claim with respect to one type of benefit acts as a disqualification with respect to any other type.</p> <p>(b) Any day in any period for which employee receives other social insurance payments under any State or Federal law other than the Railroad Unemployment Insurance Act. If other payments are smaller than Railroad Unemployment Insurance Act payments, employee may be paid the difference unless other payments are unemployment, sickness, or maternity benefits.</p> <p>(c) Any day in a registration period in which the employee earns in certain train, engine, and yard occupations at least 20 times his daily benefit rate, or in a registration period which forms the second half of a 28-day period in which he earns in these occupations at least 40 times his daily benefit rate.</p> <p>(d) Any of the 30 days beginning with day with respect to which employee leaves work voluntarily without good cause, unless the Board finds the work was unsuitable.</p> <p>(e) Any of the 30 days beginning with day with respect to which employee fails without good cause to accept suitable work, or to comply with instructions from the Board to apply for suitable work, or to report to an employment office.</p> <p>(f) Any day on which employee is unemployed because of a strike in violation of the Railway Labor Act, unless employee is not participating in or financing or directly interested in the strike and does not belong to a grade or class of workers of which some members were employed at premises where stoppage occurs, any of whom are participating in, financing, or directly interested in the dispute.</p> <p>(g) Any Sunday or holiday not preceded and followed by a day of unemployment unless it is the last day of a registration period and is preceded by a day of unemployment.</p>
Base-year compensation	Daily benefit rate																							
\$150.00-199.99.....	\$1.75																							
200.00-474.99.....	2.00																							
475.00-749.99.....	2.25																							
750.00-999.99.....	2.50																							
1,000.00-1,299.99....	3.00																							
1,300.00-1,599.99....	3.50																							
1,600.00-1,999.99....	4.00																							
2,000.00-2,499.99....	4.50																							
2,500.00 or more....	5.00																							
II. Sickness benefits.	<p>Benefits are payable for each day of sickness (other than in a maternity period) in excess of 7 in first 14-day registration period in benefit year, and for each day of sickness in excess of 4 in any subsequent registration period in same benefit year. Days of unemployment and days of sickness may not be combined in same registration period, but unemployment and sickness periods may overlap.</p> <p>A day of sickness is a calendar day on which employee is unable to work because of any sickness or injury, or which is included in a maternity period, and with respect to which (a) no remuneration is payable or accrues to him, and (b) a statement of sickness is filed within 10 days as the Board may prescribe. Provision regarding subsidiary remuneration is same as in definition of day of unemployment. Any doctor, or any officer or supervisory employee of a hospital, clinic, group health association, or other similar organization, qualified under Board regulations, may execute the statement of sickness.</p>	As in I.....	130 compensable days.	As in I (a), (b), and (c).																				
III. Maternity benefits.	<p>Benefits are payable for each day of sickness in a maternity period except that they cannot be paid for more than 84 days in period before the birth of the child. The maternity period begins 57 days before expected date of birth of a female employee's child, as stated by her doctor, and ends on 116th day, or 31st day after birth, whichever is later. The entire maternity period is treated as part of benefit year in which it begins unless the employee is not qualified for benefits in that year.</p>	As in I, except that benefits for first 14 days of maternity period and first 14 days after birth are payable at 1½ times daily benefit rate.	Equivalent to 130 compensable days.	As in I (a), (b), and (c):																				

Increase in Taxes

The Carriers Taxing Act of 1937 (incorporated in 1939 into the Internal Revenue Code) provided for the financing of the retirement program by a tax, to be divided equally between employer and employee, on the first \$300 of the monthly compensation. The ultimate rate of 7½ percent was to be reached in 1949 by successive triennial increases of ½ percent over the initial 5½-percent tax set for 1937. Two actuarial valuations of the program established the need for a higher tax schedule if the fund was to be maintained indefinitely on a full reserve basis. The Board, in a majority statement presented at the hearings on the amendments, estimated for the future a level annual taxable pay roll of \$3.5 billion, and on that basis recommended a 1½-percent increase in the ultimate tax rate. The Board also estimated that, to meet the cost of the new benefits, a further increase in taxes of 3½ percent of compensation would be necessary. The new tax schedule—11½ percent for the 2 years 1947 and 1948, 12 percent for the next 3 years, and 12½ percent thereafter—agrees substantially with these estimates. The principle of equal division of the rate between employer and employee is maintained.

Congress accepted the Board's recommendation that the 3 percent of taxable pay roll paid by employers for the maintenance of the unemployment insurance program be kept unchanged. The Board presented evidence to show that the reserve in the unemployment insurance account, plus future collections at the 3-percent rate, would be sufficient to finance indefinitely the liberalized benefit program.

Legislative History

The amendments had a long, and at times turbulent, history. On May 11, 1944, Senators Wagner and Wheeler in the Senate, and 4 days later Representative Crosser in the House, introduced the Railroad Social Insurance Bill (S. 1911, H. R. 4805, 78th Cong., 2d sess.). A committee appointed by the Railway Labor Executives' Association in 1940 to study various proposals to improve and liberalize the existing laws prepared the bill, with the technical assistance of

the Railroad Retirement Board. Hearings were held in the House before the Committee on Interstate and Foreign Commerce but no further action was taken. The Senate did not hold hearings.

The Railroad Social Insurance Bill was a codification of the retirement, unemployment insurance, and taxing laws and all their amendments to date, together with the proposed amendments. It was therefore rather voluminous, a feature objectionable to many persons. To overcome this objection, Representative Crosser, on December 16, 1944, introduced H. R. 5625, which simply amended the existing laws. The new bill, although considerably shorter than its predecessor, retained all its basic features without significant change, except for the addition of the two higher unemployment insurance benefit rates. The legislation was introduced too late in the session for action to be taken and was reintroduced by Mr. Crosser, in substantially the same form, in the new session of Congress on January 11, 1945, as H. R. 1362. Its companion bill by Senators Wagner and Wheeler, S. 293, followed 4 days later in the Senate.

Except in two important respects, the Crosser bill as introduced was enacted almost unchanged: originally, it had clarified the existing coverage decisions and extended coverage to non-railroad-controlled freight forwarders and to railroad-controlled trucking companies, and it had provided for the collection of retirement taxes by the Board instead of by the Bureau of Internal Revenue. These provisions were subsequently removed by amendments. Also, the effective dates of the various provisions were postponed, in most cases by 1 year.

Hearings were held by the House Committee on Interstate and Foreign Commerce at various times from January to April 1945,² and by a subcommittee of the Senate Committee on Interstate Commerce in July of that year.³ The main witnesses were the carrier organizations and the

² House Committee on Interstate and Foreign Commerce, *Railroad Retirement, Hearings on H. R. 1362, 79th Congress, First Session, January 31-April 26, 1945.*

³ Senate Committee on Interstate Commerce, *Railroad Retirement, Hearings on S. 293, 79th Congress, First Session, July 23-26, 1945.*

Railway Labor Executives' Association, each vigorously opposing the other. Two large railroad brotherhoods not affiliated with the Railway Labor Executives' Association at first opposed certain features of the bill but later asked for its enactment. The AF of L and the CIO likewise supported the legislation. The Board presented a majority statement in support of the bill, the carrier member dissenting. The basic principles of the proposed amendments had been endorsed by President Roosevelt, and the endorsement was reaffirmed by President Truman.

In September 1945 the House Committee referred the bill to a subcommittee for study, with instructions to report its recommendations to the full Committee. The subcommittee expressed doubt as to the reliability of the actuarial evidence introduced in the hearings by the proponents of the bill and by the Board, and employed its own actuary to study the cost implications of the legislation.⁴ On March 7, 1946, the Senate subcommittee reported the bill to the full Senate Committee without any recommendation.⁵ On April 9, the House subcommittee reported to the full Committee a set of recommendations drastically limiting the scope of the Crosser bill.⁶ These changes were unacceptable to the proponents of the original bill, and on April 16, Representative Neely filed a petition to discharge the House Committee from further consideration of the bill. Within 2 days the required number of 218 representatives had signed the petition,⁷ but on May 9, before the House could vote on it, the Committee reported out its amended bill, adding several restric-

⁴ House Committee on Interstate and Foreign Commerce, *Report to the Committee . . . on Actuarial Cost Estimates for H. R. 1362 (Railroad Retirement Legislation)*, Robert J. Myers, Committee Print, March 14, 1946, 16 pp.

⁵ Senate Committee on Interstate Commerce, *Railroad Retirement Act and Railroad Unemployment Insurance Act, Report of the Subcommittee on S. 293.*

⁶ House Committee on Interstate and Foreign Commerce, *Report by the Subcommittee on Transportation on H. R. 1362 (Railroad Retirement and Unemployment Insurance Legislation)* (Committee Print), April 9, 1946.

⁷ *Congressional Record* (daily edition), April 18, 1946, pp. 4098-4099.

(Continued on page 49)

(Continued from page 33)

tions to those previously recommended by its subcommittee.⁸ Since

⁸House Committee on Interstate and Foreign Commerce, *Amendments . . . Report on H. R. 1362* (H. Rept. No. 1989), May 9, 1946. (Note correction made by Rep. Boren in the *Congressional Record* (daily edition), June 4, 1946, pp. A3362-A3363.)

it was reported under its original number and not as a new bill, the effect of the petition was nullified. The bill was given an "open rule" by the Rules Committee, which meant that the House could first vote on the substitute bill of the Committee, and then, if it rejected the substitute, on the original Crosser bill.

The following were the most important changes made in H. R. 1362 by the House Committee on Interstate and Foreign Commerce:

1. It reduced the formula for computing survivor benefits to the level of the social security formula, eliminated the provision for combining social security with railroad earnings, eliminated the provision for paying benefits to the survivors of annuitants and pensioners who had no service after 1936 or not enough to build up an insured status, and deleted the benefits to the survivors of employees who died before the effective date of the amendments.

2. It limited the application of the proposed "occupational disability" annuities to cases in which disability arose out of, and in the course of, the railroad worker's employment.

3. It eliminated the proposals for increasing the amount and duration of unemployment insurance benefits and for adding sickness and maternity benefits.

4. It added another 1½ percent to the 1½-percent increase proposed to make up the existing retirement fund deficit in accordance with its own actuarial study. By weakening the proposals to liberalize the retirement and survivor benefits, it reduced the cost of the changes from 3½ percent of pay roll to 1½ percent. The net result, therefore, was to be a 4½-percent, instead of a 5-percent, increase in the total tax rate. At the same time, the Committee changed the unemployment insurance contributions from 3 percent to amounts ranging from 0.5 percent, for so long as the trust fund contained at least \$350 million, to 3 percent when it fell below \$150 million. (The fund is now over \$750 million.)

5. It transferred the tax-collection function for unemployment insurance from the Board to the Bureau of Internal Revenue but left the retirement-tax collection in that Bureau instead of transferring it to the Board, as the Crosser bill had done.

6. It deleted the changes in the coverage provisions.

The Committee version was debated in the House on June 10 and again on June 20, when it was defeated by a vote of 129 to 136. H. R. 1362 was

Table 3.—Annual apportionment of Federal funds for child welfare services under the 1946 amendments to the Social Security Act

State or Territory	Maximum available for allotment ¹ under 1946 amendments				Amount available for allotment before the 1946 amendments
	Total	Uniform apportionment	Rural population apportionment ²	Amount of increase over previous allotment	
Total.....	\$3,500,000	\$1,060,000	\$2,440,000	\$1,990,000	\$1,510,000
Alabama.....	102,028	20,000	82,028	58,724	43,304
Alaska.....	22,289	20,000	2,289	11,358	10,931
Arizona.....	33,496	20,000	13,496	18,011	15,485
Arkansas.....	82,962	20,000	62,962	47,400	35,562
California.....	103,194	20,000	83,194	59,415	43,779
Colorado.....	42,097	20,000	22,097	23,128	18,969
Connecticut.....	42,865	20,000	22,865	23,579	19,286
Delaware.....	25,273	20,000	5,273	13,135	12,138
District of Columbia.....	20,000	20,000	-----	10,000	10,000
Florida.....	55,336	20,000	35,336	30,991	24,345
Georgia.....	105,053	20,000	85,053	60,512	44,541
Hawaii.....	28,123	20,000	8,123	15,440	12,683
Idaho.....	34,445	20,000	14,445	18,584	15,861
Illinois.....	106,617	20,000	86,617	61,442	45,175
Indiana.....	83,901	20,000	63,901	47,953	35,948
Iowa.....	80,329	20,000	60,329	45,836	34,493
Kansas.....	63,444	20,000	43,444	35,802	27,642
Kentucky.....	102,828	20,000	82,828	59,198	43,630
Louisiana.....	77,401	20,000	57,401	44,096	33,305
Maine.....	40,918	20,000	20,918	22,424	18,494
Maryland.....	50,742	20,000	30,742	28,258	22,484
Massachusetts.....	38,971	20,000	18,971	21,269	17,702
Michigan.....	94,735	20,000	74,735	54,892	40,343
Minnesota.....	78,179	20,000	58,179	44,558	33,621
Mississippi.....	92,649	20,000	72,649	53,147	39,502
Missouri.....	95,679	20,000	75,679	54,949	40,730
Montana.....	34,435	20,000	14,435	18,574	15,861
Nebraska.....	53,262	20,000	33,262	29,758	23,504
Nevada.....	22,779	20,000	2,779	11,050	11,129
New Hampshire.....	28,642	20,000	8,642	15,137	13,505
New Jersey.....	51,757	20,000	31,757	28,857	22,900
New Mexico.....	34,747	20,000	14,747	18,758	15,989
New York.....	115,980	20,000	95,980	67,004	48,976
North Carolina.....	127,772	20,000	107,772	74,014	53,758
North Dakota.....	41,162	20,000	21,162	22,569	18,593
Ohio.....	115,206	20,000	95,206	66,547	48,659
Oklahoma.....	80,444	20,000	60,444	45,902	34,542
Oregon.....	43,153	20,000	23,153	23,748	19,405
Pennsylvania.....	157,472	20,000	137,472	91,646	65,826
Puerto Rico.....	74,058	20,000	54,058	42,110	31,948
Rhode Island.....	22,489	20,000	2,489	11,479	11,010
South Carolina.....	79,485	20,000	59,485	45,329	34,156
South Dakota.....	40,118	20,000	20,118	21,951	18,167
Tennessee.....	98,363	20,000	78,363	56,544	41,819
Texas.....	165,363	20,000	145,363	96,339	69,024
Utah.....	30,158	20,000	10,158	16,030	14,128
Vermont.....	29,792	20,000	9,792	15,812	13,980
Virginia.....	91,909	20,000	71,909	52,714	39,195
Virgin Islands.....	20,337	20,000	337	-----	-----
Washington.....	53,784	20,000	33,784	30,063	23,721
West Virginia.....	76,747	20,000	56,747	43,710	33,037
Wisconsin.....	80,512	20,000	60,512	45,940	34,572
Wyoming.....	26,520	20,000	6,520	13,877	12,643

¹ Based on plans developed jointly by each State public welfare agency and U. S. Children's Bureau for payment of part of the cost of district, county, or other local child welfare services in areas predominantly rural and for developing State services for the encouragement and assistance of adequate

methods of community child welfare organization and other areas of special need.

² Apportioned to the States according to the ratio of the rural population of each State to the total rural population of the United States (1940 census).

³ Half of this, or \$10,168, to be allotted Jan. 1, 1947.

then taken up in its original form and, after spirited debate, passed by a vote of 235 to 49. The measure was sent to the Senate, where it was referred to the Committee on Interstate Commerce. The Committee recommended^o that the bill be adopted without amendment. The Senate passed it on July 26, however, in an amended form by a vote of 55 to 11. The amendments eliminated the provisions dealing with coverage and with the transfer of the retirement-tax collection function to the Board, and made a number of necessary changes in the effective dates. The amended bill was referred back to the House for further action. That body rejected a proposal to send the bill to a conference committee and, under a suspension of rules, passed the Senate version by a vote of 189 to 64. The amendments became law with the signature of the President on July 31, 1946.

^o Senate Committee on Interstate Commerce, *Amendments . . . to Railroad Retirement Acts, Railroad Unemployment Insurance Act, and Related Provisions of Law, Report on H. R. 1362, S. Rept. No. 1710, July 12, 1946, and Part 2, July 15, 1946.*

Table 4.—Contributions and taxes under selected social insurance and related programs, by specified period, 1944-46

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions ¹	Federal civil-service contributions ²	Taxes on carriers and their employees	State unemployment contributions ³	Federal unemployment taxes ⁴	Railroad unemployment insurance contributions
Fiscal year:						
1944-45	\$1,309,919	\$486,719	\$285,038	\$1,251,958	\$184,544	\$131,993
1945-46	1,238,218	528,049	282,610	1,009,091	179,930	129,126
1945						
October	54,434	23,859	1,468	122,910	2,551	54
November	237,766	24,881	8,479	106,116	10,281	845
December	6,916	21,664	58,525	7,672	770	31,882
1946						
January	32,819	23,692	5,061	96,509	13,292	76
February	199,548	21,062	3,461	95,148	106,998	856
March	18,307	21,198	64,561	3,607	13,576	31,083
April	60,752	21,690	1,349	106,107	3,014	54
May	268,945	22,049	5,293	135,903	11,174	834
June	6,634	22,872	65,240	5,828	1,440	30,622
July	2,317	244,223	2,257	95,206	2,245	65
August	284,345	23,617	7,617	154,956	9,998	786
September	8,339	20,234	75,540	5,510	1,145	35,164
October	69,952	16,410	2,137	92,835	2,213	138

¹ Represents contributions of employees and employers in employment covered by old-age and survivors insurance.

² Represents employee and Government contributions to the civil-service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in July for the entire fiscal year.

³ Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, through April 1946, contributions from employees in 4 States; beginning May 21, 1946, employee contributions in California and,

beginning July 1, 1946, in Rhode Island, are deposited in the respective State sickness insurance funds. Data reported by State agencies; corrected to Nov. 19, 1946.

⁴ Represents taxes paid by employers under the Federal Unemployment Tax Act.

⁵ Represents July contributions of \$21.5 million from employees, and contributions for fiscal year 1946-47 of \$221.5 million from the Federal Government and of \$1.2 million from the District of Columbia for certain District government employees.

Source: *Daily Statement of the U. S. Treasury*, unless otherwise noted.

Because of a readjustment in make-up which became necessary when the issue was in page proof, the regular tables on financial operations begin with table 4 on this page and continue on the following pages.