

better and no worse than that afforded recipients of general public assistance. The same standards must be applied to both groups.

Although it is manifestly impossible in a service based upon need and covering so vast and diversified an area as the United States to specify in legislation minimum standards of adequacy and definitions of need, we believe that much could be done by cooperative

EXPANSION OF THE SOCIAL SERVICES

The wide range of community resources that are commonly known as the social services is not the focus of our study. Yet, as has been pointed out in this report, it is impossible to disregard them entirely in a study of public aid, because in two respects the provision of income to needy or presumptively needy persons is closely interwoven with the development of the social services. On the one hand, certain services have been developed and expanded for the needy population. On the other hand, some social services have been made generally available as a byproduct of public-aid programs. Neither development is entirely satisfactory.

Eligibility for the Social Services

These services, and in particular those affecting the health of the population and the welfare of children, are of vital importance to the Nation. None would dispute the statement that a main objective of social policy should be the enhancement of the physical health of our people and the assurance of decent and healthy living conditions for future citizens. Yet to a significant extent, as has been shown, despite the widespread need for medical services, access to them is still in large measure confined to the well-to-do and to the public-aid population, and it is denied to many people. Even where these services are available to other groups, their close connection with what is still in many quarters regarded as a "relief" agency tends to deter many sensitive persons from utilizing them to the full.

To the extent that access to publicly provided services is confined to the public-aid population, an undesirable social distinction is introduced. For it would be unfortunate if it came to be felt that the public-aid population was being placed in a relatively privileged position and was provided with services not available to those whose circumstances and needs were similar except for the fact that they were not dependent on socially provided income.

The initial restriction of emergent social services to the public-aid population is no novelty. Our public-education system had its origin in the provision of free education to those who were at one time known as

action between the Federal Government and the States to improve such standards. *We, therefore, suggest that, as a further condition for the receipt of Federal aid, the States should be required to administer their programs in accordance with general standards relating to adequacy of aid and methods of payment, adopted under rules and regulations of the responsible Federal agency.*

pauper children, and the desirability of making this service available to all, regardless of income, was but slowly recognized. We believe that a similar evolution will ultimately characterize some of the services which are now provided solely or mainly for the needy population. Intelligent long-range planning demands that we should at all times be aware of this fact and, as soon as it has become evident that the national interest demands a wider utilization of these facilities, we must be prepared to place them on a basis where access to them is not restricted to the public-aid population. Such a development is, we believe, long overdue in regard to health services and is especially important in relation to the services concerned with the welfare of children.

Assurance of Adequate Medical Care

Continued attention should be given to reducing the burdens created by the costs of medical care among low- and middle-income groups. Various investigations of this subject have recognized the usefulness of alternative or supplementary methods, such as the development of voluntary insurance plans under lay, professional, or joint auspices, the expansion of our social-insurance system to include medical care, and the extension of public medical services furnished through Federal, State, or local agencies engaged in public-health, maternal-and-child-health, hospital, or welfare activities. The methods are not mutually exclusive.

We recognize that the assurance of adequate medical care for all our people raises technical problems of great difficulty. In particular, the proposal for the application of the health-insurance technique to the provision of medical care is still a subject of difference of opinion within the medical profession itself. Many practical questions, such as the relation of such a system to existing workmen's compensation laws, the apportionment of costs, the location of administrative responsibility, and methods of assuring adequate service while maintaining the essential relationship between patient and personal physician, still call for decision.

We do not believe, however, that these problems will prove insuperable.

Immediate attention should be given to the design and effectuation of a definitive program for providing medical care under which the Federal Government would stimulate, assist, or undertake constructive action. This program should be coordinated with other undertakings in related fields, including the extension of public medical facilities, such as health centers, diagnostic clinics, and hospitals, especially in rural areas. The program should be chiefly concerned with removal of the heavy burdens of medical costs from the millions of our people who do not come within the scope of public-aid measures and yet lack the private resources to protect them against social and economic insecurity caused by illness.

Social Services as a Byproduct of Public Aid

The expansion, and in some cases the original provision, of constructive social services as a byproduct of the work programs and other public-aid measures has undoubtedly been of real value and has served to demonstrate to communities the real gains to be reaped from such measures. But to the extent that these services meet long-standing and hitherto unmet social needs, it is obviously unsatisfactory that their continuance should depend upon often uncertain and always fluctuating public-aid appropriations. Their provision in this way tends to divert attention from the continuing necessity for public support of this type of service. It leads, too, to public complaint of the high cost of certain programs and to attempts to cut administrative costs of those where a large part of what is popularly regarded as routine administration is the performance of constructive social service.

We believe that the time has come to survey the services provided for the population as a whole as a byproduct of public-aid programs. Those which are found to be meeting widespread and long-standing needs should as soon as possible be divorced from the agency associated with public aid and placed upon a permanent basis. In our discussion of the provision to be made for youth, we have already indicated that assistance to youth through the NYA student work program must be regarded as a long-delayed recognition of some of the inadequacies of our educational system. The program has indeed never been limited to the public-aid population, but it has been administered by an agency associated in the public mind with the provision of public aid. If the Federal Government is now committed to a policy of giving financial assistance to young people who desire to continue their education, this program should be frankly regarded as an educational, and

not a public-aid, measure. Responsibility for it should be clearly located with the educational authorities, and provision should be made for it on a permanent basis. There are, indeed, two other measures which we believe should be divorced from public-aid associations and placed upon a more permanent basis: the provision of meals to school children and the distribution of surplus commodities.

School Lunches

The provision of meals to needy school children, now available through the combined efforts of the Work Projects Administration and the Surplus Marketing Administration, represents another type of social service whose continuance would seem to be desirable, regardless of whether the acuteness of unemployment justifies large appropriations to the WPA. We recognize the invaluable work that has been done by the WPA in introducing and expanding this service in many areas, but we believe that, in the longer run, policy should be directed toward its establishment on a permanent basis as part of the functions of the educational system. Great Britain has already taken such a step in regard to the provision of milk and meals at school. There the educational authorities have been given the responsibility, not merely for providing educational facilities but also for seeing that school children are able to profit by that education during their period of school attendance. In view of the general low level of income of large sections of our population and the difficulty of providing adequate budgets on public-aid programs, *we recommend that free school lunches be provided for all school children.* Such a policy would have the further advantage of avoiding discrimination in the schools between children of different economic status.

The Distribution of Surplus Commodities

The distribution of surplus commodities represents a type of service not conceived as a public-aid measure but having a direct bearing upon the welfare of public-aid recipients. We believe, however, that, while the continuance of the program must be dependent upon the existence of farm surpluses, two steps are necessary in order to prevent the system from serving as a substitute for cash payments to public-aid recipients or from favoring public-aid recipients as compared with the self-supporting low-income population. *The direct distribution of commodities should be discontinued and replaced by the stamp plan, and the scheme should be available not only to recipients of public aid but to the entire low-income population.*

THE FINANCING OF PUBLIC AID

We have already stated our conviction that in the long run, and with the possible exception of the social insurances, the financing of public aid must be provided for in the same way as all other types of public expenditures. We have also indicated that orderly and continuous provision of adequate funds can be expected only if there is a radical revision of our present inter-governmental fiscal relationships which would not be confined to public-aid financing alone.

So thorough an overhauling of our present public finances will undoubtedly be both difficult and time-consuming, and many technical and political obstacles must be overcome before a satisfactory adjustment is achieved. Furthermore, the peculiar requirements of certain public-aid measures, such as the social insurances, may suggest, as we shall later indicate, unique methods of financing. We must, therefore, base our immediate recommendations on things as they are. Specifically, we assume for some time to come a continuance of the compartmentalized consideration of public-aid financing and no redistribution of fiscal resources by reference to the total of activities for which the different levels of government are responsible. We make the further assumption that the financial role of the Federal Government will be large. We are impelled to this conclusion by our findings concerning the magnitude of the public-aid problem and its variation between different parts of the country and by our analysis of the existing economic and fiscal resources of the States and localities. We recognize that, on the basis of these assumptions, there are real limits to what can be achieved in the way of financial reform. Nevertheless, we believe that some of the more outstanding weaknesses of our present methods of public-aid financing can be remedied in the following ways.

Restricted Use of Consumption Taxes

We have previously recommended a restricted use of consumption taxes as a means of financing public aid. The general case which we have made for reducing the present degree of reliance on such taxes for the financing of public aid is subject to two qualifications when consumption taxes in the form of wage and pay-roll taxes for social-insurance purposes are under consideration.

Government Contributions to Social-Insurance Programs

There is clearly much to be said for policies which ensure a more equal distribution of an individual's income over time. This result is to some extent achieved by the old-age and unemployment-insurance

programs. The one takes away income in youth to return it in old age; the other takes income during employment and returns it when needed in periods of unemployment. But this justification for the use of consumption taxes only reinforces one of our earlier recommendations, namely, that the groups to be included in programs financed in this manner must be selected with great care. Clearly, when present incomes are so low as to provide a bare maintenance, there can be no social justification for forcing the living standard of young or employed persons below this level in order to compel them to save against old age or unemployment. If heavy reliance on consumption taxes continues to characterize our social-insurance measures, the scope of these programs must be restricted to persons whose earnings are sufficiently high to enable them to make contributions without any sacrifice of the basic essentials of decent living. We believe that such limitation of access to a type of security highly valued by our people would be most undesirable. The alternative is, however, the provision of part of the funds from sources which do not involve so evident a curtailment of consumption. Specifically, therefore, *we recommend that a proportion of the funds needed for social-insurance programs should be derived from general tax revenues collected on a progressive basis.*

The second qualification to our recommendation for a drastic reduction of consumption taxes is based on the desire to retain such special advantages as may be expected to accrue from the use of wage and pay-roll taxes in the financing of social-insurance measures. We recognize that there is much to be said for the use of these taxes as at least a partial source of revenue. Of major importance is the fact that social-insurance benefits are regarded by the mass of the people as a highly desirable form of public aid, especially in comparison with payments whose receipt is dependent on a test of need. Their restriction, as at present, to certain types of workers could more easily be defended from the social point of view if it could be argued that those admitted to the system were treated in a preferential manner in part because they had contributed toward the cost of their benefits. Furthermore, in so large a country as ours, characterized by different levels of living and marked occupational differences in earnings, uniform benefits are as yet out of the question. But it would clearly be both politically impossible and socially unwise to provide differential benefits from a general tax fund. *Differential contributions are the necessary counterpart to differential benefits.*

This justification for the use of wage and pay-roll taxes implies, however, that workers are in fact making

a contribution proportionate to their earnings. This is indeed the case in the old-age insurance systems, but it is not in the vast majority of State unemployment compensation laws, where the employers' pay-roll tax is the only form of contribution. Even if the employer's contribution is passed on to consumers by higher prices or to wage earners by denying wage increases that would otherwise occur, there is no assurance that the loss to the individual wage earner will exactly equal the amount of tax paid by the employer on his earnings. It cannot, therefore, be held that higher benefits are payable to workers with higher earnings because they have contributed proportionately more to the system. Nor can it be argued in these circumstances that those admitted to unemployment insurance benefits are entitled to expect preferential treatment because they have contributed toward its costs.

Other considerations also suggest the wisdom of retaining wage and pay-roll taxes as at least a partial source of revenue for the social insurances, despite their evident social and economic disadvantages. The fiscal attractiveness of such richly yielding and hitherto unutilized taxes is beyond question. The direct linkage of benefits with contributions offers at least some measure of control over organized lobbies for excessive liberalization of benefits. As long as powerful groups are interested as earmarked taxpayers, there will be a force counteracting the type of pressure-group activity that has characterized the old-age pension movement in certain States. Certain people also attach importance to the linkage of benefit rates to amount of contribution on the ground that individual enterprise is stimulated when a man knows that his income in unemployment or old age will be directly affected by his earnings in employment or youth. More important is the consideration that greater permanence is given to the program and greater protection of the rights of the potentially insecure is assured if the system is vested with the aura of a contract. In other words, it seems probable that legislators would be less likely at some subsequent time to withdraw the promise of assured payments if the potential beneficiaries have already been taxed on the understanding that there was to be a *quid pro quo* in the form of benefits.

Taking all these considerations into account, we are inclined to believe that it would be undesirable in principle to abandon the use of wage and pay-roll taxes in connection with the financing of social-insurance measures. But recognition of their disadvantages and the desire to secure from them the fullest possible advantages suggests certain qualifications in regard to their use.

Firstly, wage and pay-roll taxes cannot be relied upon as the sole source of revenues for these programs but must be supplemented by funds drawn from other sources which do not so directly curtail consumption. Only in this way will it be possible to make social-insurance benefits available to as large a section of our population as social and economic considerations would indicate is desirable. Secondly, although real advantages may accrue from the use of wage taxes in social-insurance financing, the degree of their use must be determined by consideration of the extent to which workers can be expected to contribute toward the costs of their own security without severely impairing their existing standard of living. Wherever this limit be fixed, and we believe it will be low, we should prefer to see for each of the several social-insurance measures a small worker's contribution rather than to have the entire worker's contribution earmarked for one type of insurance (at present, old-age insurance) and no worker's contribution at all for the others.

Abolition of Experience Rating

It will be noted that in assessing the desirability of the retention of wage and pay-roll taxes, we have made no mention of two arguments commonly urged in favor of the pay-roll tax for financing unemployment compensation; namely, its potentialities as an incentive tax through the adoption of experience-rating devices, and its use as a method of social cost accounting. The omission is deliberate, for we attach much less importance to these aspects of the pay-roll tax than to others we have already mentioned.

We do not underestimate the great advantages to be derived from increased stability of operation of individual businesses or industries. Nor are we prepared to assert that it is impossible to conceive of incentive taxes which might bring about this desirable result. We are, however, convinced that the experience-rating devices now utilized in connection with the pay-roll tax not merely fail to encourage stabilizing activities to any significant degree, but also severely interfere with the benefit-paying functions of the insurance system and foster undesirable employment practices. They may, indeed, even act as an incentive to technological unemployment. Experience rating has already complicated the problems of financing and administration, and, if continued, it is likely to shift the major emphasis in unemployment compensation from the payment of benefits to the unemployed to ways and means of reducing the individual employer's tax. *We should like to see experience rating abolished. However, in the event that strong support from employers should cause the system to be retained, it is imperative*

that minimum standards relating to amount, duration, and eligibility for benefits be included in the Federal law as a protection against competitive deliberalization of State unemployment compensation laws, stimulated by employer pressure for tax reductions.

Nor are we impressed by the argument that, through use of the pay-roll tax, it is possible to reflect in prices the enhanced social costs of maintaining a considerable labor overhead in an industry characterized by irregularity of operation. The analysis of the incidence of pay-roll taxes made in this report indicated that it is by no means certain that these extra costs will be reflected in higher prices. Indeed, in the case of industries with an inelastic demand or a poorly organized labor supply, it is more probable that, if passed on at all, the pay-roll tax will be reflected in lower wages. We see no reason for further penalizing workers employed in industries which are by definition irregular in operation.

Furthermore, in the case of certain industries, the attempt to reflect the high costs of irregularity of operation in the cost of the product may well result in price increases sufficiently high to restrict demand very severely. We believe that such curtailment of consumption would be unwise. Precisely because much irregular operation of certain industries is inherent in our economy and will be resistant to control, we believe that a sounder application of the principle of social cost accounting would be to spread the costs of such irregularity over industry as a whole.

Use of Reserves in Unemployment Compensation

We have recommended that reliance upon earmarked taxes for the financing of public aid should in general be avoided. This recommendation, however, calls for some qualification in regard to unemployment compensation. Here the accumulation of reserves, which is a characteristic of this system, does indeed mitigate some of the worst consequences of reliance on earmarked taxes. An important advantage of the existing tax-collection and benefit-disbursement provisions of unemployment compensation is the opportunity given for collecting taxes at a uniform rate in good and bad times, thereby accumulating in prosperous years a reserve which would make it possible to defray greatly increased expenditures in periods of depression without having to raise taxes at a time when industry is most sensitive to discouragement.

But we believe that there are very real limits to what can be achieved by this route. To sustain, in a period of depression, unemployment compensation disbursements of the magnitude which we have recommended would call for reserves much larger than have

hitherto been contemplated. The experience of recent years has demonstrated that the American people have not yet fully appreciated the economic and fiscal functions of a reserve, for the efforts to liberalize unemployment compensation in recent years have been as much motivated by a desire to reduce the present substantial reserves as by a concern over the low level of benefits and short duration of payment. When it is recalled that, as late as 1935, the proponents of this type of unemployment provision stressed the advantages to be derived from reserve financing, whereas after 1939 there was everywhere a demand for the reduction of reserves, we believe that it would be highly unrealistic to suppose that, in a period of moderate or high trade activity, reserves would be permitted to mount to the size necessary to sustain substantial disbursements in periods of depression. Recourse to other sources of income would, we believe, be imperative.

It is also evident that the adoption of reserve financing will not be an effective device to avoid the inadequacies of earmarked taxes when expenditures are heavy, or the necessity of raising such taxes in a period of depression, so long as there are 51 separate State reserves, the largest of which exceeds the total of the 27 smallest reserves. For the incidence of unemployment as between the States is uneven and varies from time to time. An earmarked tax of an appropriately uniform percentage will under these conditions lead to reserves that may be excessive in some States but will obviously be inadequate in others. Had it not been for the requirement in the Social Security Act that 2 years of tax collections should precede the first benefit payment, 3 State funds would have been insolvent on June 30, 1941.

If reserve financing is to help mitigate the less desirable consequences of using an earmarked tax for financing so fluctuating an expenditure as unemployment benefits, we believe that *some pooling of funds as between the States through reinsurance will be inevitable so long as the separate State systems are retained.* The adoption of such a scheme would, however, be dependent upon acceptance by the States of an increased measure of Federal control over standards, for it is obvious that recourse to the reinsurance fund can result as much from lax administration or unduly liberal benefits as from excessively heavy unemployment.

Intergovernmental Distribution of Costs According to Needs and Resources

In the absence of any fundamental overhauling of Federal, State, and local fiscal relationships there are, as we have already stated, definite limits to what can be achieved when the financing of public aid is treated,

as it must be for the time being, independently of the financing of all other governmental activities. It does not, however, follow that nothing can be done.

Available Methods of Redistribution

There are several alternative methods of redistributing financial responsibilities between the various governmental levels so as to avoid some of the worst consequences of the existing differences in need and in fiscal and economic capacity. The most drastic of all would be the transfer of all public-aid support to the Federal Government. This course could be urged on the ground that we have a national economy and a common welfare, which can best be promoted by drawing on resources as a whole for the support of a nationally important service. Difficulties of allocating costs between governmental levels would at once disappear, the problem of measuring such factors as need and ability to pay would be avoided, the needy inhabitants of the poorer States would no longer be penalized for their place of residence, and over-all financial planning would be greatly simplified. We believe, however, that the disadvantages of a highly centralized government are sufficiently great to make the desirability of such a complete transfer questionable, even if it were feasible today.

A second possibility would be to split the public-aid function, transferring complete support of some parts of it to the central government and leaving complete support of other parts to the States or localities. This has, in fact, been done in some measure. Old-age insurance has been taken over completely by the Federal Government, and State and local governments have complete responsibility for general relief. Some States have taken over the entire State-local share of public-assistance support, and have left the support of general relief to local authorities. Others have split the general-relief program into two parts, care of employables and care of unemployables, and have taken complete responsibility for employables, leaving the care of unemployables to the local districts.

The allocation of complete financial responsibility for different programs to different levels of government is not a simple solution. It has the apparent advantage of leaving the States and localities with complete responsibility for those programs under their care. It has the disadvantage of a certain amount of duplication of administration and overlapping of authority. Furthermore, it fosters friction between governments, for the classification of an applicant will automatically determine the financial responsibility of a specific unit of government and since, as this study has repeatedly shown, the various programs are to a considerable extent alternatives to one another, there will be a con-

tinuing temptation to classify applicants not by reference to their needs for a particular service but by reference to the financial advantages of the governmental unit making the first decision. This difficulty could be avoided only by the operation of independent intake offices by each responsible governmental unit, an obviously wasteful solution and one that would add to the existing confusion and inconvenience of applicants.

Exclusive financial responsibility for specific programs has two further disadvantages which in themselves are sufficient to preclude adoption of this method of allocating financial responsibility between different levels of government. We have already shown that the development of specialized and categorical programs does not and cannot remove the necessity for a generalized public-assistance system to provide for those who cannot appropriately be dealt with on a categorical basis, without detriment to the objectives of the specialized programs. The principle now under discussion would involve assigning financial responsibility for this residual program also to some one level of government. In such circumstances every failure of the other governmental units to provide fully for the categories assigned to them would be at the expense of the authority financing general public assistance.

The second consideration is equally important. It would be almost impossible to discover an allocation of programs between governmental levels which would at one and the same time leave each government with full responsibility for the operation of such programs as could suitably be administered by it alone, and yet result in an intergovernmental distribution of financial responsibility for the sum total of all public-aid expenditures which sufficiently closely reflected differences in need and in economic and fiscal capacity. For these reasons we believe that the problem of intergovernmental financing cannot be solved simply by the assignment of exclusive responsibility for specific programs to specific levels of government.

The remaining possibility is a sharing of the costs of specific programs through some form of grant-in-aid or otherwise. This method overcomes some of the disadvantages of exclusive financial responsibility for individual programs, while relieving financial pressure on the smaller jurisdictions. Because both partners carry financial responsibility, both have an interest in economical administration, and economies at the expense of another level of government are less feasible.

Adoption of the principle of joint financial responsibility raises two difficult practical questions: what should be the specific proportion of cost carried by each level of government for each program and how can differences in need and capacity as between gov-

ernments at any one level be reflected in the financial arrangements?

Although, as we have already stated, the responsibility of the Federal Government for public-aid support must continue to be large, the impossibility of taking into account all non-public-aid functions of government in relation to the fiscal resources of each level precludes the setting of any precise proportion as the socially and fiscally desirable and appropriate Federal share of all public-aid costs. The practical question is rather whether there is any justification for the differing proportions of cost of the different programs carried by the Federal Government.

A Federal Grant-in-Aid for General Public Assistance

There is today one evident weakness in the distribution of Federal support as between programs; namely, the absence of any Federal financial participation in the general-relief program. As this report has shown, the financial incapacity of many of the authorities now responsible for this important program in large measure accounts for the limited access of many of our people to basic security. *We believe a Federal grant-in-aid for general public assistance to be an essential immediate step toward a more satisfactory system of public aid.* Federal participation in this residual service would also reduce the financial temptation to the Federal Government to economize at State and local expense by reducing appropriations for other programs for which it is wholly or partially responsible. For economies secured in this way would no longer be hidden at the entire expense of another level of government; they would be reflected in increased Federal disbursements for grants for general public assistance.

Greater Uniformity in Federal Grants for Special Programs

We believe, too, that there would be a real advantage if the Federal grant to the various programs based upon need were on a more nearly uniform basis. We have already given our reasons for believing that there should be an increase in the Federal matching maximum payment per child in aid to dependent children and that payments to mothers should qualify for the Federal grant. In addition, it is desirable that, although total administrative costs may vary from one assistance program to another, the share carried by the Federal Government should be uniform. The desirability of this change will be even more evident if our proposals for a grant-in-aid for general public assistance and for an administrative integration of the special assistances and general public assistance are adopted.

It would be clearly uneconomical and administratively confusing to attempt, as now, to keep separate records of the costs of administration of four so closely related programs because the extent of Federal aid to administrative costs differed from program to program.

On the other hand, there appears to be sound justification for the relatively higher proportion of costs carried by the Federal Government on the work programs. Expenditures on this type of public aid will inevitably fluctuate much more widely than all others. Federal funds can be adjusted more readily than State and local funds to the changing needs occasioned by business fluctuations. Because this type of expenditure will be greatest in periods of depression or underemployment, it will also take place at a period when our earlier analysis suggested financing by borrowing would be most desirable. It is evident that the borrowing powers of the Federal Government are vastly greater than those of the States and localities. Finally, the national interest may dictate an expansion of work programs to a degree that State and local authorities would be unwilling or unable to finance.

Variable Grants to the States

Whatever the degree of responsibility carried by the Federal Government for the different programs, it is desirable that the distribution of the Federal funds among the States should more clearly reflect differences in need and financial and economic capacity.

Specifically we recommend that Federal grants for the special assistances and for the general public-assistance program should be made upon a variable, rather than on an equal matching, basis. We believe, too, that the percentage of costs which sponsors of work programs are required to contribute should not be uniform for all States but should similarly reflect differences in need and financial capacity.

Our study has led us to the conclusion that the uniform matching grant will not achieve the basic objective of Federal financial aid; namely, to give most assistance where the need for it is greatest. We have been impressed by the high degree of coincidence of the areas of extremely low monthly grants and the areas of low economic productivity, as measured by income per inhabitant and also by other indices. This fact alone suggests the desirability of giving relatively more Federal aid to those areas where economic and financial capacity is least and where the need for assistance is greatest.

The nature of the grant-in-aid which would be most likely to achieve the broad objective of Federal financial aid has been subjected to intensive study in recent years by other authorities concerned with public aid and related fields. It is highly significant that they

have reached the same conclusion. Thus, the Social Security Board in its annual report for 1940, stated specifically:

It seems clear that future development of the public assistance programs under the act, in terms of the quantity and quality of assistance and its equitable distribution, would be greatly furthered by an arrangement whereby the extent of Federal financial participation in the program could be varied to take account of the State's economic resources and the need for assistance.

Again, the Advisory Committee on Education which reported to the President in February 1938 recommended that Federal aid in support of elementary and secondary education in the United States should be distributed among the States in proportion to their relative financial needs. In the same year, the Interdepartmental Committee to Coordinate Health and Welfare activities also urged that any Federal grants for medical care should be allocated among the States by reference to the relative numbers of the medically needy and the relative financial status and resources of the States. We believe, therefore, that our recommendation that Federal financial grants to the States for public-aid programs should be available on a variable, rather than an equal matching, basis is in accord with the findings of other groups which have devoted attention to specific aspects of this general problem.

The implementation of our recommendation will call for the solution of a number of highly technical questions. The objective of equalization could be attained through a variety of formulas. Decisions will have to be made as to whether the objective could be most suitably achieved by a combination of matching grants with an equalizing fund, or whether the entire Federal appropriation should be distributed on the basis of an equalizing formula. Furthermore, it would be necessary to choose between formulas which attempt to combine a requirement of certain minimum payments to beneficiaries on the part of the States and those which leave this factor out of account. Again, some of the available formulas provide for maximum allocations to some States, while others do not. In any case, the adoption of an equalizing formula involves questions as to the most appropriate, easily ascertained, and least disputable measures of ability and need. The measures of need appropriate for a grant-aided work program may well prove unsuitable for such programs as the special and general public assistances. These are complex and technical problems, and we do not believe that it is our function to make specific recommendations on these matters.

Whatever the general principles governing the distribution of the Federal grants as between the States, we believe that their embodiment in legislation would be

wiser than reliance upon administrative discretion, a policy which, when such tremendous sums are involved, places administrators in an unenviable and politically dangerous position.

Intrastate Distribution of Financial Responsibility

It is evident that the application to intrastate cost distributions of our general principle that financial responsibility should be distributed in accordance with need and with fiscal capacity will lead to very different arrangements in the different States. There are great differences in the functions performed by the various units of government within States. And further, there is a great variation in the size of their political subdivisions, the levels of wealth or income, the distribution of taxable resources, and the need for public aid. A wealthy State with comparatively large local jurisdictions and no gross inequalities in the distribution of taxable wealth and income, might maintain a fairly adequate system of public aid by using percentage grants and leaving a relatively large proportion of the cost to the local authorities. On the other hand, a poor State will fail to maintain an adequate system, even though the State pools all its resources and takes full responsibility for the job. Consequently, the system best adapted to one State may be quite unsuitable in another State with different political structure and economic conditions.

Nevertheless, for the great majority of States we believe that the variable percentage grant offers real advantages over the uniform percentage grant and is certainly preferable to the shared taxes now operating in certain States. As a method of financing public aid, the shared tax has the disadvantage that yields rise with prosperity and fall with depression, whereas the reverse is true of public-aid expenditures. Furthermore, the taxes tend to yield most in the wealthy areas where there is the least need. There are also other disadvantages of the shared tax, such as a possible weakening of the responsibility for the spending of funds in the political subdivisions, since they do not have to render an accounting to local taxpayers. Furthermore, if these tax distributions bring some governments greater amounts than are really needed, they may accentuate, rather than reduce, the existing inequalities of resources.

Adoption of the variable percentage grant in connection with public-aid financing raises, however, certain special problems in view of the characteristic features of local public finances. There are no very accurate measures of ability. As long as the property tax is the chief source of local income, the value of tax-

able property will be the best measure of ability, and approved expenditure is the best measure of need, although the number of qualified public-aid cases might be substituted. But in thus utilizing the property tax, assessed values cannot be depended on because of the inadequacy of assessment procedure in most local districts. Under these circumstances, the use of assessed values as a measure of ability encourages competitive underassessment. It is difficult, also, to find an objective measure of need. The direct measures, case loads and relief expenditures, are readily padded. These considerations suggest that attainment of a satisfactory intrastate cost distribution will call for the exercise of considerable supervisory functions on the part of the State. State supervision must be adequate to check both public-aid expenditures and assessment of property values. On the other hand, for localities whose financial position calls for relatively little State aid and which are operating progressive and adequate

programs, State supervision should be kept to a minimum. Variable control has hitherto been used in practice only where the State funds are distributed according to administrative discretion, but there seems to be no reason why this form of control could not be extended to States using variable formulas. It would save needless, and often irritating, supervision of the wealthier communities and preserve for them a large measure of independence.

Finally, *a satisfactory intrastate distribution of the costs of public aid will call for changes in the size of the local financial units in certain States.* It is important that there be a fairly large local unit, presumably the county, although in some States counties are too small and too numerous to serve the purpose well. The large unit diminishes the inequalities in resources and reduces to manageable proportions the number of authorities with which the State administration must deal.

ADMINISTRATION

We have reserved until the last our discussion of the application of the administrative principles we have laid down, for it is evident that the character of the administrative problem is vitally affected by policy decisions regarding the content and nature of public-aid programs and the methods by which they are to be financed. As policy changes, so will the administrative problem, in terms of both the administrative techniques appropriate to the character of the program and the structural organization which will most efficiently secure the desired objectives. Since any proposals for administrative change must therefore be based upon assumptions regarding the future character of public-aid programs and the methods of their financing, it is essential that we indicate the major premises on which our proposals are based.

For the reasons already given it is evident that whatever policy changes may be made in the future the administration of public aid must be adjusted to three basic features characterizing public-aid policy and programs. The significance of these features will be briefly indicated.

We have stated our conviction, based on a survey of the characteristics of the public-aid population and of the objectives and operation of specialized programs, that, provided due attention is paid to the initial selection of categories, a diversification of programs providing for clearly definable groups will and should continue to characterize public-aid policy. We have drawn attention earlier in this chapter to some of the consequences of perpetuating categorization and

specifically to the necessity for assuring an adequate noncategorical underpinning service to provide for those who cannot be dealt with by any of the specialized programs without detriment to the attainment of the purposes of these programs. At this point we are concerned only with the administrative implications of the categorical approach.

Before going further, however, it is necessary to state the second basic assumption on which our administrative recommendations are based; namely, that constructive public-aid policy involves the rendering of technical and specialized services which call for trained personnel and an administrative organization equipped to carry on a variety of specialized activities. It is evident, too, as we have repeatedly shown, that many of these functions must be performed for the entire population. The need for them is not confined exclusively to the recipients of socially provided income. Thus our administrative proposals are necessarily postulated upon the existence of a system of potentially overlapping categories and services.

The third of the assumptions upon which we base our administrative recommendations is that public-aid programs of the future will involve administrative participation of all levels of government and specifically that the role of the Federal Government will be large.

Reduction of Administrative Difficulties Due to Diversification of Programs

The diversified treatment of recipients of public aid has already proceeded very far. There are no less

than 13 different programs involving Federal participation. General relief, which is wholly a State and local responsibility, and workmen's compensation, which is State-administered, are the two programs in which the Federal Government does not participate.

This complicated administrative structure, which has developed during the past decade, has been superimposed upon a series of Federal, State, and local agencies which had already attained a high degree of specialization in the public-aid and service fields. Some State governments had already created public-welfare agencies to administer public-aid and related programs, and since the categorical principle was already firmly established and had in fact been operating over a long period of time, it was entirely to be expected that the new programs would be developed on the categorical principle and, in particular, that the Federal public-assistance program should provide grants to State agencies which were already administering these same assistance categories.

All the more, therefore, because the principle is so deep seated, we recognize that there is no single or simple answer to the problems created by the recent new development of categorical or diversified programs. The many-sided character of public-aid measures precludes any basis of organization which would completely avoid overlapping, gaps in service, or jurisdictional difficulties as between agencies. It is equally evident that there is no solution that will hold for all time. Administrative regroupings and redistribution of functions must follow policy changes. Flexibility, rather than rigidity, must characterize any administrative structure.

In spite of these real difficulties we believe that the administration of our present series of diversified programs would give rise to fewer difficulties if the following proposals were accepted.

Selection of Categories and Programs

There should be a more meaningful and logical selection of categories and special programs.

We have already urged as a general principle that greater attention should be paid to the specific objectives of the various special programs and to the selection of the groups who are to be eligible for each. It is evident from our discussion of work, youth, and social-insurance programs that their objectives are distinctive and are adapted to the needs of specific groups. If our recommendations for modification of their content are accepted, a high degree of categorization will in any case exist. Even here, however, we believe that real gains would follow from a more rigid application of our general principle.

Programs for the employable population.—A reconsideration of the reasons for the selection of the young unemployed as a separate category and greater clarity as to the nature of the measures needed by this group only, would go far towards clarifying the respective functions of youth work agencies, educational departments, and the public employment service. *Thus, for example, such policy evaluation and reconsideration would suggest the desirability of unifying the present National Youth Administration and the Civilian Conservation Corps, and of transferring responsibility for the NYA student work program to the Office of Education.*

Although both resident and nonresident work programs for youth are desirable, there seems very little justification for maintaining the CCC and the NYA as completely separate agencies. Both are providing work for young people who are not in regular day school. The former operates through resident camps; the latter has both resident centers where the young people live during their employment and local projects where the youth work during the day but live at home. In both programs the emphasis is on productive work. While the CCC operates a specialized type of work program, there do not seem to be any insuperable obstacles to incorporating it into an integrated youth work program. The union of the CCC and NYA out-of-school work program would foster a more integrated approach to the general problem of the types of provision to be made for young people.

Because of the fact that the youth work programs will lay particular emphasis on training and the educational aspects of work, *there will be need for the closest possible relationships between the administrators of the youth work programs and the educational authorities.* The educational objectives of productive work must be arrived at jointly and must be clearly envisaged by both. We believe that such a cooperative endeavor is not too much to hope for, particularly in view of the fact that at the Federal level both the Office of Education, which provides Federal leadership in education, and the two agencies now administering youth work programs operate under the same administrative supervisor; namely, the Federal Security Administrator. Under the unified administration of the present youth work programs such cooperation should become even more practical.

It is recognized that the assignment to the Office of Education of responsibility for administering what would be essentially a Federal grant-in-aid for continued education represents a departure from the traditional line of activities of this agency. But there is no logical reason why an agency accustomed to dis-

pensing other educational funds to the States should not also distribute funds for student aid. The problem of dealing with institutions of higher learning does present some difficulties, since the relationship of the State departments of education to the colleges is different from their relationship to secondary and elementary schools. Moreover, the distribution of funds for student aid would raise problems regarding the policy of extending Federal aid to schools conducted under nongovernmental auspices, but we do not believe that these are insuperable.

More careful attention to the objectives of unemployment compensation and to the selection of workers who are to be eligible for this type of aid would similarly help to simplify administrative relationships between administrators of this service, of general relief, and of the Work Projects Administration. For, if unemployment compensation benefits were made available only to workers for whom a payment based upon past earnings was a significant type of aid, there would be fewer persons transferring for short periods from other programs to unemployment compensation (and back again) and less necessity for supplementary aid from the residual assistance system.

Categories in the means-test programs.—Whether there should be further categorization within the group of programs in which assistance is based upon passage of a means test is a more difficult issue. At the present time there are four such programs: old-age assistance, aid to the blind, aid to dependent children, and Farm Security grants. The adoption of our recommendation for a Federal grant-in-aid for general public assistance would create the possibility of yet a fifth category.

We recognize that any increase in the number of categories involves additional administrative difficulties and enhances the twin dangers of overlapping of services and gaps in coverage. At the same time, there are undoubted advantages in the provision of public assistances on a categorical basis. It is possible to identify certain types of needy persons, such as the aged, the blind, or children who have lost a breadwinner, where the need for public aid will continue over a considerable period of time and where relative stability and adequacy of the amount of aid over an extended period of time are essential. The practical question is whether the present eligibility conditions admit to the special programs all those whose need is of this character. The continuing need of many aging persons under 65 is just as clearly evident as that of those who have reached this age. For such types of needy persons we believe that real advantages would accrue if public aid were available as far as possible in the form of a pension. This would reduce the necessity for frequent

reinvestigation and would enable the recipients to organize and plan their private lives on an orderly basis. It is indeed significant that many of the earlier special types of public assistance to the aged and to dependent children were called old-age or mothers' pensions.

Categorization of recipients of public aid based upon need is also of advantage when certain definable groups can be identified on the basis of the services uniquely needed by the group. While many of the services required are of the kind described as social case work and require the same basic preparation and understanding, there are certain considerations of special importance with reference to specific groups such as children (who have peculiar nutritional, educational, and health problems) or the aged or the blind. But whether or not the need for these services justifies grouping public-aid recipients into special categories would seem to depend upon the answer to two questions. First, is the need for these services uniquely experienced by the needy, aged, blind, or dependent children or is it common to all the aged, blind, or children? Second, can these services be most effectively and economically rendered only when combined with the payment of cash allowances?

Another argument in favor of categorization of recipients of payments based upon need is the assertion that only by this route can adequate funds be secured. It is true that in the past it has been possible to improve public provision for certain groups (specifically, the aged and dependent children) by making a special appeal which was the stronger because it could be shown that more generous aid to both of these groups would in no sense act to deter them from seeking gainful employment. More recently, however, the argument that the categorical approach facilitates securing more nearly adequate appropriations for special groups has proved to be not infallible. It has been effective in regard to the aged, but less so in regard to dependent children. Moreover, already in certain States there is a tendency for appropriations for the federally aided public assistances to be considered *in toto*, and we believe that this tendency will be strengthened as the number of categories increases and specifically if our proposal for a Federal grant-in-aid for general public assistance is adopted. Nor must it be forgotten that the retention of many categories after the establishment of such a basic underpinning service would serve to intensify the risk inherent in all categorization, namely, the development of pressure groups aiming to secure advantages for their members, often at the expense of other equally needy persons.

We believe, too, that the creation of a more adequate and acceptable general public-assistance program would weaken another of the arguments in favor of cate-

gorization of recipients of public aid that is provided upon the basis of need, which has hitherto had a high degree of validity; namely, that it was desirable to remove certain groups from the odium of contact with a psychologically unacceptable general-relief or poor-law system. As and when general public assistance evolves into a form of public aid which is not destructive of self-respect, this particular argument for categorization will weaken. Indeed, perpetuation of categories for this reason would also perpetuate the view, which we heartily deplore, that the general public-assistance clients are in some way less worthy than the recipients of the categorical aids.

It is thus evident that the decision regarding the categorization of recipients of public assistance cannot be made once and for all, and in particular that much will depend upon the character of the general public-assistance system. For the time being, we believe that the balance of advantage lies with a perpetuation of the existing categories of the aged, the blind, and dependent children. We see, however, no justification for a continuance of the category represented by the recipients of Farm Security grants should our recommendation for a federally aided general public-assistance program be adopted. This would not preclude an arrangement whereby the Farm Security Administration was given power to make specific grants to recipients of loans. But administration of grants only should be merged with general public assistance.

In any case, if retention of the present categorization of assistance based upon need or the development of new special programs within this group should prove to be desirable, certain principles of organization and administration should be followed if the use of categories is not to result in confusion, overlapping, and wastefulness in the administration of a public-assistance program. These principles are referred to in the following sections.

Minimizing the Number of Contacts for the Applicant

At the point where services are directly rendered to the applicant, they should be so grouped as to reduce to a minimum the number of contacts for the individual.

The problem is two-fold. There is today no one center where the citizen needing either monetary aid or specialized service can discover what public or private resources are available in his community and what steps he should take to obtain the assistance he needs. The richer and more diversified the community resources of any area, the greater is the perplexity of the private individual. *We should like to see in each local area a central information bureau where, in physical surroundings*

that would not be likely to repel the average citizen, information would be given concerning local public and private resources and where help would be given in making contacts with appropriate local agencies, both public and private. The need for such an agency is at all times apparent. It is pressing when, as happens today, new problems arise and there are large shifts of population for defense purposes. It is desperately urgent, as the experience of Great Britain has shown, when the normal functioning of a community is disrupted by enemy action and when all local resources must be tapped.

The second aspect of the problem of minimizing the number of contacts for the applicant for public services concerns the necessity of reducing to a minimum the points of access to public aid. Despite a high degree of cooperation between administrators of various programs and in various areas, the existence of many intake offices is a source of confusion to the applicant, is administratively wasteful, and impedes coordination of policy.

Programs where eligibility is based on need.—All public-assistance programs should be administered by the same administrative agency.

This does not imply that there may not be a variety of plans of administration or divisional organization within the agency. Administrative integration of the special assistances and general relief has already been adopted in many States and has resulted in more economical use of staff, simplification of administrative procedures, and better service to dependent families; it has also led to an improvement in the standards of administration of general relief. Such integration of services based upon need has also the advantage of assuring, within any one locale, substantial uniformity in the standards applied in determining both eligibility and budgetary deficiencies.

The case in favor of administrative integration of the special assistances and general relief holds whether or not our proposal for a Federal grant-in-aid for general public assistance be adopted. If our recommendation is not put into effect, an integration of the two types of public aid will, we believe, have the effect of improving and strengthening the administration of general relief. Experience has shown that even now, where the two services are administratively integrated, the higher standards of the special assistances called for by the Social Security Act have often been extended also to general relief. On the other hand, if there should be a grant-in-aid for general public assistance, there is an additional argument in favor of integration; namely, the desirability of reducing to a minimum the number of authorities and administrative units with which both the Federal Government and the States

will have to deal. Furthermore, it is obvious that at the Federal level the authority which could most appropriately be charged with responsibility for administration of such a grant-in-aid is the Social Security Board. It is clearly desirable that a similar basis of organization should be adopted by the other partner in the service.

Admission to the special assistances should be through the general public-assistance system.

Since need is the basic condition of eligibility for all programs, we believe that many of the gaps in protection now existing would be filled and greater uniformity of means tests within any one area would be achieved if in general needy applicants were first accepted for general public assistance and then assigned to the special assistances as the nature of their special needs became evident. Only in this way can the general public-assistance program we propose become a general over-all program and not merely another category. We envisage a situation in which, after applicants had been accepted for general public assistance and after sufficient time had passed for the agency to determine which families with dependent children, which old people, and which blind persons need presumably permanent or long-continuing aid and therefore regular allowances and maintenance budgets, these families and individuals would be selected out of the total general public-assistance load and given whatever standard budget allowance was indicated, together with case-work service. The staffs would work closely with other divisions of the welfare department concerned with the same types of problems and with related community services. Internal administrative arrangements for the handling of the categories would be left to each State agency to determine.

Work and training programs.—In our discussion of work and youth programs, we have stated our reasons for believing that *the public employment office should be developed as the single channel of access for all programs dealing with the work or training needs of the unemployed and for those maintenance programs, such as unemployment compensation, where no test of need is applied.*

We recognize that our proposal for a more intensive utilization of the potentialities of the employment service will call for certain changes within the service itself. More offices will have to be set up in order more adequately to cover the national labor market and a high calibre of staff will have to be attracted to the service. Increased attention will have to be paid to the placement and guidance as opposed to the benefit-paying aspects of the work of the employment service. We believe that, provided proper attention is given to the selection and training of a flexible and adaptable

staff, this suggestion should present little difficulty. At the beginning of a depression the major function of the agency staff would involve payment of unemployment compensation benefits and registrations; during periods of heavy unemployment there would be less private, but correspondingly more public, placement work; with revival, private placements would resume predominant importance. But at all times the offices must continue to accumulate data relative to the characteristics of the available labor supply and demand and the probable trends in the labor market. This function is basic to the planning of appropriate work programs, to the development of training and retraining facilities, and to the most effective adaptation of these activities to the needs of the unemployed.

Since the commencement of benefit payments a great proportion of the work of the service has been devoted to unemployment compensation activities because of the fact that the overwhelming proportion of its funds come from that source. If the service were charged with the responsibilities which we suggest, it would obviously be necessary for additional funds to be allocated for that purpose. The manner in which the service has responded to the requirements of national defense encourages us to believe that, given adequate funds and a clear responsibility, the service would ultimately develop the necessary staff and techniques.

Although we envisage the employment office as the local integrating agency for all measures dealing with employable persons, it does not follow that it can operate independently of all other agencies. On the contrary, close and continuous relations with all agencies concerned in the operation of specific programs for the unemployed must at all times be maintained. This point can be illustrated by discussion of the guidance and counseling functions which, as we have previously urged, must play an important role in any satisfactory series of measures for youth.

The desirability of having such guidance conducted by the agency in closest touch with the realities of the labor market points directly to the Bureau of Employment Security of the Social Security Board and the local employment offices and indicates that *a strong youth service unit should be developed in public employment offices.* But a close working relationship between this unit and the schools and the agency giving work experience is essential and would minimize the possibility of duplication of effort in record keeping and in contacting employers for placement in jobs. It would also ensure that each problem of individual adjustment, occupational or otherwise, would be approached from a broad perspective. This guidance agency would not only have the responsibility of placing the young worker in a job for which he is especially

suiting but would also see that those for whom part-time work on local youth work projects or referral to CCC camps would be particularly beneficial were directed into this type of experience. Youth who needed financial assistance to continue full-time schooling would also be directed through this agency to the source of such aid.

The location of the specific interviewing and counseling of individual youth would undoubtedly be determined by local experience and circumstances. In some places the schools would be the center and in others the public employment offices. *The Youth Service Unit of the Bureau of Employment Security should at all times be responsible for stimulating, directing, and coordinating that phase of the guidance service that has to do directly with the occupational adjustment of youth regardless of where or by what local agencies the service is performed.* The service should be universally available with itinerant counselors supplied at regular intervals to those areas where it is impractical to maintain a completely staffed and equipped occupational-adjustment center. The Bureau through its Youth Service Unit would be responsible for making available to local communities in usable form significant results of the work of the Occupational Outlook Service in the Department of Labor and the work of other governmental and nongovernmental agencies concerned with phases of the economic situation and trends bearing on the occupational adjustment of youth.

The type of cooperative relationship we are suggesting is no utopian ideal. Already, under the pressure of defense requirements, steps are being taken toward the organizational arrangements we envisage. Thus in June 1941 the Bureau of Employment Security, the State employment service agencies, the Office of Education, and the National Youth Administration agreed to form councils of State administrators for defense training activities in the several States. These councils consist of one representative each of the State board for vocational education, the State administrations of the National Youth Administration, and the State employment security agencies. They are administrative bodies with respect to decisions on all defense training matters involving more than one agency. The employment service is, however, given the sole responsibility for determining training needs, the kind of occupations in which training should be given, selection and referral of applicants, and placement of trainees.

Service programs.—Many constructive and preventive services essential to the mental or physical rehabilitation of certain individuals and to their return to self-support call for the utilization of specialized personnel. The need for many of these services is not confined to

that section of the population which is at any time in receipt of economic aid.

Selection of the appropriate point of access to all service programs other than those dealing with the special labor market needs of the unemployed calls for careful consideration. The decision will depend upon the character of the service programs themselves and the public attitude toward the welfare agency. The more closely the service programs are functionally integrated with those primarily concerned with meeting economic need, and the stronger the tendency to restrict eligibility for the service programs to those who can pass some test of need or income, the more powerful will be the arguments in favor of using the local welfare office as the single channel of access to these services. On the other hand, it cannot be denied that in many parts of the country, a certain stigma still attaches to the mere fact of contact with the local welfare agency because of its relief-giving associations. Where this attitude persists, use of the welfare agency as the point of access to service programs may well deter many persons who need only services from applying for the aid which it is in the public interest they should receive and to which public policy has declared them to be entitled. It is to be hoped that, as the deterrent character is removed from the administration of general public assistance, as there is wider popular acceptance of the broad philosophy motivating the provision of these services by government, and as the constructive nonrelief activities of local welfare agencies assume greater relative importance, this attitude toward the local welfare agency will disappear. But it would be unrealistic to pretend that it does not exist at the present time in many parts of the country.

It is also relevant to note that the maintenance of a highly trained and technical staff capable of handling these specialized problems will often be beyond the competence of small units of government and would also be uneconomical in many cases. Large counties may be able to maintain a staff of experts or technicians, but in many States and for certain programs it seems probable that better results would be secured by the organization of this type of service on a State, rather than local, basis; the staff might be utilized for consultative or clinical services as and when needed by the localities. The integrated staff administering the special and general assistances would then render such social case-work services to their clients as can be provided by those who are not specialists in specific fields and would call in specialists or refer their clients to specialized services when necessary. Obviously, however, these general social workers can perform their

functions efficiently only if they are persons possessing social-work skills and professional training. The utilization of the available specialized services will be most effective and economical if the basic social service is intelligently and competently performed.

Coordinating the Activities of Related Agencies

Whatever the general policies at any time embodied in legislation, experience has shown that in a system characterized by diversified programs with potentially overlapping functions or clienteles the necessity for administrative coordination will be great. The sphere of activity of each administrative agency can seldom be precisely defined, nor can the character of the administrative organizations be so determined as to avoid all possibility of difference of opinion between agencies in related fields. Yet unless these differences can be speedily resolved in accordance with the public interest, there may be a loss of efficiency or failure to achieve the over-all objectives of policy.

The machinery for coordinating the activities of related agencies must be strengthened.

The need for this type of coordination is especially evident at the Federal level, in view of the general importance and influence of the programs in which the Federal Government participates. The many-dimensional character of public-aid programs and the close relationship of many of them to non-public-aid programs administered by other agencies preclude any simple solution in the form of a combination of all in a single public-aid agency. Moreover, as students of public administration are emphasizing, there are real doubts as to what can be achieved by the route of integration.

We are not prepared to make any specific suggestions as to how the task of coordination could most efficiently be provided for in terms of administrative organization. Among the possibilities are the assigning of specific responsibility and powers for this work to the head of one of the Federal departments, the use of inter-departmental committees, and the allocation to one of the six administrative assistants to the President of responsibility for continuously surveying administrative developments in the field of public aid and calling to the attention of the President situations requiring the exercise of his authority. We should like to see further study given to this question.

There is, however, one immediate step which we believe would favor more effective coordination at the Federal level. The Federal organization charged with major responsibility for the health, educational, and public-aid programs now in existence should be strengthened. The Federal Security Agency created

by authority of Reorganization Plan No. 1 of 1939 embraces many of the Nation-wide programs we have been discussing. Many important programs, however, are outside its jurisdiction. These include programs of the Federal Works Agency and the Railroad Retirement Board, the farm relief programs, and the special health and welfare programs of the Children's Bureau.

The Federal Security Agency has hardly been in existence long enough to demonstrate whether the type of organization contemplated for it, i. e., a loose association of relatively independent bureaus with common purposes but with a minimum of central control, is the most effective means of operating a public-aid program. Experimentation is still under way. The demands of the defense program, however, have demonstrated weaknesses in the new organization which should be corrected before it will be capable of meeting most effectively the even more pressing demands of the post-war period. *We recommend that the basis of organization of the Federal Security Agency be reexamined in the light of the responsibilities of other agencies whose programs are closely related to its own, and that the Congress set up the Agency as an executive establishment with primary and continued responsibility for promoting and safeguarding the general welfare, health, and education of the country.*

If the Federal Security Administrator were a member of the Cabinet with primary statutory responsibility for the very considerable number of programs now grouped under the Federal Security Agency, he could more effectively assume the leadership for coordination of planning between the various operating agencies, both within and without his Department. In this task we believe he would be greatly assisted by the studies of the over-all council which we later recommend should study the problem on a continuing basis.

Distribution of Administrative Responsibility Between Levels of Government

In enunciating the administrative principles which should govern the implementation of the public-aid policies we recommend, we pointed out that the allocation of administrative responsibility as between levels of government could not be decided out of hand by the application of any simple formula. We urged instead that the question be considered anew in regard to each separate program and that the vital determinants are the potentialities of each level of government for the performance of the functions called for by each program and the degree of importance attached to the securing of national minimum standards of performance.

There are relatively few public-aid programs whose technical nature points inevitably to purely Federal

control and operation of all aspects of administration. The character of the old-age insurance measures points obviously to sole Federal operation. The assurance of the fulfillment of the long-term contract between the insured worker and government, the control and investment of funds, and the administrative advantages of large-scale and unified record-keeping all point to a purely Federal system.

Problems of the rehabilitation and location of farmers are regional or Nation-wide in scope and can be effectively applied only if the administrative and policy-making authority is one capable of taking into account the relative resources and potentialities of the country as a whole. This is especially the case when constructive programs involving the transference of populations away from submarginal areas are contemplated.

There is a second group of programs where, although the technical requirements of the program are important, the major consideration must be whether the objectives can be attained by joint operation without a cumbersome and complicated machinery and a degree of supervisory control that would be excessive and productive of friction. Six types of program call for consideration from this point of view: the Work Projects Administration, the youth programs, the employment service, unemployment compensation, and the special and general public assistances.

Work Projects Administration

Although the actual operation of work projects might appear to be a function peculiarly suited to States and localities, many considerations point to the necessity for a high degree of Federal participation. The Federal Government must carry a large proportion of the costs, and we have already indicated the undesirability of divorcing financial from administrative responsibility. The desirability of utilizing work projects as an integral part of more comprehensive and constructive measures involving the transference of populations, the training and retraining of workers, the development of natural resources, and use of public works as a weapon for implementing a public spending policy all point to the necessity for the exercise of considerable Federal responsibility for the extent, location, and nature of the program, as well as for the selection of project workers. In view of the still incomplete appreciation of the importance of the provision of work by government in many parts of the country, it is evident that considerable control will have to be exercised by the Federal Government over conditions of remuneration and work if the program is not to degenerate into a "test-work" or "work-for-relief" measure.

The enforcement of these conditions and require-

ments would involve in any case a high degree of Federal control over the administration of projects. Whether such a degree of control would be administratively compatible with State and local administration of the program is a dubious point. *We are inclined to feel that the weight of advantage at the present time lies with a continuation of Federal operation of the work program, accompanied as now by local sponsorship.*

These considerations point indeed to an extension of Federal administrative responsibility in one respect—namely, in the test of need—so long as this continues to be a characteristic feature of the program. For as we have already pointed out, the objectives of the Federal program may be thwarted if independent local agencies interpret their duties in a spirit contrary to that implied in the Federal program. So long as a detailed and exhaustive test of need is retained, it is obviously economical that this should be carried out by the local welfare office. But the Federal Government should be given more authority to determine the standard of need to be applied. This authority would be more effectively implemented if the Federal Government reimbursed the local office for all or part of this work.

We wish to emphasize the fact that our recommendation regarding Federal operation with local sponsorship of a work program does not preclude the ultimate possibility of joint administration by the Federal Government and the States. As the country becomes more accustomed to the requirements of a real work program and more fully accepts all its implications, the necessity for detailed Federal control of standards will be less. We regard joint operation as in principle preferable to operation by a single central agency. We believe that this should be the ultimate objective of long-range policy where this can be secured without detriment to the objectives of the program.

Youth Programs

Many of the considerations which we have urged in suggesting that the work programs for adults should be operated on a Federal basis apply also to the special work measures we propose for youth. It is important that these special programs be available for all youth, regardless of their place of residence. The unequal geographical distribution of unemployment among youth, coupled with the fact that a large proportion of the workers of the future are members of families in rural and relatively poor areas, suggests that measures of the type and extent desired will not be available if responsibility for their provision rests with the local areas in which young applicants are concentrated. A high degree of Federal financial aid will be essential, and administrative re-

sponsibility should be commensurate with the degree of financial participation.

We have already drawn attention to the fact that where transferences of population from areas of lesser to those of greater economic opportunity are indicated, it is especially desirable that these measures be concentrated upon the younger workers in the areas of limited opportunity. Because we believe that well-devised work programs could become an integral part of this transference, it is evident that their planning and operation must be carried out by an authority capable of operating across State lines and of taking into account the labor supply-and-demand conditions in the country as a whole. *We are convinced that appropriately developed and located youth work programs large enough to provide for the fluctuating and often large body of young people who will need them can be counted on only if responsibility for their administration is lodged in the Federal Government.* This recommendation does not, of course, preclude the possibility of enlisting local cooperation in the administration of these projects on a sponsorship basis.

The Public Employment Service

The exigencies of the defense program have demonstrated the national character of the labor market and the necessity for a national organization capable of dealing with local labor shortages and surpluses. But this situation antedated and will outlive the war emergency. We have a national labor market and a mobile population, and the effective distribution of our labor supply can be assured only by an agency capable of operating across State lines and considering the labor needs and resources of all parts of the country. A State-administered employment service is not conducive to this end, for there is a natural tendency to consider the State, rather than the whole country, as the labor market and to aim to keep both contracts and workers within the State. Operation on a State basis also places the efficiency of the whole system at the mercy of individual States which may be unwilling to develop an adequate service. Withdrawal of administrative grants in a Federal-State system for nonconformity with required standards defeats the very purpose of the system.

Full attainment of an effective, nationally operating employment service calls for uniformity of procedures and classifications and a multiplicity of clearance arrangements. With a Federal-State system, the flow of instructions, policies, and procedures is slow, for it has to go through numerous governmental levels. A Federal system would not merely be more speedy in operation and less productive of friction between administrators; it would also be more economical because

the State-Federal system duplicates the administrative hierarchy in many instances.

These considerations point to the desirability of Federal operation of the employment service. The war has served to emphasize the importance of effectively utilizing our national labor supply, and steps have already been taken to federalize the employment service. *We should like to see federalization of the employment service continued in the postwar period.*

Admittedly, State administration can better adapt to local conditions and uniform Federal regulations may cause difficulties in certain areas. We do not minimize this difficulty, but we believe that this consideration must be subordinated to the major objective of securing a better organization of our national labor market. Moreover, we are hopeful that if, as we later suggest, the local Federal offices were buttressed by advisory committees of representatives of employers and workers, it would be possible both to formulate and to adapt national policies in conformity with the peculiar employment conditions of different localities.

Unemployment Compensation

The application to unemployment compensation of the general principle which we have suggested should govern the distribution of administrative responsibility between Federal and State authorities suggests that *real advantages would accrue if this program were operated on a national basis.*

Unemployment is a national problem and public policy dealing with it can best be formulated on a national basis. Our labor market, particularly in the light of the large-scale migration accompanying the national defense effort, must be viewed in national dimensions. Those very factors which we have emphasized in urging a Federal employment service, therefore, apply with equal validity to unemployment compensation. Our recommendations for a national public employment service and a national unemployment compensation system are interdependent. They take cognizance of the administrative inseparability of the functions of benefit payments and job placement. In a still broader perspective, the coordination of unemployment compensation and the Federal work program would lend itself to sounder long-range planning if 2 agencies, instead of 53, were involved.

The advantages to be secured from conversion of the present Federal-State system to an outright national unemployment compensation plan are especially apparent if our proposed changes in the content and in the method of financing the system are to be implemented. We have already pointed out that, to achieve maximum stability, an insurance system should have the widest possible base and that the logical base for a compulsory

unemployment insurance system is the nation, and not the State. A partial solution to this problem has been proposed in the form of a Federal reinsurance fund, to be financed either by Federal monies or by contributions from the States. But unless the establishment of such a fund were accompanied by Federal minimum benefit standards, adequate financial and administrative safeguards would be lacking. The need for such standards is also imperative if present experience-rating systems are not to destroy the effectiveness of unemployment compensation.

These Federal benefit standards would, however, present their own special difficulties. Fifty-one laws would have to undergo complying amendments. Various types of interstate competition might impose obstacles to speedy and coordinated action. Furthermore, Federal benefit standards would call for extremely close supervisory functions by the Social Security Board, with a possible increase in Federal-State frictions. Although Federal benefit standards and a reinsurance fund would lead to some improvements, they represent temporary expedients which would tend to make the unemployment compensation structure even more cumbersome. The more simple and direct method of achieving the desired result would be a single national unemployment compensation system.

The adoption of a national unemployment compensation system with a pooled fund would not only permit more adequate benefits of the type we have recommended but would also implement the recommended extension of coverage to certain groups now outside of the State system. For constitutional reasons, maritime labor can be covered only by the Federal Government. The administrative difficulties of covering employers of only a few workers (a provision which now excludes more than 3 million workers) could be mitigated by coordination with Federal old-age and survivors insurance records, which already include all employers, regardless of size of firm.

This last procedure also offers administrative savings and greater convenience to employers (who now must file three separate tax returns) through a single tax collection and a single wage report for all social insurances, including health and disability insurance when such programs are enacted. The separate Federal railroad unemployment insurance program could also be made a part of the national unemployment compensation system, which would be another step in the reduction of the number of agencies performing allied functions. Furthermore, a national system would obviate the problems of interstate benefit agreements and relieve the burdens of employers who operate in more than one State.

In making this recommendation for a national system, we do not minimize the objections that might be made against our proposal. We favor, as we have repeatedly stated, a Federal-State arrangement wherever this basis of operation does not unduly impede the attainment of the objectives of the program or lead to a relationship fraught with the possibility of administrative friction. The arguments we have just adduced lead us to the conclusion that in order fully to attain the objectives of the unemployment compensation system, State autonomy must in this case be subordinated to the major objective.

We recognize that a national system would eliminate some of the possibilities of experimentation theoretically to be derived from 51 separate systems. But we believe that these advantages were most apparent in the early years of the system and that very little use has in fact been made of this freedom to experiment. The differences between the State systems relate to minor aspects of the program. No State has experimented with more generous benefits through a raising of the percentage of wages granted or by the provision of dependents' allowances. No State has provided a subsidy from general funds. There are indeed differences in benefit duration, but in no State is duration yet equal to the minimum we recommend.

The argument that the patterns of employment and industrial conditions are so peculiar to industrial States as to be capable of treatment only on a State basis is also no adequate reason for perpetuating the present cumbersome system. For here, too, there is little indication that the benefit provisions and administrative organizations of the different State laws have been adapted to these alleged differences. Moreover, such differences as exist are characteristic of areas and regions rather than of individual States, and we see no reason why they should not be amenable to treatment if our recommendation for an expanded use of the regional basis of organization is adopted. In any case, the very principle of granting benefits as a proportion of previous earnings will also assure under a national system that workers in States with higher wage levels will receive higher benefits.

Special and General Public Assistance

Programs in which both the determination of eligibility and the amount of grants or allowances are based upon the extent of need have traditionally been locally administered. Although the need for financial aid from higher governmental levels has led to the sharing of administrative responsibility through the setting of standards whose satisfaction is a condition of financial aid, a wide measure of independence in regard to the content of the program and responsibility

for day-to-day administration has been left with the smaller units of government. This arrangement has the advantage of fostering a program well adapted to the needs and resources of the various States and localities, an important gain in a program based upon need.

Such joint responsibility today characterizes the administration of the special assistances and the question immediately arises whether a similar distribution of responsibilities should characterize the improved general public-assistance system which we recommend. We believe that it should. During the years 1933-35 great progress toward the goal of more satisfactory public-aid provision was made through this cooperative method, and we believe it should be retained until it has been definitely proved unworkable. But while many States are both able and willing to develop an adequate general public-assistance system, especially if given financial aid from the Federal Government, we cannot overlook the fact that there are some States or parts of States which may persistently contravene the Federal standards or even refuse to participate in the grant-aided program at all. *In view of the vital importance we attach to ensuring the general availability of an adequate underpinning system for our diversified programs, additional safeguards must be introduced.*

The safeguard represented by the power of the Federal Government to withdraw funds from the joint program defeats its own ends precisely in the circumstances now under consideration. For where inadequate aid is given, not because of local financial stringency but because a given community or State is unwilling to act or lacks a sense of social responsibility, the withdrawal of funds penalizes mainly the insecure population, whose welfare is the major objective of the grant.

We believe therefore that, *for so vital a service as general public assistance, in such circumstances, power must be given to the Federal Government to undertake direct responsibility for administration with Federal personnel until the State demonstrates its ability and willingness to resume its responsibility.* This appears to be the only available manner in which the principle of joint operation may be preserved for the majority of States without sacrificing the welfare of the insecure population in the minority. This proposal is no radical innovation. The Federal Emergency Relief Administration was given a similar power, and there is no evidence to show that this power was misused.

We regard Federal operation in such circumstances as an interim or temporary measure pending the willingness of the community to operate a program more nearly in accordance with the prevailing national standards. It follows that this step should not be

undertaken except in extreme cases. The experience of both the Federal Emergency Relief Administration and the Social Security Board has shown how much can be accomplished in raising the standards of both the security provided and its administration by negotiation and cooperation between the Federal Government and the States. Past experience does not justify any expectation that the Federal agencies are so desirous of extending their powers that they resort to extreme coercive measures at every departure from the letter of the law. On the contrary, it seems more likely that minor failures to satisfy the legal requirements for grants are disregarded in the interests of the needy and of the program as a whole.

Nevertheless, every precaution should be taken to ensure that Federal operation would be resorted to only in clearly defined eventualities, that the State in question should have a full opportunity for public presentation of its case, and that the reasons for this action should be made apparent to the people of the State concerned. More specifically, therefore, it is suggested that (1) *the standards to be maintained should be laid down in the authorizing legislation;* (2) *Federal assumption of administrative responsibility should occur only after a public hearing at which the State authorities have every opportunity to answer the allegations;* and (3) *this hearing should take place within the State concerned rather than in Washington.*

We attach particular importance to this last recommendation. For in the last resort the question of whether nationally important objectives are to be assured through Federal operation or Federal-State cooperation is a decision which only the residents of the State can make. The wide publicity that would be given to such hearings, especially if both Federal and State Governments were required to give full factual support for their respective contentions, would direct local public attention to an aspect of social policy that is too often neglected and would strengthen the hands of groups within the State who are interested in making provision for more nearly adequate standards.

Admittedly, the safeguard we propose might offer a direct financial inducement to States to abandon all participation in the program. We believe, however, that this risk is smaller than is generally supposed. All available evidence suggests that the States abandon with great reluctance the right to participate in the administration of public programs which vitally affect the welfare of local citizens. Indeed, if the sense of local autonomy is so weak that the States are willing to resign from the field in order to divest themselves of financial responsibility, much of the case in favor of cooperative as opposed to national administration

falls to the ground. It seems probable too that the strength of the financial appeal is likely to be greatest in those States which even now are contributing from State and local funds a relatively small proportion of the costs of public aid and in many of which, under the equalizing grant we propose, the Federal Government would in any case be carrying almost the whole cost of public aid. Thus the costs to the Federal Government would not be much larger, and the social gains of assured security would be great.

Intrastate Distribution of Administrative Responsibility

At the State and local level we should like to see the same broad considerations applied to the distribution of functions and administrative responsibilities between the State governments and their subordinate political units. The scope and magnitude of public-aid measures and their great importance to the welfare of the people create problems with which State governments as such can no longer afford to be unconcerned. *We should like to see an increase in State responsibility for those aspects of public-aid programs which are a State and local concern.* The experience with the special-assistance programs has shown what vast improvements in both service and administration result when the State itself assumes adequate responsibility for policy and standards. Increasing State participation will also be essential as new programs, and especially general public assistance, are placed upon a cooperative Federal-State basis, for it is obviously impracticable for the Federal Government to deal directly with several thousand small administrative units. Moreover, direct Federal relationships with the political subdivisions of a State impede the development of consistent and orderly State policies.

We should also like to see, within the States, a reconsideration of the appropriateness of the small administrative units which still are charged with considerable responsibility for public-aid measures in many parts of the country. In general, we believe that the county will prove to be the smallest practical political unit for both financial and administrative purposes.

Strengthening of Administrative Personnel

Despite the advance made in the development of all aspects of personnel procedure and administration in the public-aid field, there still remains room for improvement in the calibre and training of personnel as well as in the procedures and techniques employed in personnel administration if our gains are to be protected and extended in the future. This study has shown that in some fields, particularly in general relief, a high percentage of present staff members lack the necessary qualifications for their difficult tasks. Many

more are only partially trained. Even those who have had the requisite professional education and experience are seriously handicapped by the fact that the staffs are far too small in relation to the number of recipients of assistance and relief. This means that one worker may be responsible for the care of 200, 300, or even 400 applicants or households receiving aid. It is manifestly impossible to give more than superficial attention to such case loads.

Acceptance of our general principle that the administration of public-aid programs calls for a high degree of skill and professional competence would go far toward remedying some of the present defects. This principle could be implemented by the following steps, among others.

Extension of the Merit System

The merit system should be extended upward, downward, and outward for all programs in the public-aid field.

The continued need for maintaining a high standard of competence in the administration of all programs can be met only if all Federal employees are brought under the merit system to ensure adequacy of training and salary, ease of transfer from one program to another, and the maintenance and promotion of the professional attitude in public-aid administration. The lack of efficiency evident in certain programs at other levels of government is due in part to relatively high turnover of staffs because of inadequate standards and inadequate compensation, lack of security, and lack of opportunity for the individuals concerned. The administrators of these agencies also require protection against the pressures of patronage, as well as against the problem created by less favorable treatment which makes it impossible to retain personnel.

At the local level the availability of competent personnel is often restricted by insistence upon local residence requirements. We believe that local professional staffs within the State should be selected from State-wide registers and that, wherever possible, local and State residence requirements should be eliminated.

Interagency Staff Transfers

For all programs and for all levels of administration in the public-aid field we recommend that the principle of periodic interagency transfer of appropriate grades and numbers of personnel be adopted.

Certain Federal agencies such as the Social Security Board already give heavy weight to State experience in selecting their staffs. We should like to see this practice extended by an interchange of registers between Federal and State administrations. This flexibility of transfer and definite provision for exchanges or intern-

ships from Federal to State and from State to Federal programs would develop many values in public-aid administration. The adoption of this principle would serve ultimately to develop a strengthened and broadened merit system embracing all public personnel in the public-aid field and should provide for the individuals concerned additional opportunities for promotion and advancement. It would create a reserve of highly trained personnel for all programs. Periodic exchanges of personnel at all levels should promote better understanding of the points of view and needs of State and Federal branches of administration and should lead to increased understanding and increased efficiency in bringing public aid to the economically insecure population.

Greater Use of Staff Development Programs

As an important means of strengthening the staffs of administrative agencies, we strongly recommend greater use of staff-development programs.

These should include the regular allocation of Federal and State funds to finance each year educational leave for a sufficient number of persons to enable each State and its local units to fill key positions with qualified personnel and to improve the standards of service throughout the country.

More Adequate Staffs Essential

Staffs must be large enough to perform the functions called for by the different programs.

Experience, confirmed by many careful local studies, has shown that efficiency and economy of operation, as well as the welfare of public-aid recipients, demand that local agencies be staffed with enough trained and experienced personnel to reduce case loads to an average of at most 75 per worker and that adequate supervisory staff, both State and local, be provided.

Flexibility in Administrative Grants

The increasingly common practice of setting arbitrary maximums to the funds to be used for administrative purposes needs careful reexamination and modification for all public-aid programs.

Grants for administration should be flexible and should be made only after careful study of the nature of the job to be done. It is evident that the administration of some programs involves the rendering of services of a technical and special nature. Programs which have the largest numbers of clients tend to receive the largest outlays for administrative expenses, regardless of whether the services performed are routine. The application of a fixed-percentage grant for administrative purposes often means that

smaller programs rendering more specialized service suffer both from understaffing and inferior personnel because of inadequate funds.

Continuous Study and Evaluation of Public-Aid Policy

Our study of the problems of policy and administration in the realm of public aid pointed to one serious gap in our administrative organization which should be filled as speedily as possible; namely, the absence of any continuing body charged with the over-all study and evaluation of existing policies and techniques for their implementation.

A National Body to Study Over-All Policies

We recommend that there be established a continuing national advisory body charged with the function of studying and informing the President, the Congress, and the country of the operation of public-aid measures.

Such a body would pay particular attention to the over-all coordination of policy and to needed future developments in administration and policy alike. This report has shown that this over-all evaluative function is not and cannot be suitably performed by any existing institution. Realistic considerations suggest that the Bureau of the Budget, the Congressional appropriations committees, the interdepartmental committees, the Federal Security Administrator, and the Bureau of Research and Statistics of the Social Security Board are all, for different but significant reasons, unable to perform this function.

The types of problem with which such a continuing body would deal can be briefly indicated. It would, for example, call attention to the consequences of failures to implement stated policies by adequate appropriations. Where appropriations are inadequate to permit an agency to provide for all its legally eligible clientele, economies must be made either by modifying the character of the assistance given or by reaching a smaller group. Congress does not always indicate which of these policies is to be adopted, and for various reasons the agency concerned may not wish to draw attention to the impairment of its effectiveness resulting from its own solution of the dilemma. A body concerned with the study of over-all policies might also point to the repercussions upon the security available to various segments of the population of policies adopted or agreements entered into by the different agencies regarding their fields of operation. The relative overexpansion of certain types of security provision in relation to others would clearly be another fruitful field of investigation. Attention might be called, for example, to the relatively large proportion of public-aid funds now earmarked for the aged and

to the relatively unfavorable position of dependent children and of the general-relief population. The seemingly preferential treatment of aged railroad workers in relation to other aged persons is another case in point.

Finally, the conflicting objectives of simultaneously operating programs, or of public-aid programs with other governmental policies, require continuous study. The public-aid aspects of the Surplus Marketing Administration, for example, are not entirely consistent with the principle embodied in the special assistances and the social insurances of providing security in the form of cash payments. The standards of need applied in all the programs financed wholly or in part by Federal funds are far from uniform, and the logic of the differences is not apparent. Citizenship is a requirement of some federally aided programs and not of others. Reserve financing characterizes, at least legally, the railroad retirement program, whereas old-age and survivors insurance operates only with a contingency reserve. The relation of public-aid programs to other governmental policies arises in connection with decisions as to the timing of the imposition of social-insurance taxes. Expansions and contractions of public work and work-relief programs obviously affect the size of the net government contribution to the volume of spending. The economic consistency of a policy of distributing surplus commodities to the needy population with other policies looking to the reduction of agricultural production requires analysis and elucidation.

These are but a few of the many issues raised by the numerous and many-dimensional programs now operating in the field of public aid. It is apparent that their solution constitutes no easy task, but greater progress toward a logical and well-integrated set of policies might be expected if data of a comprehensive and critical nature were developed by continuing study. The importance of adding to our present administrative structure a continuing advisory body with the function of studying public aid and making recommendations for the improvement of administrative machinery and better over-all policies, cannot be overstressed. This conclusion is reinforced by the consideration that public-aid programs are dealing with objectives whose realization depends upon trends and events which are conditioned by dynamic economic and social conditions.

The membership and staffing of such a body calls for careful consideration. It would seem desirable to have a board or committee representing the different interests and viewpoints affected by public-aid measures. Its membership should therefore include persons who can speak for Federal and State governments,

employers, and workers, and also persons familiar with the technical administrative problems of public aid as well as experts in economic and social legislation. Whether representatives of the Federal and State agencies should be appointed as such is a more doubtful issue. It is clear that the board or committee must not be of unwieldy size. Yet selection as between heads of agencies is an invidious task. It is also unreasonable to expect that persons representing agencies can entirely free themselves from loyalty to their respective agencies and a desire to promote their interests. It might be preferable therefore to secure the desired representation of administrative experience and technical knowledge of current programs by permitting organizations of State and local administrators and the like to nominate a limited number of members, and to select on a rotating basis a corresponding number of persons from Federal agencies to represent the Federal administrative viewpoint.

The board or committee would give general direction to the work of a small full-time staff. By and large, however, the staff would not itself carry out detailed research but would aim to coordinate and interpret existing studies and statistical data and to stimulate the appropriate agencies, alone or in cooperation with others, to undertake special cross-sectional studies or investigations of particular problems. It would be essential to the conduct of such work that the public-aid committee be assured of a budget to reimburse the operating agencies for the additional tasks thrown upon them.

Review of Policies at the State Level

We should like to see similar provision for comprehensive review of policies and needs made at the State level.

A central body of the type suggested in our preceding recommendation can and must confine itself to broad national policies and programs and to the coordination of varied programs. It cannot be expected to take account except in a general way of the diversity of local conditions or the special needs of individual communities. Yet constructive public-aid policy can be effective only if based upon full knowledge of local needs. In some communities this service is already performed by existing councils of social agencies; in others occasional or periodic surveys of local needs and resources are conducted by citizen groups. The constructive contribution made to intelligent local planning by such community stock-taking suggests the desirability of extending the practice.

But, while we should like to see a continuing body on which the public and administrators from public and private agencies were alike represented concern

itself with the investigation of local needs, this would not be the end of its responsibilities. For it should also study local resources to the end that they should be utilized as fully and as economically as possible. Quite apart from the service such a body could render in enlisting the active interest of citizens in local problems and public efforts to meet them, there would be real advantages in bringing together all groups concerned in a common endeavor: the prevention and amelioration of poverty and insecurity. The necessity to consider all available and potential resources in relation to discovered social needs would foster that integrated approach to these basic problems to which we attach so much importance.

Public Aid and the Democratic Process

One final aspect of the developments we have outlined calls for attention, namely, the necessity of bridging the gap which now exists between governmental administrators, private welfare agencies, and the general public. We harbor no illusion that the diffusion among the people of a sense of participation in a common venture whose outcome contributes so vitally to the welfare of the individual and the Nation can be easily or speedily achieved. Yet we believe that the sense of responsibility of citizens and administrators would be enhanced, and that policy would be more closely adapted to changing and differing circumstances, if the following steps were taken.

The Role of Private Welfare Agencies

The cooperation of private welfare agencies with public-aid agencies should be encouraged and their sphere of action reconsidered in the light of the expansion of governmental activity.

Organized private activity in the field of public aid has a real contribution to make and has the added advantage of enlisting citizen participation in an active way. On the other hand, as we have already pointed out, the character and size of the problem and the nature of the remedies and ameliorative measures suggest that many types of programs can be successfully operated only by utilizing the largest and most powerful unit of organization; namely, government. In the last 10 years the pendulum has swung far toward assumption by government of major and, in many fields and areas, exclusive responsibility. The change has been accompanied by some disposition to belittle the role of the private agency, and this attitude has in some measure been fostered by the failure of the private agencies themselves to reassess their own functions and policies in the light of these new developments.

Citizen support for the public social services may be encouraged through organizations which exist for other purposes or which have general, rather than specific, programs. Thus, the trade unions, the women's clubs, the League of Women Voters, the chambers of commerce may become the principal sources of citizen interest in public welfare. Although the interest of organizations of this character is desirable and necessary, it is doubtful whether any continuous and undivided attention can be expected from groups which have some other *raison d'être*. There are, however, both logical and historical reasons to expect that the public social services should find in the private social-work movement, out of which many of them have evolved, the most enduring, the most constructive, and the most forward-looking source of citizen participation.

If private social work is to make a constructive contribution to the public services, its leaders, both lay and professional, must have a deep conviction that a voluntary social agency today has a primary responsibility to assist in the improvement and extension of governmental facilities. This responsibility may be expressed in many tangible ways, but in every instance, it involves a sacrifice either of energy or of resources or of both. We should like to see a fuller and more constructive utilization of the contributions which the private agencies are peculiarly fitted to make. Obviously they should not undertake responsibility for functions which government is now equipped to perform more effectively. But just as obviously there are many types of activity which the private agencies can better carry out, and the scope of the problem is so vast that no question of competition need arise. This is especially true in regard to functions which call for experimentation and a high degree of flexibility and of situations requiring more personal and individualized treatment than government can as yet offer to all citizens. Some of the areas in which private social work may make specific contributions can be briefly indicated.

There is a real need for improved training facilities for public administrators. The public services will never rise above mere mechanical operation without competent and progressive personnel. Adequate facilities for training and recruiting staff, including retraining or advanced training for many now employed, do not exist in the United States today. Private social work can offer many more opportunities for training than it does today, and the schools of social work, many of them under private auspices, must enlarge their faculties and increase their resources to help meet this need.

Again, the resources devoted to social welfare re-

search in this country are slight compared with those available for other fields such as education, medical science, and the physical sciences. Private social work is a natural laboratory for social research, but the potentialities of this resource have never been fully exploited. Many private social agencies have resources of funds and staff which could be directed toward studies which the governmental agencies, however eager to have them made, are in no position to carry out. Many of these studies are indeed of such a character that it would be a real advantage to have them conducted under non-official auspices.

A great contribution toward the improvement of service could also be made by the private agencies through the conduct of demonstrations and experiments. The private agency prides itself upon its freedom from regimentation and legalistic controls. It has a setting for experimentation not enjoyed by most governmental agencies. This freedom is an opportunity for pioneering in social measures which may, as a result of demonstration, become a permanent part of the governmental program.

Finally, the private agency is in a peculiarly strategic position for contributing to public understanding of the broad problems of public aid. Private social work should be the testing ground of the public social services. To the voluntary agency come those whose needs cannot be met by the public agency. To its attention, as a part of its daily activities comes the evidence of maladministration or of the ineffectiveness of existing social legislation. The professional workers can sort out from this experience information which can be conveyed to the lay constituency and to the public at large and which will serve as the starting point for administrative and legislative reform.

These are four general areas in which any voluntary agency may contribute to the development and improvement of the public social services. The assumption of any or all of these responsibilities would mean a change in emphasis for the private agencies, which today are largely service-directed. "Improvement of social conditions" would again take its place as a major activity of such organizations.

The shift of emphasis to research and demonstrations on the part of individual voluntary agencies would undoubtedly lead to changes in the structure and function of such local planning bodies as the councils of social agencies and even of some of the state and national agencies. Just as the last war encouraged the federation of private social agencies in local communities, perhaps the present war will provide impetus for planning bodies in the social field such as we have recommended above, which will bring together both vol-

untary and public agencies, both lay and professional workers, in a common concern for State, regional, and national problems as well as their local manifestations.

The Responsibility of Legislators

Elected representatives who determine the broad lines of public-aid policy should recognize this field of public activity as an important component of public policy.

One of the most important types of democratic participation in the formation of public-aid policies and their administration is that exercised through representatives elected to legislative assemblies. Yet in the past, public-aid policy has too often been treated by legislatures as a poor relation or as a disagreeable but occasionally necessary subject of consideration, to be disposed of as swiftly as possible. We have already given our reasons for believing that many of the problems with which public-aid measures are designed to deal are of a permanent character, and that the removal of those which are susceptible to remedial measures will call for public action for many years to come. Until legislators recognize this fact and accord the consideration of related public-aid measures the same degree of attention that they have devoted to tariff or agricultural policy, it is idle to expect any sense on the part of citizens as a whole that they are exercising any real control over the policies of government. From this point of view, we should like to see public-aid policy elevated to a major political issue, and it is encouraging to note that in recent years the national platforms of the leading political parties have been increasingly specific in regard to this branch of the work of government.

Dissemination of Information by Agencies

To ensure understanding of the character of public aid by all citizens, greater efforts should be made by governmental agencies to inform the public of the nature of public-aid problems and of the objectives and operations of the programs for which they are responsible.

We should like to see all agencies regard this function as an integral part of their administrative responsibilities. The average citizen cannot be expected to devote time and attention to the analysis of technical and statistical material dealing with the operation of specific programs if he has not been led to appreciate the character of the problem to whose solution the program contributes or if he is given no guidance as to the issues involved in the selection of alternative policies. Greater attention to the form in which even factual and statistical data are presented by public agencies would ensure more publicity and a wider audience. The public reaction to and criticism of existing programs would be more informed and

helpful if the objectives of the measures were more clearly stated and explained. We believe that to an increasing degree administrators must take the public into their confidence.

Increased Citizen Participation

It is highly important that efforts should be made to secure greater citizen participation in the programs operated by government.

Enlistment of lay participation in policy formation and appropriate phases of administration is one of the surest means of tempering the rigidities of bureaucracy and educating citizens in regard to the character of the problems to be faced by policy-makers and administrators. At the same time, it is clear that the functions to be assigned to participating citizens must be defined with great care. It is obvious that the extent to which the lay public can participate in routine administrative functions is severely limited. The public administrator who will be held answerable by the legislature must carry full responsibility for the discharge of his obligations. He must be free both to determine his organizational methods and to select a staff that will have responsibilities and obligations to him alone. This conclusion is, however, subject to two qualifications.

In the first place, an advisory board (such as, for example, the unemployment compensation advisory councils) might well be expected to report to the administrator or the legislature concerning failures to attain the objectives of the program attributable to organizational or administrative defects, among other factors. But it should have no power of itself to require changes.

In the second place, there are certain parts of the administrative process where the participation of the lay public in day-to-day functions would promote efficiency and lead to a better public reception of official actions. *We believe, for example, that it would be a real advantage to associate the lay public with the appeals machinery of the different programs.* Already in certain areas public representatives serve on appeal bodies dealing with decisions regarding eligibility for specific programs or with complaints regarding the amount of allowances made. In some States employer and worker representatives serve on unemployment compensation appeal bodies dealing with disqualifications. In such cases, provided that due care is exercised in the selection or nomination of public rep-

resentatives, it is a real advantage to the administrator and to the applicant to have the benefit of the judgment of persons familiar with local living conditions, employment practices, and standards.

The utilization of the potentialities of lay participation will make great demands on both administrators and members of the general public. Admittedly the presence of a group whose support must be enlisted is likely to add to the duties of the administrator and may well involve less speedy action. But the gains through the enlistment of public support and understanding of the issues faced by the administrator will more than compensate for any slight delay. In the same way administrators must be prepared to consult with the advisory body on all appropriate occasions and not merely to use it as a rubber stamp for actions already decided upon within the administration. For, while the legislature could with advantage specify with more precision than is now common the field of action of an advisory committee, it will never be either possible or desirable to provide for all contingencies and issues likely to arise or to avoid the necessity for differences of interpretation. Yet, unless administrators are prepared to take seriously the responsibilities of the advisory body, it is unreasonable to expect that it will attract members possessing the interest, knowledge, and willingness to devote long uncompensated hours to the consideration of public-aid problems.

For it is also evident that lay participation will make great demands upon the individual citizens. Fruitfully to contribute to the making of policy and the improvement of administration, they must be prepared to take their duties seriously and to sacrifice time and effort to public service. The solution of the complex problems of public aid awaits the concentration of the best thinking of the country upon this aspect of our national life. It calls, too, for a willingness on the part of the population at large to subordinate cherished illusions and traditional values when they impede the attainment of our national objectives. Prominent among our post-war objectives is the assurance to *all* our citizens of that minimum of security which keeps alive self-respect and initiative, which will permit a higher standard of living and give the opportunity to participate in the good things of life which our productive capacity makes possible. We look forward to the day when this objective will come to be regarded as one of the most challenging and significant of all the problems facing a great people.