

TO THE HONORABLE MEMBERS OF
THE 1937 LEGISLATURE OF THE STATE OF MINNESOTA:

The 1935-36 Special Session of the legislature by Concurrent Resolution #9 created the Interim Committee on Social Legislation and Relief. The duties of this committee were set forth in the resolution and required the committee to study social security legislation including Unemployment Compensation, Old Age Assistance, Aid to Dependent Children, Maternal and Child Welfare, Public Health Work, Aid to the Blind, Work Relief and Direct Relief with particular reference to Federal grants to the State of Minnesota; to study the intent, purpose and effect of the provisions of the Federal Social Security Act and its application to the State of Minnesota; to study existing laws with reference to the several aids mentioned in the resolution and to make a study of the correlation, and simplification of the administration of the several social security matters; to determine what might be done for the simplification, correlation and consolidation of the administration of social security in the state and county agencies; to determine what reorganization if any might be the most economical, efficient and advantageous to the state as a whole; to make a study of the State Employees Retirement Fund as to its solvency; and to report its findings and make recommendations which would enable a better solution of the whole problem of social security and relief and the administration thereof.

The resolution creating this committee called for five members to be appointed by the Senate from its membership and five members to be appointed from the House of Representatives by the Speaker thereof. The personnel of the Senate membership was determined before adjournment and the personnel of the House membership was appointed by the Speaker after adjournment and the membership of this Committee as so

constituted appears at the conclusion of this report, The Committee therefore begs to report to the members of the 1937 Legislature as follows:

The committee held its first meeting in Room 331 of the State Capitol in St. Paul, Minnesota on the 27th day of February, 1936, and organized by electing Senator M. J. Galvin of Winona, Chairman and Representative Henry E. Horwitz of St. Paul, Vice Chairman. In the interest of economy, the Committee chose Mrs. Etta W. Simonds who was acting as Secretary of the Legislative Tax Commission of Investigation and Inquiry, and the Bank Tax Commission of Minnesota, to be the Secretary of the Interim Committee on Social Legislation and Relief.

Since February 27th, 1936, the committee has held many meetings principally in the State Capitol in St. Paul and has made as extensive a research and study of the problems referred to it by the legislature as its funds would with all reasonable economy permit. The committee has attempted to consult with all of the administrative officers of the state charged with the administration of social legislation and relief in Minnesota and has attempted to contact others who are interested in such problems in the State to obtain the benefit of their opinions and ideas. The committee has found that considerable differences of opinion exist among the various agencies and individuals consulted. It has found that its research on many subjects did not lead to unanimous conclusions by its members resulting in a great deal of difficulty in agreeing upon recommendations. We, therefore, wish to call attention to the fact that the recommendations contained herein are not on every subject the recommendations of each member of the committee but that the conclusions arrived at and the recommendations agreed upon on the various subjects are the conclusions and recommendations of a majority of the members. All the members of the committee have not agreed to all the conclusions and recommendations on each subject. In some instances, the differences were slight, while upon

some subjects opinions varied widely.

We have chosen to sub-divide our report into the various subjects referred to us for study and therefore take them up in the order in which the committee made its study.

OLD AGE ASSISTANCE

This very important subject was one of the principal reasons for the Governor having called the 1935-36 Special Session of the legislature to convene on December 2nd, 1935.

On August 14, 1935, the President of the United States approved the Federal Social Security Act which provided for federal grants in aid to states which adopted laws and which laws contained minimum requirements provided for by the Social Security Act.

The 1935-36 Special session of the legislature enacted Chapter 95 of the 1935-36 extra session laws. This act was to have gone into effect March 1st, 1936. On or about the 23rd of March, 1936, the Chairman of this committee was informed by one of the members of the State Board of Control that the Social Security Board in Washington was withholding approval of the Minnesota plan for Old Age Assistance and that one of the principal objections to the plan was Section 31 of the act which provided that not more than \$75,000.00 might be spent for administration of the Old Age Assistance plan in Minnesota up to July 1st, 1937. The Chairman was informed that it might be possible for this committee to take some action which would satisfy the Social Security Board and put the Minnesota plan in such condition that it might be approved during the month of March and if approved in March that Minnesota would obtain the Federal allotment for Old Age Assistance to be spent in the state during that month. The Committee was therefore called to convene at the Capitol on March 26th, 1936 and passed the following resolution:

Whereas Chapter 95 of the special session laws of 1935-'36 provides for a plan for old age assistance in Minnesota, and

Whereas said act limits the amount to be expended for administrative purposes of said act by the state agency to \$75,000 for the period ending June 30, 1937, and

Whereas, said limitation was placed in said act upon meager information and advice given to the committee of the legislature during its session, and

Whereas, the sum of \$75,000 appeared to be adequate from the advice the committee of the legislature had when considering said act, and

Whereas, there was a lack of information as to the expense of the cost of administering such an act in other states, and

Whereas, the major portion of the administration of said act is being borne by various counties of the state, and

Whereas, it now appears that objections have been made to the limitation upon the amount authorized for administration by the bureau of public assistance of the national security board, and

Whereas, the legislature in special session convened passed Senate Concurrent Resolution No. 9, establishing an interim committee called the Interim Committee on Social Legislation and Relief for the purpose of studying social security and relief problems in the state and making recommendations to the regular session of the legislature wherein it is recited as follows:

'Whereas, it is desirable that an Interim Committee be created in order that the legislature may make direct contact with the Social Security Board at Washington and establish liaison between the legislature and said Board,'

and it is further provided in said resolution that the purposes of said committee are amongst others as follows:

'To present to the 1937 legislature such findings and recommendations as will enable a more perfect solution of the whole problem of social security and relief and the administration thereof.'

and

Whereas, it is provided in the old age assistance law hereinbefore referred to, Section 34, as follows:

'This act in its various terms and provisions including amount of old age assistance paid to the individuals hereunder is intended to comply with and give effect to the social security act above referred to'

and

Whereas the attorney general of the state of Minnesota has ruled in relation to the old age assistance law in an opinion rendered on March 26, 1936 as follows:

'The state agency is authorized to expend the funds as needed and the budget commissioner and director of personnel may authorize releases to make the same available to the state agency to meet such needs.'

and

Whereas, the budget commissioner and director of personnel of the state of Minnesota has advised the state agency, namely the State Board of Control, that all of said \$75,000 for administrative expenses, or so much thereof as may be necessary, will be released if required, and

Whereas, said Interim Committee on Social Legislation and Relief has been organized and is functioning and has been making a study of the social security problems including in particular old age assistance plans and the administration thereof in Minnesota, and

Whereas, the Committee will continue to function and hold regular meetings until the time of the next regular session of the legislature and will make recommendations to said legislature prior to the time when it convenes on January 5, 1937, and

Whereas, it appears to said committee that it was the legislative intent that sufficient funds be made available for the administration of the state act to meet the requirements of the Social Security Board,

NOW, THEREFORE, BE IT RESOLVED, By the Interim Committee on Social Legislation and Relief, at its meeting held at the call of the chairman on the 26th day of March, 1936, for the special purpose of considering the objections raised by the bureau of public assistance of the Federal Social Security Board relative to the Minnesota plan of old age assistance, that this Committee will recommend, amongst other things to the 1937 legislature, that the legislature authorize the use by the State Board of Control for the administration of old age assistance in Minnesota, such sum

as may by that time be shown by practical experience to be necessary for the proper administration of the state old age assistance plan in Minnesota and such sums as will meet with the requirements of the Social Security Board.

Passed and Adopted this 26th day of March, 1936.

Attest:
Etta W. Simonds, Secy.

M. J. Galvin, Chairman
Minnesota Committee on Social
Legislation and Relief."

The committee at the time of passing this resolution contacted the Social Security Board and the Director of Assistance for said Board and contacted the Chairman of the Minnesota delegation in the House of Representatives in Washington and was informed that it would be advisable to send a delegation to Washington for the purpose of having the Minnesota act approved and to confer with the Social Security Board relative to Old Age Assistance and other Social Security problems. Consequently two members of the committee were sent to Washington with the Committee's resolution and contacted the Social Security Board on the morning of March 30, 1936 and the Minnesota plan was then approved by the Social Security Board and the allotments made for the payment of Old Age Assistance in the State for the month of March. The members of the committee then conferred with other officials in Washington and obtained considerable knowledge and information on Social Security and relief problems.

In connection with the requirement of the Social Security Board that the limitation for administrative expense be removed from the Minnesota law, it must be borne in mind that the Social Security Act provides that a grant in aid will be made to the various states having an approved plan for Old Age Assistance for administrative expenses in the state which amounts to 5% of the total expenditures for Old Age Assistance in that state, so, that by having Section 31 in the Minnesota law a limitation was placed upon the amount of Federal money which might be spent for administration of Old Age Assistance. We

Therefore recommend the repeal of Section 31 of the Act.

Since the Minnesota plan for Old Age Assistance has been in operation for several months, it has been found that there are several criticisms of the law and some changes which should be made to expedite administration and to put the act in shape so that it will not be subject to the criticism that it does not strictly conform with the provisions of the Social Security Act or the regulations of the Social Security Board and to assure to the recipients of Old Age Assistance in Minnesota the continuation of its benefits and to insure to the state the continuation of Federal participation. We, therefore, recommend the following amendments to the present law:

Section 8, Subsection b, of the present Minnesota law provides as follows:

"if the net value of his property or the net value of the combined property of husband and wife exceeds \$3,500; provided, however, that household goods and furniture in use in the home, wearing apparel and a lot in a burial ground may be owned in addition to the property limitation provided in this subsection."

Section 1 of the act and the State Constitution provide that the basis of payments to recipients shall be upon the basis of need and the Social Security Act provides that no grant in aid shall be made by the Federal government to the state unless the payment of Old Age Assistance is based upon the need. It would therefore appear that from Section 8, subsection b, there is some ambiguity and conflict, and upon investigation it was determined that as a matter of administration no person with liquid assets of \$3,500.00 or personal property of that value is as a matter of practical interpretation construed to be in need, nor is any such person entitled to such old age assistance grants in the State of Minnesota and that the

State Agency has suggested to the County Agencies that a person shall not be construed to be in need if they have more than \$300.00 readily convertible personal property exclusive of their household goods and furniture in use in the home and their wearing apparel. We, therefore, recommend that the language of Section 8, subsection b, of the act be changed to read as follows:

"If the net value of his property or the net value of the combined property of husband and wife exceeds \$3,500; if he owns personal property readily convertible at \$300.00 or more without undue sacrifice; provided, however, that household goods and furniture in use in the home, wearing apparel and a lot in a burial ground may be owned in addition to the property limitation provided in this sub-section. "

It has been called to the attention of the Committee that Section 11, subsection b, granting a trial de novo in the district court after an appeal has been heard by the State Agency and providing that

"the court shall summarily hear and determine said application on its merits"

might prevent the state agency exercising such good administrative, supervision and direction as will meet the requirements of the Social Security Act or receive the approval of the Social Security Board, which may result in the holding by the Social Security Board that the act is not efficiently administered by the state agency to the extent required by the Social Security Act.

Inasmuch as this particular provision has been criticized by officers and employees of the Social Security Board we recommend that the provisions of this particular sub-section be changed so as to read as follows:

"If a decision or determination by the state agency is not, in the opinion of the county agency or applicant or recipient, in conformity with this act, either may within 30 days after such decision appeal from the decision or determination of the state agency to the district court of the county in which the application was filed, by serving a copy of a written notice of such appeal upon the state agency and adverse party and filing the original of such written notice, together with proof of service, with the clerk of the district court of the said county. Such appeal may be brought on for hearing by either party by ten days' written notice stating the time and place of such hearing. Upon serving of such notice, the state agency shall, if demanded, furnish the county agency and applicant a summary of the applicant's claims on appeal, a copy of all supporting papers, a transcript of any testimony and a copy of its decision. The court shall summarily hear and determine said appeal by a review of the records and proceedings had before the state agency, and the state agency shall enter an order in accordance with such determination. The findings of the State Agency as to the facts if supported by evidence and in the absence of fraud shall upon said appeal be conclusive and the order of

the state agency as to the amount of assistance to be granted shall be final if it is in conformity with the law."

The committee further finds that in case of an appeal to the court from a decision of the State Agency, there may be long periods of waiting wherein the recipient now obtains no old age assistance. We therefore recommend that the act be amended to provide that Old Age Assistance grants be paid pending the hearing of appeals in the District Court from the decision of the State Agency if such assistance was ordered paid by the State Agency.

The committee finds that Old Age Assistance grants to the State of Minnesota are made by the Federal government for a quarterly period in advance and that the provisions of the Social Security Act require that all Federal moneys furnished to the state shall be used exclusively for Old Age Assistance. Under the present act the money stays in the State Treasury for a month or two after payment by the Federal government before reimbursement is made to the various counties in the state. The question has arisen as to whether these funds might be invested or used for some other purpose and the employees of the Social Security Board in Washington have directed our attention to the fact that this constitutes a criticism of the Minnesota plan and that a provision should be made that if any income is derived from the Federal moneys furnished to the state for the purpose of paying Old Age Assistance that the said income be used exclusively for the payment of Old Age Assistance. We, therefore, recommend that if any income or interest

*

The Committee finds that the time and method for making payments by the state to the counties for old age assistance may in some instances work a hardship on some counties and we, therefore, recommend that payments be made to the counties at least monthly in advance.

is derived from any of the Federal funds paid to the state for the purpose of making Old Age Assistance payments, the same shall be used exclusively for the payment of Old Age Assistance and that the Federal government be given a record of the accounting of any such income so that credit may be allowed to the Federal government for any such income upon the 50% cost of the payment of Old Age Assistance.

* The committee finds that in Section 34 of the act reference is made to County Board. This should be changed to 'County Agency' as some ambiguity might arise in construing the word 'Board'. Under the existing law more than one board may exist in the county. The language used in other parts of the act is 'Agency' rather than 'board'.

Section 18 of the act provides that old age assistance grants may be paid to a person other than the recipient himself or to his legal guardian. The Social Security act does not allow Federal participation in any moneys paid to any one other than the recipient or his legal guardian. We, therefore, recommend that Section 18 be amended to read as follows:

"if a person receiving old age assistance is, on the testimony of reputable witnesses, found incapable of taking care of himself or his money, the county agency may direct the payment of the old age assistance to the recipient's legal guardian."

The committee finds that under Section 21, subsection d, an innocent person might be construed to be guilty of a misdemeanor if the language is left in its present form which is as follows:

"or aids or abets in buying or in any way disposing of the property of the recipient without the consent of the county agency",

The committee recommends that this section should be changed to read as follows:

"or knowingly aids or abets any person buying or disposing of the property of the recipient for the purpose of receiving or qualifying any person for Old Age Assistance."

and that subsection e of said Section 21 be changed to read as follows:

"or transfers any property exceeding \$300.00 in value without first giving notice to the County Agency of his intention to do so."

The committee was advised that the provisions of Section 23, subsection c required a great deal of detail accounting work as an administrative matter and that all reimbursement for administrative purposes might be properly handled in a more efficient and economical manner if the last four words of said subsection were stricken. We, therefore, recommend the following language be stricken from said subsection "for actual administrative expenses."

The committee has been informed by the Old Age Assistance Division of the State Board of Control that the estimated cost of Old Age Assistance in Minnesota for the biennium commencing July 1st, 1957 will be \$27,000,000.00 of which the state's share would be \$9,000,000.00 or \$4,500,000.00 per annum. We are advised that the funds appropriated for Old Age Assistance in Minnesota by the previous sessions of the legislature will be exhausted on January 1st, 1957, with the exception of a balance estimated to be \$200,000.00 and the committee was informed that an emergency appropriation would be required from the legislature of \$2,000,000.00 to be made immediately

available early in the 1937 session of the legislature to pay the state's share of Old Age Assistance cost in Minnesota from January, 1937 to July 1st, 1937. We, therefore, recommend that the legislature early in the session appropriate the sum of \$2,000,000.00 to be made immediately available to pay the state's share of the cost of Old Age Assistance in Minnesota for the first one-half of 1937. The committee was further informed that the expense of the State Agency in administering Old Age Assistance in Minnesota in addition to its share of the sum paid by the Federal government would amount to \$15,000.00 annually.

The committee's attention was further called to the fact that some counties of the state, especially those in which the Indian reservations are located, have several Indians applying for Old Age Assistance, and that many of them are eligible for such relief and that the expense in some counties of the state for the county to pay its one-sixth share as provided under the present law will work severe hardship on those particular counties, and since the Indians have been placed in these localities by the direction of the Federal Government, we feel that the care of these persons is a Federal problem and that some action should be taken by the United States Government to relieve the counties and the State from the payment of Old Age Assistance grants to the Indian population of the State. We, therefore, recommend that the legislature memorialize the Congress of the United States to pass a law whereby the Federal government will pay Old Age Assistance direct to the Indians. The committee has contacted and corresponded with employees of the Social Security Board and officials of other states having similar problems with the view of obtaining such legislation. We find that the burden to be carried until such legislation may be adopted is an unfair

burden on many of the counties wherein the principal Indian population is located. It was estimated to the committee that the total number of Indians in Minnesota eligible for Old Age Assistance does not exceed 900 and that the counties' share of Old Age Assistance paid would not be more than \$22,000.00 per annum. The committee therefore, recommends that the state assume the counties' one-sixth share of Old Age Assistance paid to the Indians of the state, pending the time the Federal Government assumes such burden.

AID FOR DEPENDENT CHILDREN

The delegation from the committee sent to Washington the last of March, 1936, was informed that the Minnesota plan for aid to dependent children might not be approved and final action by the Social Security Board was being deferred pending receipt of an opinion that the Attorney General of the State of Minnesota.

In reviewing the history of aid for dependent children or mother's aid, as it is sometimes called in Minnesota, attention should be called to the fact that Minnesota has been one of the outstanding states in progressive legislation along this particular line and early adopted a juvenile court system for administration of mother's aid or pensions to mothers to take care of children in their own homes who have been deprived of the support of the male parent and that this system is operated by the juvenile courts in conjunction with the County Child Welfare Boards in the counties where such boards exist. In the 1935 session of the legislature the Minnesota plan for mother's pensions or aid to dependent children was amended to meet with what was thought to be the requirements of the Social Security Act which act was then pending in Congress and which was approved August 14, 1935 and for which funds were made available in February 1936. During the 1935-36 extra session of the legislature one

of the members of the legislature, the State Board of Control and others interested in the law for aid to dependent children were advised by an employee of the Social Security Board that the Minnesota plan for aid to dependent children conformed to the requirements of the Social Security Act and would probably be approved so that Minnesota would obtain the grant in aid as provided for in the Social Security Act which amounts to one-third of the amount paid in any particular state and which in Minnesota is estimated to be \$300,000.00. This committee of course was much interested in having the Minnesota plan approved by the Social Security Board and exerted considerable effort in that direction. On October 8th, 1936, the State Board of Control of the State of Minnesota and this committee were advised that the Social Security Board did not approve Minnesota's plan for aid to dependent children and that the plan did not meet with the requirements of Section 420 (a) (5) of the Social Security Act and the particular reasons were set out in a letter signed by Mr. Frank Bane the executive director of the Social Security Board from which we quote as follows:

"1. The plan does not provide for sufficient supervisory control over the local units to assure that the State can maintain uniform and efficient local administration. The Board of Control and its representatives operate only in an advisory capacity to the real local administrative units, the Juvenile Courts.

a. The chart illustrating the three types of organization for administering Mother's Aid in Minnesota (p.07.4 Supplementary material received September 1, 1936) places the State Board and its agents, the County Child Welfare Boards, in an advisory capacity to the court.

b. The final decision as to eligibility and amount of grant appears to rest entirely with the Juvenile Court except where a fair hearing is requested. "The judge of the Juvenile Court makes the final decision..." (p.(2) 07.7 Supplementary material) The agents of the Board of Control are again mentioned only as advisers to the court.

c. The State Agency apparently does not intend to exercise effective supervision through initiating a review of the decision of Juvenile Courts. The fact that "the supervisor...endeavor to secure an adjustment between the applicant and the Juvenile Court" (Outline of Procedures) does not indicate an effective review. The State Agency does not reverse or modify the decision of the local agency except through the exercise of the provision for a fair hearing.

d. In the three most populous counties, State control seems to be even more limited than in others. In those counties, in addition to the fact that the decision of the Juvenile Court is not made subject to review, control over the appointment and removal of personnel of the staff of investigators of those courts is not under the direction of the State Agency.

e. If a county judge should refuse to cooperate in any way, the State Board would have no recourse, it appears, aside from the provisions set forth in the plan for the granting of a fair hearing. Thus the State Board would seem to lack any means of inducing efficient administration in that county. To refuse financial aid to a recalcitrant county would jeopardize the entire State program for the plan must "be in effect in all political subdivisions of the State" according to the Social Security Act.

3. The provisions for a fair hearing as provided for in the rules and regulations of the State Board of Control, are administratively weak.

a. As the Board of Control does not plan directly to overrule the decision of a court judge, it provides for a fair hearing to be held in such manner that an applicant for a fair hearing will have to go through much the same procedure as if he were making a new application. This, as a substitute for a direct appeal, is unwieldy.

b. The provision that the State Boards, after a hearing, may order an amount to be paid by the County Auditor, seems administratively cumbersome. Instead of ordering the local agency to rectify its mistake, the State Board circumvents that agency and deals with a new individual, the county auditor, directly."

Members of this committee contacted the Social Security Board

and its legal department in March, 1936, and were informed that the

Minnesota plan probably would be subject to criticism because it was thought an administrative agency could not supervise and direct

a judicial agency, namely the Juvenile courts to such a degree and

such an extent that the supervision and administration would be as

effective as contemplated by the Social Security Act.

In view of the fact that the present Minnesota plan for aid to dependent children has been refused approval by the Social Security Board and in view of the fact that it is apparently necessary that these aids be administered by some administrative agency in the various counties, the committee has found that it is necessary to make some changes in the plan of administering aid to dependent children in Minnesota. In view of the further fact that there are other Social Security aids which require attention in the counties and in the interest of consolidation, correlation and simplification of administration the committee finds that it is advisable to abolish the present Child Welfare Board existing in some counties in the state and repeal those provisions of the present mother's pension or Child Welfare law. In place thereof, the committee recommends a Board of Public Welfare in each county of the State to take over the duties of the present Child Welfare Board and such additional duties as may be given to it by a new Minnesota plan for Aid to Dependent Children, and further recommends the removal of the administration of Old Age Assistance from the Board of County Commissioners to the new board of Public Welfare to be created in each county, which plan of reorganization is hereinafter referred to and discussed in detail under the heading in this report of Simplification, Correlation and Consolidation of Administration.

The committee therefore recommends the repeal of Chapter 326 of the laws of 1935, Chapter 57 of the session laws of 1935 and the compulsory establishment of County Boards of Public Welfare in each County of the State hereinafter referred to and that the new board of public welfare administer aid for dependent children independent of the juvenile courts in the various counties and that the state make available sufficient funds for the state participation in the aid for dependent children.

With respect to the extent to which the state should participate in the plan for aid to dependent children, the committee found that the employees of the Social Security Board had severely criticized the Minnesota plan as submitted other than the criticisms contained in the letter of the executive Secretary hereinbefore referred to and that one of the criticisms related to the degree of participation by the state. It was called to our attention that the Social Security Board and its supervisors might conclude that the plan would not be efficiently supervised or directed by the state if the state participated only to the extent of the \$150,000.00 appropriation contained in Chapter 57 Laws of 1935 and that some definite statement should be contained in the law as to the extent of the state's participation in the aid to dependent children. We have therefore concluded that it is advisable to frame the new Minnesota plan for aid to dependent children so that the state will participate in this aid to the extent of one-sixth of the amount so paid so that the new plan to be recommended by this committee will call for the counties sharing one-half of the expense, the Federal government one-third and the state one-sixth; and that the other provisions of existing law relating to the aid to dependent children including Section 8671 to 8689 Mason's Minnesota Statutes be repealed and that the assistance granted be confined to mothers, grandmothers, stepmothers, sisters, brothers and aunts.

The committee considered the question of how the funds to be received from the Federal government as a grant in aid for the administration of the proposed aid for dependent children should be disbursed and we have concluded that the funds received from the Federal government for administration purposes should be disbursed in the same manner as is provided in the present Minnesota plan for Old Age Assistance, namely, that three-

fourths of the money received from the Federal government for administration should be disbursed to the counties of the state and one-fourth thereof used for state administration expenses.

Some difficulties in the law pertaining to dependent, neglected and delinquent children have been drawn to the attention of the committee by various persons and groups of persons in the state including the Probate Judges Association of Minnesota. We find that there are some difficulties experienced with the laws governing the administration of juvenile matters and the handling of matters pertaining to neglected, delinquent and dependent children. We, therefore, find it would be advisable and recommend the amendment of Section 8642 of Mason's Minnesota Statutes so as not to require the presence of a dependent or neglected child in the County at the time of the filing of a petition or at the hearing thereon and that said section should also be amended so as to allow the hearing on questions involving a delinquent or a neglected child to be held in the County where the child is found or at his place of residence and if the case is heard in a county other than its place of residence, the expense of hearing should be charged against the county wherein the child resides and that the County in which the child resides be in all matters responsible for its support. We find that Section 8664 of Mason's Minnesota Statutes does not provide for the payment of any medical examination for a child when brought before the court or when it appears to the court necessary or expedient and that it is often necessary to have such an examination. We therefore recommend that said section be amended to provide for the payment of such medical examination when necessary or when ordered by the juvenile court.

We also find that the present law does not provide for the payment for the care of a child for the time it may be in the custody of some person authorized by the court to keep the child pending a hearing or pending admission to an institution after

commitment thereto and recommend that the law should be amended to include an authorization for payment for the care during this period.

The committee received during its period of study many resolutions and much information on the care of feeble-minded children in the state and made some study and investigation of the State School at Owatonna and made a study of the needs and requirements and possible available location or place to place feeble minded children and adults in the State of Minnesota and the committee was informed that the new institution for the insane being constructed at Moose Lake, Minnesota, would be able to care for a large number of insane persons and that in all probability many of the type of persons now being committed as insane to the various insane asylums and insane hospitals in the state would probably not continue to the same extent as heretofore because many persons so committed were aged, senile persons who under the present plan for Old Age Assistance might be cared for in their homes. That in many instances many of these aged persons are not insane and for that reason there might be available some space in the new Moose Lake institution for the care of feeble minded persons if the law authorized the admission of such persons to that institution. The committee was also informed and finds that there are approximately 1500 feeble minded persons committed to the State Board of Control who have not been institutionalized because there is no available space in the institutions to place them and that the State School for the feeble minded at Faribault is now crowded to capacity. That in making a study of the School at Owatonna we have been informed and find that it is the tendency throughout the United States to place orphan children or those of the type who have previously been committed to the State School at Owatonna in private boarding homes rather than to place them in an institution.

The committee was informed and finds that the cost of maintaining a child in an institution such as the State School at Owatonna is much higher than to maintain the child in a private home and that it is in all probability more desirable to have children grow up in the customary manner in which society lives today, namely in private homes, than it is for them to grow up or spend a large part of their lives in an institution, provided, it is not necessary to confine them for correctional purposes. The committee therefore feels that the matter of caring for feeble minded children in the state is very acute and needs prompt and careful attention and we believe that a portion of the Moose Lake hospital for the insane can be made available to take care of part of the feeble minded population of the State of Minnesota and that there are types of feeble-minded suitable for such placement; and that the law creating the Moose Lake institution should be amended to authorize the admission of feeble minded persons. We further find that it is advisable that the Board of Control of the State of Minnesota begin making preparations for a change in the Owatonna State School with the view of having the same converted into a school for higher grade feeble minded children and that this school be ultimately abandoned as a school for dependent and neglected children. That commencing July 1st, 1938 the State School at Owatonna be so converted and used exclusively as a school for high grade feeble minded children.

We recommend that the dependent and neglected children suitable for placement now committed to the school at Owatonna be placed in suitable private homes.

The committee was informed that the new buildings being constructed at Cambridge would provide for an additional 200 feeble minded persons and that upon completion of the new hospital at the feeble minded

school at Faribault and the remodelling of the old hospital an additional 200 could be taken care of there. We, therefore, believe that with the making of these proposed changes in the law that the feeble minded in the State of Minnesota committed to the care of the State Board of Control can to a large extent be in all necessary cases placed in proper institutions.

AID TO BLIND

Chapter 93 of the extra session laws of 1935-36 provides a plan for Aid to the needy adult blind. This committee and the State Board of Control of the State of Minnesota attempted to have this plan for Aid to the blind approved by the Social Security Board until the fall of 1936 and on October 17th, 1936, this committee and the State Board of Control of the State of Minnesota were informed that the Social Security Board was unable to approve the Minnesota Plan for aid to the blind and the Executive Director of the Social Security Board addressed a letter dated October 17th, 1936 from which we quote as follows:

"The plan does not provide adequate facilities for accepting applications and for determining eligibility. According to the methods described, adequate opportunity will not be furnished to applicants for consultation with representatives of the administrative agency, in filling out their applications or in determining their eligibility. The Social Security Board considers that the field staff of the Division of the blind, as described in the plan, is inadequate in size to assure efficient administration.

The provision of the plan requiring recipients of aid to the blind to be transferred to old age assistance, when they become eligible for that type of aid, necessitates a difficult adjustment for many such recipients. According to the Minnesota law, those recipients of aid to the blind who reach the age of 65, not having property totalling more than \$3,500 and income of more than \$30 a month, are transferred to the old age assistance plan, where they will receive a less liberal allowance than they had been receiving under blind assistance. In other words, persons who suffer

the double circumstances will receive less than other individuals who have the single handicap of blindness and who may have more property.

The Minnesota Law provides that all applicants eligible for aid to the blind are to receive the same amount of aid, irrespective of their individual needs. A blind person with an income of \$364 a year will by law receive assistance in the amount of \$360 a year, his total annual income then being \$724. A blind person whose income is only \$1.00 a year will also receive assistance in the amount of \$360 a year, so that his total income will be \$361. Moreover, the Minnesota law provides that if the funds available for this purpose prove insufficient to pay \$30 a month to all recipients, reductions are to be made on a pro rata basis; this would tend to increase the disproportion between the assistance rendered the most needy blind as compared with those who are relatively less needy. These provisions appear to the Social Security Board to be inequitable.

The Social Security Act enables the Federal government to make grants to states on behalf of needy individuals who are blind. The Board considers that Title X of the Social Security Act requires that determination be made of an individual's need and that assistance be granted him according to his individual need."

The Committee therefore recommends the repeal of the extra session laws of 1935-36, Chapter 93 and the repeal of Chapter 336 of the laws of 1923 and the passage of a new law for aid to the blind to meet the requirements of the provisions of the Social Security Act and which shall contain the following provisions:

- (1) Provide for the payment of aid from state funds and Federal funds.
- (2) Provide that aid may be granted to an applicant who is a United States citizen, or who has resided continuously in the United States for more than 25 years.
- (3) Provide that an applicant be eligible for aid who has been a resident of the state for five years or more within the nine years immediately preceding application, at least one year of which shall have been continuous and immediately precede such application.

- (4) Provide that an applicant to be eligible for aid must be of the age of 21 years or over, except in such cases as an applicant of the age of 18 years or over is found to be in need of assistance to enable him to pay maintenance for educational purposes.
- (5) Provide that an eligible person may continue to receive aid while attending the summer school for the adult blind at the Minnesota School for the Blind.
- (6) Provide that an applicant whose application for aid has been denied shall, upon request, be granted an opportunity for a fair and impartial hearing before the state agency.
- (7) Provide that the state agency shall make reports in such form and containing such information as the Social Security Board may from time to time require, and shall comply with such provisions as the Social Security Board may from time to time find necessary to assure the correctness and verification of such reports.
- (8) Provide that the state agency may require a complete eye examination by an ophthalmologist designated by the State Agency, the fee for such examination and any other expenses involved to be paid by the State.

REORGANIZATION OF ADMINISTRATION TO SIMPLIFY, CORRELATE
AND CONSOLIDATE THE ADMINISTRATION OF AIDS,
SOCIAL SECURITY PROBLEMS AND RELIEF
IN THE STATE AND COUNTY
AGENCIES

The Committee in making a study of the efficiency in the administration of Social Security and Relief in Minnesota finds that there are many different agencies administering various aids in Minnesota and feels that the same should be consolidated in the counties and in the state for administration and finds that at the present time aid to dependent children is administered concurrently by the juvenile courts and the Child Welfare Boards in the counties where such a board has been established. That Old Age Assistance is administered by the County Board of Commissioners and that relief has been administered by an extra legal board called Relief or Welfare Board in the various counties of the State and that counties wherein the cities of the first class

are located have a welfare board set up different than that of the rural counties. The Social Security Act requires that the Administration of the various grants in aid shall be uniform throughout the state. It was finally agreed that the administration of the Social Security grants in Aid, the welfare activities in the county and the administration of all public welfare therein must be simplified and reorganized by the organization of a County Board of Public Welfare which should be charged with the administration of all welfare services in the county. There has been some difference of opinion as to how such a County Board of Public Welfare should be created and as to who should appoint the members thereof. After careful consideration of this question, we find that it is advisable and recommend the creation of a County Board of Public Welfare in each County of the State and we recommend that this board should consist of five members residents of the County; three of whom should be chosen by the County Board of Commissioners, not less than one and not more than two of whom shall be members of the County Board of Commissioners and two members to be chosen by the State Board of Control to be hereinafter referred to. The members of this Board should be chosen for overlapping terms and for their interest and knowledge in public welfare problems and to serve and receive \$3.00 per day for the time actually spent in session on the business of the Board with a maximum of 25 days per year and that they should be reimbursed out of the general funds of the County for the amount of their traveling and other expenses actually incurred in the performance of their duties. It shall be the duty of the County Board of Public Welfare to choose a Director who must be a person competent by training and experience and qualified to administer public welfare activities in the County and said Director shall hold office for the term fixed by the

County Board of Public Welfare and his salary shall be fixed by said Board subject to the approval of the County Board of Commissioners. The County Board of Public Welfare shall also employ such other help as may be necessary to administer public welfare in the County and to fix the salaries of said employees, subject to the approval of the County Board of Commissioners. This County Board of Public Welfare shall be charged with the duty of administering all forms of public assistance in the county including Old Age Assistance, Aid to the Blind, Aid to Dependent Children, and Relief; Services to children in care of and treatment of dependent, neglected, illegitimate and handicapped children. This County Board should also have charge of the investigation and supervision of the County institutions which provide for the care of indigents and pass upon the applications for admission to and discharge from any such institutions and aid the State Department in developing extra institutional care of indigents when deemed advisable.

In Minnesota the State Board of Control has been designated as the State Agency for the administration of Old Age Assistance and aid to the blind. We also have a Children's Department in the State Board of Control which has been designated by the Minnesota plan for aid to dependent children as the State Agency. All of the Social Security grants in aids and all relief matters are now handled under the direction of the State Board of Control with the exception of direct relief and work relief. We, therefore, believe that it would tend to create efficiency in the administration of all grants in aid and relief if all of them were administered under the direction of the State Board of Control and therefore recommend the establishment of a division under the State Board of Control to be known as the Division of Relief to be in charge of and under the direction of an administrator to be chosen by the State Board of Control and to hold office at the will of the majority of said State Board of Control or under such other rules and regulations as might be provided by law for state employees

and that such other employees may be hired by the State Board of Control to administer relief in Minnesota as may be necessary to properly supervise the administration of relief by the various counties of the State. The division of relief under the State Board of Control shall have charge of all direct relief and work relief activities indulged in by the State of Minnesota.

We recommend the abolition of the relief division of the executive council, the abolition of the Soldiers' Home Board, the abolition of all other agencies administering relief for Veterans in the State of Minnesota other than the Division of Soldier's Welfare of the State Board of Control and that all matters of relief and soldier's welfare be handled under a division of the State Board of Control.

We recommend the consolidation of all these public welfare and relief activities under direction of the Board of Control for the purpose of eliminating duplication of investigation and supervision, and that there be a single correlated staff of investigators and supervisors for all of the welfare activities to be administered by the State Board of Control.

RELIEF

The committee has been advised and feels that in the matter of administration and payment of relief in the State of Minnesota as with the payment of Old Age Assistance, there are many Indians who apply for relief and which in some instances create a burden upon the counties in which these Indians are located in large numbers and sees no particular reason why the State of Minnesota or any individual or particular county should be burdened with the payment of relief to the Indians and therefore recommends that the legislature memorialize Congress to provide a Federal system for the proper care and relief for needy Indians in the State of Minnesota.

The committee spent considerable time studying the problem of the local unit for the administration of relief and contacted the Relief Administrators and many county officials of the state and finds that it is almost a uniform opinion that the township system for the administration and supervision of the poor is not as efficient as a County system of administration would be; that considerable confusion and inequality has arisen in some localities of the state on account of the administration of poor relief by townships, villages and cities and the committee was informed that on occasions the responsibility for poor relief has been shifted from one municipality to another in the County to the detriment of relief recipients. We, therefore, recommend that the township system of poor relief be abolished and that the County system of poor relief be made uniform throughout the state and that full responsibility of the tax levy for poor relief be placed in the county rather than in the township, village or city.

The committee has been informed that it is important and does conclude that it is advisable that all the counties of the State whether receiving state money for relief or not be required to send in reports of their expenditures relative to relief and such other information as may be necessary to the State Agency in charge of the administration of relief. We, therefore, recommend that all counties of the state be required to submit such reports as the state agency may require not however more often than on a monthly basis.

The committee finds that it is advisable to make some determination in the law itself of a basis for distribution of state relief to the various counties and that the basis of distributing money be upon the basis of need and the ability of the County to meet its needs; that in determining the relief needs of the various counties in the state, there shall be taken into consideration the average monthly case load of

that particular county during the year 1936 and the per capita obligations incurred during the year 1936 for relief and that in considering the ability of the county to meet its relief needs there should be taken into consideration the county per capita indebtedness in 1935 and the county percent of debt to the assessed valuation in 1935 and the percent of the 1934 taxes uncollected on January 1st, 1936. We have been advised that this is the basis of the system used by the present relief administration in Minnesota in determining the distribution of state funds for relief purposes and we find that the system used by the present relief administrator for the distribution of state funds for relief purposes has been an equitable and efficient method of the distribution of said funds.

We find that the conditions of employment in the State of Minnesota have not been returned to the basis of the 1929 or 1930 employment level and that if the Work's Progress Administration's program of employment should be discontinued a large number of people so employed would be placed upon relief rolls in the various counties in the state. We, therefore, recommend that the legislature of the State of Minnesota memorialize Congress to continue the present program of employment as administered by Work's Progress Administration.

In the interest of simplification, correlation and consolidation of relief and Social Security in Minnesota, the committee finds that in all probability a great duplication of records might be saved if the administration of relief was handled by the same agency in the state which has charge of the administration of the grants in aid of the Federal Government under the provisions of the Social Security Act. We, therefore, recommend that any funds appropriated by the state to be distributed to the various counties for relief purposes be administered

by the State Board of Control and that the same be handled by the State Board of Control in an economical and efficient manner with the least number of employees possible for an efficient administration. We call attention to the fact that reference is also made in this report to the proposed transfer of relief administration from the executive council to the State Board of Control under that portion of this report devoted to the correlation, consolidation and simplification of administration.

In making a study of the administration of Veterans Relief in the state, the committee finds that there is in all probability a great duplication of records and unnecessary checking back and forth between departments and agencies on account of the several different divisions and agencies in charge of the veterans relief in the state and feel that in the interest of economy, efficiency and for the welfare of the veteran, it is advisable to consolidate the administration of all veterans relief in one agency. Relief is now administered by the State of Minnesota to veterans principally through the veterans division of the executive council's State Relief Agency; the bureau of Soldier Welfare of the State Board of Control and the Soldier's Home Board and its relief agency. The committee has been informed that considerable controversy has existed in the administration of the affairs of the Soldier's Home Board and the affairs of the Soldier's Home, and believes that it might be in the interest of economy and efficiency, if that home was supervised by the same agency as supervises the other institutions belonging to the State of Minnesota. We, therefore, recommend as is referred to in the division of this report devoted to consolidation, correlation and simplification of administration, that the Soldier's Home Board and its relief agency be dissolved and that the relief to veterans be consolidated and administered by the division of Soldier Welfare of the State Board of Control.

The Committee made a considerable study of the question of the state need for continuing to participate in direct relief. Representatives of the three large cities and many other communities throughout the state have informed the committee that it is impossible for them to take care of their relief needs for the next biennium without assistance from the state. The city of Minneapolis places its direct relief needs from the state at $2\frac{1}{2}$ million dollars; Ramsey County places its direct needs from the state at \$2,000,000; and St. Louis County places its need for direct relief from state funds at \$500,000. The committee has not gone into the needs of any other particular community in detail, but we are aware there exists in the state of Minnesota a Legislative Tax Commission of Investigation and Inquiry which is making a study of the needs for appropriations during the next biennium. It is studying the sources of revenue of the state and our committee is of the opinion that the amount appropriated by the state for direct relief is to be considered in connection with the ability of the state to raise funds by taxation, and that the question of a recommendation as to the amount to be appropriated for direct relief needs is within the province of the Legislative Tax Commission of Investigation and Inquiry. However, we do feel that it will be necessary for the state to continue to make appropriations for direct relief in the state.

All of the relief needs of the communities which conferred with this committee and the estimates of their needs for assistance from the state, we were informed, were based upon the prospect of the federal government continuing a work program as administered by the Works Progress Administration, or some similar activity, and we are informed that if such activity is discontinued the amount of the needs of the various communities will, in all probability be doubled.

The attention of the committee has been called to the fact that there are large numbers of single men in the state who are on relief and in need of relief; that many of them are residents of the state but their legal homes cannot be determined within the state; some of them are

inter-state residents or transients and a large number of them are persons whose residence in particular counties can be verified. As to the inter-state transient we feel that these men are a federal problem and that the federal government should make funds available for their care, either providing work camps or caring for them in some other manner, within or without this state. That as to the homeless single men having no verifiable residence, but who can satisfactorily show that they are residents of the state, the state should provide a method of caring for them and that the most economical method of caring for such persons is in work camps and that there are many camps constructed within the state, which are available for this use. There is an apparent need to continue the care of some transients in these transient camps and this activity should be administered by the State Board of Control, the same as other relief activities, and the local homeless men should be allowed to enter these camps and the counties pay for the cost of maintaining them.

The Minnesota State Medical Association has called the attention of this committee to the fact that many people on relief have not been allowed to choose their own physician, or to continue with their family doctor while on relief and have their medical needs provided for by their regular family physician.

We, therefore, recommend, that persons on relief be allowed where practical, to choose their own physician, but that before any medical attention is given, the same must be authorized by the local agency in charge of administration of relief, but we recommend that the Minnesota State Medical Association adopt a schedule of fees for relief patients which will be more appropriate than the fees required from ordinary patients, and that such schedule be approved by the local county agency, and that payment for medical attention to relief persons be made in accordance with such schedule.

STATE EMPLOYEES' RETIREMENT FUND

The State Employees' Retirement Fund was established by Chapter 191 of the laws of 1929 and amended by Chapter 351 of the laws of 1931 and then by Chapter 326 of the laws of 1933 and Chapter 238 of the laws of 1935. This law requires state employees to pay into the fund created a sum equivalent to 3 $\frac{1}{2}$ % of their salary and provides for the payment of benefits upon retirement of any employee of the state who has been in state employment for 20 years and who has attained the age of 65 years or for any employee who has been in the employment of the state for 35 years and further provides that within those periods may be included in the definition of state employment the time spent after leaving the state's employ if the former employee continues to pay into the retirement fund an amount equal to the deductions previously made from his salary for the fund. The payment upon retirement is an amount equal to 50% of the average salary received by the employee during his employment by the state but may not exceed \$150.00 a month. The law also permitted old employees to retire two years after the enactment of the law, the only requirement being that they pay into the fund the equivalent of five years deductions from their salaries. The act provides that whenever a member of the association dies without having received an annuity, the full amount of the accumulated deductions from his salary shall be paid to the beneficiary designated by him and provides further that no contract is made with the persons who pay into the fund except that the member is promised the return of the full amount paid in. In the first place the act provided for payment of disability benefits. That feature was removed from the law by Chapter 328, Laws of 1935. Payment of pensions under the law began July 1st, 1931. During that year 131 state employees retired and drew \$71,901.34 from the fund. In the next year 52 employees

retired and \$119,713.13 was paid in benefits. In the 5th year of the fund or the 3rd year in the payment of pensions 37 more retired and \$144,627.85 was paid. In the next year, 51 employees retired and \$168,046.32 was paid. The seventh fiscal year showed an additional 61 employees retiring and 19 pensioners being removed from the list because of death; this fiscal year shows \$211,298.16 paid to annuitants from the retirement fund. Up to June 30, 1934, 322 state employees entitled to the pension had retired, of whom 70 have died since retiring, leaving 252 on the pension roll at the beginning of the current fiscal year. The total amount paid to the 322 state employees who retired during the five year period from July 1, 1931, to June 30, 1936 was \$715,536.77. These annuitants had paid into the fund prior to their retirement \$97,113.81 which shows \$618,472.96 more was paid to them than they paid into the fund. The cost of operation of the fund to June 30, 1936, was \$38,617.14. Income from premiums and accrued interest amounts to approximately \$25,000.00. Gross earnings on all securities and other miscellaneous receipts totaled \$271,456.92. This indicates a total deficit in the fund at the close of the seventh year of \$408,457.99. The association's report for the fiscal year ending June 30, 1936 showed 9,749 members, - an increase of 3,358 since July 1st, 1932.

Four plans for remedying the deficiency in this fund were submitted to the Interim Committee by the Minnesota Employees' Retirement Association.

Plan No. 1 called for the state to contribute an equal amount with the employee.

Plan No. 2 called for the state to contribute an amount equal to 1% of the payroll of the members for the first three years, 1½% for the succeeding three years and an increase of ½% each period of three years until 1949 and subsequent years, when the state would contribute 3% of the amount of its payroll into the fund. The esti-

mated cost of this plan being from \$114,285.00 for the first three years to \$342,855.00 for 1949 and subsequent years.

Plan No. 3 called for the state to pay the amount of difference between the amount received by employees retiring upon service of less than 20 years in annuities and the amount the deductions would have amounted to from their salaries if they had remained in the employment of the state for the full 20 years, bearing in mind that when the fund went into effect the employee might retire upon payment of five years deductions. In many cases the requirements of the state would be to pay an amount equal to 15 years deductions from the employee's salary. The cost of this plan to the state for the fiscal year ending June 30, 1932 would be \$56,600.45 and increased to \$182,252.88 for the fiscal year ending June 30, 1935, and estimated to cost for the next five years \$170,000.00 a year, thereafter the amount would decrease.

The 4th plan suggested to the committee by the State Employees' Retirement Association would be for the state to pay one-half of the total pensions paid to retired employees until such time as the deficit now existing in the fund is wiped out. The cost of this plan is estimated to vary between \$80,000.00 and \$120,000.00 a year.

The committee feels that the state, as employer should make such contributions to this fund as will prevent an increase in the existing deficit and continue these contributions until the deficit is wiped out by such contributions and increased assessments as are hereinafter recommended. To bring this about your interim committee recommends the enactment into legislation of the least expensive method of disposing of the deficit as outlined by the committee of employees representing the State Employees' Retirement Association, namely the fourth plan. This plan provides for the payment by the state into the fund annually, beginning with the fiscal year July 1, 1937, one-half of the total amount paid out of the fund to annuitants in the prior fiscal year.

We recommend that this amount should be assessed directly against each department to the extent that their former employees are paid pensions from the retirement fund.

We recommend that the fund should be further supplemented by revenue to be raised by graduated assessments ranging from $3\frac{1}{2}\%$ of monthly wages by those entering the service at 30 years of age or under to 6% deductions from earnings of those who entered the state's service at 55 years of age or over. By requiring all who enter the state's service at 30 years or less to contribute $3\frac{1}{2}\%$ of their regular monthly salary; the employees who enter state employment when they are over 30 years of age and less than 40 years of age contributing 4% of their regular salary, and employees who are 40 years old and less than 45 on the day they enter the state's service contributing $4\frac{1}{2}\%$ of their regular salary and employees who are 45 years of age and less than 50 at the time of their entering into the employ of the state shall pay into the retirement fund 5% of their regular salary and those who are 50 and less than 55 shall pay $5\frac{1}{2}\%$ of their regular salary and employees who are 55 or more years of age at the time of commencing service for the state shall pay 6% of their salary into the retirement fund.

This increase in revenue should put the retirement fund in an actuarially sound condition within a comparatively few years and eliminate the necessity of a continuation of state contributions to the fund.

If the state is to make contributions to this fund in the manner herein recommended then we believe that a further amendment to the retirement act will be necessary with reference to the manner of treating employes whose services with the state have been terminated or will be terminated in the future before they have reached the retirement age. In that connection, we recommend the following as a substitute for Section 9, Chapter 238, Laws of 1935:

" (a) Any member of said association who shall cease to be a state employe for any reason other than death or superannuation, and who has been a member of said

association for less than five years, shall receive from the association, without interest, the full amount which such member has actually contributed to the retirement fund by way of deductions from his or her salary.

" (b) Any member of said association who shall cease to be a state employe for any reason other than death or superannuation, and who has been a member of said association for five years or more, shall also have the right to withdraw from the retirement fund his or her actual contributions to said fund as provided for in paragraph (a) of this section, and in addition thereto shall have the privilege of electing to permit his or her contributions to remain in said fund and upon attaining the date at which retirement would have become effective, if the member had remained in the service, he or she will be entitled to receive such proportion of the benefits provided for by this act as the length of his or her service bears to the number of years required if the individual had remained in the service until eligible to retirement. Such election must be made in writing to the retirement board within sixty days after the termination of employment by the state, and may be rescinded in like manner at any time, whereupon the right to withdraw contributions as above provided shall be restored.

" (c) All members of said association whose employment by the state has terminated after five years service to it, or more, and who have retained their membership in said association in good standing after ceasing to be

employees of the state by continuing payments into said retirement fund under the provisions of this section as it has heretofore existed, shall have all of the rights and privileges granted to members by paragraph (b) of this section, with credit for length of service to the state to April 1, 1937, after which no further contributions shall be received from them nor credit for service to the state granted, except as provided for in Section 10 of this act."

UNEMPLOYMENT COMPENSATION

The committee made an extensive study of the subject of unemployment compensation and examined the provisions of the laws of the different states and familiarized itself with the provisions of laws in other countries. However, its study of the subject was interrupted by illness of members of the committee vitally interested in the matter and by the calling of the special session of the legislature; but the committee had prepared bills which were submitted to the special session in which it attempted to set forth in an impartial manner the various controversial questions involved in a proposed Minnesota law in such a manner that if such a law was passed, it would be approved by the social security board.


The legislature saw fit to pass a law using as its base one of the bills introduced by your Interim committee. The committee feels that undoubtedly careful analysis of this legislation passed in a hurried session will reveal that some of the provisions of the act

should be amended. The committee has not had an opportunity at the date of the making of this report to carefully analyze the provisions of the law passed at the special session to determine or make any particular recommendation, but the committee feels that the purpose of such law is to encourage the employer to retain the largest number of employees on the payroll; and, therefore, we recommend that a careful study be made of the merit rating provision of the Minnesota law and of the provisions relative to guaranteed employment.

CONCLUSION

The committee has attempted to administer its activities and conduct its study with the least amount of expense to the state of Minnesota but found it necessary to have many meetings to confer and consult with persons interested in the various phases of its study, and wishes to acknowledge in its report the cooperation of the American Public Welfare Association and the assistance given to the committee by Mrs. Blanche La Du, former member of the Board of Control, whose able counsel was solicited and received on many subjects herein discussed and referred to. The committee wishes also to acknowledge the cooperation of the American Federation of Labor, the Minnesota State Employers Association, Minnesota State Board of Control and its Administrative Officers, the extensive cooperation of the Minnesota State Relief Agency and the Minnesota State Planning Board.

The committee has felt that it would be unnecessary and useless expense to have a large number of copies of bills printed and circulated throughout the state but has prepared, and caused to be prepared, a large number of bills on subjects herein referred to and they will be found to be in conformity with the conclusions and

 The Committee recommends that all persons employed or to be employed in state and county departments charged with the administration of the subjects dealt with in this report be employed upon the basis of training and experience and that such employment be placed upon a merit basis.

recommendations herein reported, which bills will be introduced early in the 1937 regular session of the legislature. The committee will attempt to make copies of these bills available for all members of the legislature early in the 1937 regular session.

*

Respectfully submitted,

W. J. Gavin

Chairman

W. H. Campbell

Rollin G. Johnson

J. F. Merrill

George W. Johnson

Henry H. Hornitz

J. Lawrence Wheeler

Milton B. Lightner

A. D. Donald

This report was not examined, nor signed by Senator Gerald T. Mullin on account of illness.

8012