

January 24, 1940

[Veto Message - Railroad Measures for Ohio]

FDR Speech - File

This bill was vetoed

Jan. 24, 1940

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith, without my approval, a bill (H. R. 5118) entitled, "An Act for the Relief of the State of Ohio".

In October, 1938, the Social Security Board withheld from the State of Ohio the payments that would have otherwise been made to the State under the old age assistance provisions of the Social Security Act. The Social Security Board is empowered by law to withhold the certification of any amount due to any State, in the event that the Board finds, after notice and hearing, that such State has failed substantially to comply with any provision required by law to be included in the plan.

Investigations made by the Board prior to September, 1938, indicated the existence of certain important defects in the administration of the old age assistance plan in the State of Ohio. A hearing on this subject was thereupon called by the Board and held on September 6, 1938. The proper State authorities received notice of the hearing, but failed to attend. As a result of testimony introduced in that proceeding, the Social Security Board made detailed findings showing that there had been in the operation of the Ohio State plan for old age assistance, a lack of efficient administration, wholesale violation of the State Civil Service laws and rules, delays in the handling of applications for assistance, blanket increases in some awards while at the same time aid was denied to other needy applicants, discrimination in the handling of complaints, a faulty accounting system, and non-compliance with reporting

provisions and with the requirement of fair hearings to aggrieved applicants.

In accordance with these findings the payment due to the State for October, 1938 was withheld. The State then made ~~the~~ October payments to ~~the~~ individual beneficiaries *listed by the State Authorities* ~~wholly~~ out of its own treasury ~~without receipt of~~ ~~Federal aid~~. The purpose of the bill under consideration is to reimburse the State for the amount of money thus withheld by the Federal Government.

The Social Security Act constitutes legislation of major importance. It has far-reaching permanent consequences in the interest of the welfare of the aged and the needy. Most of the phases of the Social Security Act involve cooperation between the Federal Government and the States. Efficiency of administration must, therefore, be present both in the Federal and the State agencies. The Congress, in order to secure adherence to proper standards on the part of the State governments, has clothed the Social Security Board with the ~~power and the~~ *definite* duty of causing a withholding of payments from the States, in the event that they fail to comply.

It is not seriously questioned that the action of the Social Security Board in withholding payment in the present instance was well founded. The enactment of this legislation would in effect render nugatory in this instance the salutary provision of the Social Security Act which accords the Federal Government the sole means of assuring an effective administration and disposition of funds granted by it to the States under the Social Security Act.

I am withholding my approval of the bill under consideration because of my belief that an expeditious, effective

and non-political administration of the provisions of the Social Security Act is indispensable to the conduct of operations thereunder, and that approval of the measure would be inconsistent with this objective and create a precedent that would seriously endanger the success of the entire Social Security program.

(A) H.

INSERT A

If this bill were to become law it would at least make it possible for a state agency to violate Civil Service laws, to give blanket increases to some and deny aid to other needy applicants, to discriminate in the handling of complaints and to maintain a faulty accounting system <sup>with</sup> ~~with~~ the belief that if the Social Security Board were to withhold Federal funds ~~for such a reason~~ <sup>because of this, the state agency</sup> they could later go to the Congress of the United States and receive ~~Federal money~~ <sup>a special appropriation</sup> in proportion to the amounts the state had put out, ~~violation of all Federal rules.~~ <sup>H</sup> The state authorities would have this bill as a precedent. It is needless for me to say that if I were to sign this bill the precedent of it could be extended to other forms of Federal aid -- aid for highways, aid for widows and aid for dependent or crippled children. It would mean that states no longer ~~would be~~ <sup>would be</sup> ~~able~~ <sup>compelled</sup> to maintain the standards set up by the Congress, but ~~on the other hand,~~ could violate these standards with impunity and still get their money.

I do not think that the provision by which the Social Security Board would "ascertain the total of the sums <sup>based</sup> ~~dispersed~~ by the State of Ohio.....with respect <sup>and</sup> to each <sup>and</sup> needy individual eligible" is in any way a

practical method of determining at this late date the individual merits of each particular case. Undoubtedly many of the individual payments were proper but, on the other hand, a very large number were undoubtedly improper or discriminatory -- and a still further number of needy persons who ought to have received compensation received none at all. To reopen thousands of individual cases a year and a half later, and to investigate each one separately would ~~cost nearly as much as the total appro-~~ <sup>be tremendously expensive</sup> ~~priation carried in the bill.~~ It seems to me that the disapproval of this bill will serve notice on every state in the Union that all kindsof Federal aid must be ~~handled~~ <sup>be conditional on</sup> ~~by the state authorities under~~ full compliance with the Federal law and wholly without discrimination or inefficiency.