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 other-
wise 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 out of its own treasury without reception 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 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.
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 with the belief that if the Social Security Board were to withhold Federal funds for such a reason they could later go to the Congress of the United States and receive Federal money in proportion to the amounts the state had put out, violation of aid Federal rules. 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 compelled 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 disposed of by the State of Ohio....with respect to each 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 appropriation 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 kinds of Federal aid must be handled by the state authorities under full compliance with the Federal law and wholly without discrimination or inefficiency.