

Senator CONNALLY. Did you consult with the committee and try to get access to the committee?

Mr. EPSTEIN. I tried everything in the world to get our opinions consulted, but we never were officially consulted. The only exception I make on this is in respect to old age. I might say that the experts of the committee on old age did come up to see me, even when I was sick, and I understand that they even had to fight it out with the officials to come to see us. We had a conference and the thing was all agreed upon, and that is probably why you find the sections on this part of the bill meeting with general approval and well-worked out.

The CHAIRMAN. These other witnesses who have spoken on unemployment insurance contend that the provisions of this bill have eliminated the old order of one State having unemployment insurance putting on a tax, and that that would be unjust to the manufacturers or the people in the other States, and that this having a uniform tax on employers throughout the country under the conditions laid down would present a unified system.

Mr. EPSTEIN. You are meeting it only from the point of view that all employers would be paying the same tax, but after all, Senator, what are you after? Are you after just merely levying a tax on the employers, or are you after providing benefits for unemployed workers? I say that under this plan, and if you will examine it you will find it, under this plan any State could levy only 1 percent on some employers, and the employers would be entitled to 90 percent of their tax as a remission. There are no standards provided for. They could provide only 2 weeks of insurance, they could provide an extraordinarily long waiting time, and so forth.

Senator BARKLEY. There would be lack of uniformity insofar as State taxes differed from one another.

Mr. EPSTEIN. Exactly, and therefore you do not obviate the unfair competition feature. Suppose one State sets up 3 or 4 percent, and another State sets up 2 percent and another State sets up 1 percent. Each employer gets 90 percent contribution, if he pays 2 percent in one State, or 3 percent in another State, and so forth.

May I at least in a summary way, I really have not had a chance to develop the details, but may I suggest a summary of a plan that had been recommended by most of the members of the Advisory Committee, by the experts, by most of us who have studied the problem for years and years, and have at least tried to grasp it?

Senator BLACK. Did I understand you to say the plan you were going to suggest was approved by a majority of the committees?

Mr. EPSTEIN. Yes, sir; by all who have studied the problem deeply. But this bill was drafted by the people in the Department of Labor, who insisted on their own hobby. We may as well speak frankly. This is an important social issue. I do not want to see the country go off on a bad way and have another Congress repeal the whole thing because of rotten thinking. We have to think clearly. We should not do things in a hurry just to have something done.

The CHAIRMAN. Give us your plan, please.

Mr. EPSTEIN. We have to approach, as I said, something that will at least approach a national way without interfering with our present form of government. So, keeping the same tax that you have in this bill, you levy a 3-percent tax on all employers. Then you say that any State legislature—not the employers of the State—but you do

it in the American democratic manner, and you deal with the governor and the State legislature and the people in the State, and not with the employers. You say to the people of the State and the governor and its legislature, that if you adopt a proper law under proper standards, such as, for instance, at least a minimum number of weeks benefit, that the benefits are at least that much, but you have a decent administration; we will turn over to you the entire money that we collected through the 3-percent tax in your State, and all you have got to do is to disburse it under proper standards. You have 1 tax system, you do not have 2, and it is the simplest and perfectly American thing. On the one hand, you simply raise an excise tax and you raise money in the Federal Treasury and on the other hand you follow the traditional American method of subsidizing States through Federal revenue, and you turn over the money to the States under proper conditions. Then your Federal Government has a right to say to the States—and every State will follow in line right away because they will have everything to gain and nothing to lose. They will say, "Set up a system and we will help you." If you want to put it up even better, that is up to you, but we will help you at least to the minimum of your contribution in this State." And you have one collecting system and you have a perfectly logical coordinated system with proper standards, and it is the simplest thing in the world. Why anybody should have refused to see that thing is beyond any reasonable explanation.

Senator KING. Doctor, do you think that the differences in geographical conditions and social conditions and business conditions, and climatic conditions—I have in mind, for instance, up in Maine, where it is cold, and the cost of living might be greater than, let us say, in Florida, or as it is in Montana, where conditions are different climatically—that they would call for the same minimum standards?

Mr. EPSTEIN. Senator King, it would be very inadvisable to set up a national standard, but you could do pretty much this—you could not do it in unemployment insurance—but you could make some geographical classification like in the codes. They are not the best, but they are the best we can do. You can overcome it in some respects afterwards, perhaps. In old age, it is made very nicely as a standard compatible with decency and health, and that gives you leeway as to what that standard is in Mississippi or in Utah or in New York.

Mr. CHAIRMAN. Have you undertaken to draft just such a provision on unemployment insurance which you desire?

Mr. EPSTEIN. I have a bill with me, and I should like to submit you a copy.

The CHAIRMAN. Would you put it in the record?

Mr. EPSTEIN. Yes, sir.

The CHAIRMAN. That meets your ideas absolutely?

Mr. EPSTEIN. It meets it exactly, sir. It is entirely on unemployment insurance.

Senator KING. Do not cover all the other phases?

Mr. EPSTEIN. Not in this bill.

Senator KING. Let me ask you a question right there. Would there be any objection from your point of view to dividing this bill, treating old age as one bill and unemployment insurance in another bill, be-

cause I assume from what you have said of a bill dealing only with unemployment, that you see no difficulty in segregating them?

Mr. EPSTEIN. Frankly, Senator King, that is a difficult thing for me to answer, but I will answer because I believe in being frank all through. Originally, I actually begged the committee not to make it an omnibus bill, and I had hoped that they would not do it, because the issues are terrifically important. Both issues, in fact, all three issues, are terrifically socially important. They should not be lumped together in one sitting. No matter how kind you are and you will give me the time, I cannot possibly do justice to even discuss the basic elements of the thing. It has to take 2 days, practically, to merely touch on the basic elements. It is unfair to ask the committee to consider an omnibus bill and ask them to do it quickly because we have to make haste. Haste is important, but we should not sacrifice thinking.

I am in this position. The administration did not consider our advice and they did submit this bill. Some of the leaders still insist that Congress will enact it all as it is. I certainly do not feel like being accused or charged with saying that I am preventing the passage of the bill, although I say this much, that if the unemployment provisions should go through as they are now, I would rather not see this part go through, and I stand here and say it, and we will fight and fight to repeal it for the next couple of years, because it will just put us off on a tangent that will get us nowhere and we will have to ask for its repeal.

The CHAIRMAN. You are speaking of unemployment insurance?

Mr. EPSTEIN. Yes.

The CHAIRMAN. Do you see any trouble in submitting your proposal in the same title as an amendment?

Mr. EPSTEIN. You could do that, Senator. And that would meet the demands and the thinking of practically everybody that has given any study to it except a few people. For instance, I might make this statement, and I think it is fair, that Professor Hansen who was here preceding me, himself wrote a book only about 6 months ago in which he definitely came out condemning the possibility of anything but a State-pooled fund. This bill would permit, for instance, funds like the Wisconsin plan, and that seems to be one of the main aims of this bill.

(The bill submitted by Mr. Epstein is as follows:)

A BILL To alleviate the hazards of unemployment, to establish a Federal Unemployment Insurance Board, and to raise revenue

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled,

DEFINITIONS

SECTION 1. As used in this Act—

(1) "Employer" means any person, partnership, firm, association, public or private corporation, the legal representatives of a deceased person, or the receiver, trustee, or successor of a person, partnership, firm, association, or public or private corporation (excluding the Federal Government, the States, municipal corporations, and other governmental subdivisions) having four or more persons employed in any employment subject to this Act. Whenever any helper, assistant, or employee of an employer engages any other person in the work which said helper, assistant, or employee is doing for the employer, such employer shall for all purposes hereof be deemed the employer of such other person, whether such person is paid by the said helper, assistant, or employee, or by the

employer, provided the employment has been with the knowledge, actual, constructive, or implied, of the employer.

(2) "Employee" means any person, including aliens and minors, employed for hire by an employer in an employment subject to this Act, except any person employed at other than manual labor at a rate of wages of more than \$50 a week.

(3) "Employment" means any employment by an employer in which all or the greater part of the employee's work is performed within the United States (excluding the territories and possessions of the United States), under any contract of hire, express or implied, oral or written, and shall include any trade, occupation, service, or profession, in which any person may engage; except that

for the purpose of this Act it shall not include:

(a) Employment as a farm laborer;

(b) Employment in the personal or domestic service of an employer having less than four employees engaged in such service; and

(c) Employment by an employer of his spouse or minor child.

4. "Wages" means every form of remuneration received by an employee from an employer, including wages, salaries, commissions, bonuses, and the reasonable money value of board, rent, housing, logging, or similar advantages.

5. "Full-time weekly wages" means the weekly wages that an employee would receive at current rates if he were employed the full number of scheduled or customary working hours per week in the employment in which he is usually engaged, provided he has been so engaged within one year prior to the day on which benefits are to commence. If he has not been engaged in his usual employment within the said one-year period, then "full-time weekly wages" means the weekly wages that he would receive at current rates if he were employed the full number of scheduled or customary working hours per week in that employment most similar to his usual employment and in which he has had at least sixty days of employment within the said one-year period. Each central authority shall, subject to review and modification by the Board, make such rules and adopt such methods of calculating full-time weekly wages as may be suitable and reasonable under this act and for the proper administration of the system of unemployment insurance over which it has charge.

(6) "Pay roll" means the total of all wages periodically paid by an employer to employees subject to this Act.

(7) "A day of employment" means any day in which an employee has had employment of all or any part of the day with an employer and in an employment subject to this Act.

(8) "Total unemployment" means the total lack of any employment, including employments not subject to this Act, together with the total lack of all wages, both of which are caused by the inability of an employee who is capable of and available for employment to obtain any employment in his usual employment or in any other employment for which he is reasonably fitted by training and experience, including employments not subject to this Act.

(9) "Partial unemployment" means the lack of full-time employment together with the partial loss of wages, both of which are caused by the inability of an employee who is capable of and available for full-time employment, to obtain such full-time employment in his usual employment or any other employment for which he is reasonably fitted by training and experience, including employments not subject to this Act; and "loss in partial unemployment" means, for any calendar week, the difference between the employee's full-time weekly wages and all the wages actually earned by him in the said calendar week, including wages in employments not subject to this Act.

(10) "Board" means the Federal Unemployment Insurance Board created by this Act.

(11) "Central authority" means the central agency or officer charged with the duty of administering a State or special system of unemployment insurance.

(12) "State" includes the District of Columbia.

CONDITIONS FOR THE APPROVAL OF STATE SYSTEMS OF UNEMPLOYMENT INSURANCE

SEC. 2. A State system of unemployment insurance shall be approved only when it provides that, commencing one year after the enactment of this Act, benefits shall be paid by the central authority to employees residing within the State for loss due to total or partial unemployment in the amounts and subject to the conditions stipulated in this section and otherwise conforms to the provisions of this section as follows:

(1) QUALIFICATIONS.—An employee shall become entitled to any benefits when he—

(a) Is suffering either total or partial unemployment; and
 (b) Has registered as totally or partially unemployed and reported for work or otherwise given notice of the continuance of his unemployment; and

(c) Has had one hundred and four days of employment within the twelve months preceding the day on which benefits are to commence, or (in the alternative) has had one hundred and sixty days of employment during the twenty-four months preceding the day on which benefits are to commence.

(2) **Disqualifications.**—No benefits shall be payable to any employee who has lost his employment or has left his employment by reason of a strike or lockout in the establishment in which he was employed, so long as such strike or lockout continues; or who refuses to accept an offer of employment for which he is reasonably fitted by training and experience, including employments not subject to this Act: *Provided, however,* That no employee otherwise qualified to receive benefits shall lose the right to benefits by reason of a refusal to accept employment if—

(a) Acceptance of such employment would deny to such employee his right to join or to retain membership in and observe the lawful rules of a labor organization, or to refrain from joining a labor organization; or

(b) There is a strike or lockout in the establishment in which the employment is offered; or

(c) The employment is at an unreasonable distance from his residence, or travel to and from the place of employment involves expense substantially greater than that required in his former employment unless the expense be provided for; or

(d) The wages, hours, and conditions offered are less favorable to the employee than those prevailing for similar work in the locality, or are such as tend to depress wages or working conditions.

(3) **WAITING PERIOD.**—An employee suffering total or partial unemployment shall receive benefits only after he has undergone a waiting period such that, during the twelve months preceding the day on which benefits are to commence, he has, because of total and/or partial unemployment, sustained a loss of wages equivalent to not less, but not more than four weeks' full-time weekly wages. For such loss no benefits shall be or become payable. Such loss need not be consecutive but may be accumulated during the said preceding twelve months. When such loss has been sustained and benefits have commenced, no further waiting period shall be required of any employee in the twelve months following the day on which said benefits commenced. An employee who has lost his employment through misconduct connected with his employment or who has voluntarily left his employment without just cause shall not receive benefits until he has similarly sustained a loss of wages equivalent to eight weeks' full-time weekly wages. Losses resulting from total or partial unemployment shall be counted only from the day on which the employee registers as totally or partially unemployed.

(4) **AMOUNT OF BENEFITS.**—

(a) Benefits shall be payable on account of total unemployment after the specified waiting period at the rate of 50 per centum of the employee's full-time weekly wages, but not to exceed a maximum of \$25 per week.

(b) Benefits shall be payable on account of partial unemployment after the specified waiting period at the rate of 50 per centum of the loss in partial unemployment. When the full-time weekly wage exceeds \$50 no more than \$50 shall be taken as the full-time weekly wage in determining the loss in partial unemployment.

(5) **DURATION OF BENEFITS.**—The total amount of benefits to which an employee shall be entitled in any consecutive fifty-two weeks for total and/or partial unemployment shall not be less, nor more than twenty times his benefit for one week of total unemployment. When benefits have been terminated because of this limitation the employee shall not be entitled to benefits in any succeeding period until he has had sixty days of employment subsequent to such termination and, in addition, is then able to meet the requirement of paragraph (c) of clause 1 of this section.

(6) **BENEFITS IN SEASONAL EMPLOYMENT.**—Whenever in any occupation or industry it is possible to operate only during a regularly recurring period or periods of less than one year in length, then the right to benefits shall apply only to the longest seasonal period or periods which the best practice of such occupation or industry will possibly permit. Each central authority shall determine, or redetermine after investigation and due notice, such seasonal period or periods for each such seasonal occupation or industry in its State. Until such determination by the central authority, no occupation or industry shall be deemed seasonal. When the central authority has determined such seasonal period or periods, it

shall also fix the proportionate number of days of employment required to qualify for benefits in place of the provisions contained in paragraph (c) of clause 1 of this section and the proportionate duration of benefits in place of the provisions contained in clause 5 of this section. Every determination and ruling made by a central authority pursuant to the provisions of this clause shall be subject to review, reversal or modification by the Board.

(7) **BENEFITS OF SHORT-TIME WORKERS.**—An employee who for reasons personal to himself is unable or unwilling to work usual full time and who customarily works less than the full time prevailing in his place of employment shall register as a short-time worker in such manner as the central authority shall prescribe. The time which such employee normally works in any calendar week shall be deemed his week of full-time employment and the wages which he earns in such week shall be deemed his full-time weekly wages. The central authority shall fix the proportionate number of days of employment required to qualify for benefits in place of the provisions contained in paragraph (c) of clause 1 of this section, and proportionate maximum benefits in lieu of the maximum amounts provided in clause 4 of this section. Every determination and ruling made by a central authority pursuant to the provisions of this clause shall be subject to review, reversal, or modification by the Board.

(8) **PROLONGATION OF QUALIFICATIONS.**—When an employee becomes employed in an employment or by an employer not subject to this Act, if he is then qualified under paragraph (c) of clause 1 of this section, his qualifications under said paragraph shall remain effective for a period of one year from the commencement of such employment. If he becomes totally or partially unemployed within said period of one year he shall be deemed qualified under said paragraph.

(9) **REGISTRATION OF UNEMPLOYMENT.**—Every employee claiming benefits shall register as totally or partially unemployed at a local, free, public employment office in accordance with such rules as the central authority shall prescribe. After so registering an employee claiming benefits shall report for work at the same local employment office or otherwise give notice of the continuance of his unemployment as often and in such manner as the central authority shall prescribe.

(10) **REPORTING OF TEMPORARY EMPLOYMENT.**—In claiming benefits an employee shall for each week of his unemployment correctly report any wage-earning employment he had in such week and any wages he received for such employment, including employments not subject to this Act, and shall make such reports in accordance with such rules as the central authority shall prescribe.

(11) **APPROVAL OF CLAIMS.**—Claims for benefits shall be determined by a local public officer employed on regular salary. A claimant and any other party affected shall be entitled to a hearing before such officer and there shall be a right to an appeal from the determination of such officer to a State agency. Claims and appeals shall be presented, heard, and determined in accordance with such rules and procedure as may be prescribed for each system, but shall not be controlled by common law or statutory rules of evidence or by the technical or formal procedure employed in civil actions.

(12) **WAIVER OR ASSIGNMENT.**—No agreement by an employee to waive any right or benefit under the system shall be valid; nor shall benefits be assigned, pledged, encumbered, released, or commuted, and such benefits shall be exempt from all claims of creditors and from levy, execution, and attachment or other remedy now or hereafter provided for recovery or collection of a debt, which exemption may not be waived.

(13) **Administration.**—

(a) Each system shall be administered by the State labor department, industrial commission, or other central agency or office through a State-wide system of free, public employment offices, and such central authority shall be the State agency vested with all powers necessary to cooperate with the United States Employment Service pursuant to the provisions of the Act of June 6, 1933 (ch. 49, secs. 1-13; 48 Stat. 113-117).

(b) Subject to review, reversal, or modification by the board, each central authority shall have the power to establish uniform standards of administration for its system, to make all such rules and regulations as may be required for the administration thereof, and to amend and modify any of its rules and regulations from time to time as it may find necessary or desirable.

(c) Each system shall have one or more advisory councils, the members to be equally representative of employers, employees, and the public, and to serve without salary but with allowances for actual and necessary expenses.

(d) Excepting the members of the central authority and the advisory councils, all persons engaged in the administration of the system shall be appointed or employed and shall hold office on a merit rating basis through open competitive examinations of a standard not inferior to that prescribed for the United States Civil Service.

(e) Each system shall provide penalties for the making of false statements or representations to obtain any benefit provided by the system, or for the violation of any provisions of the law establishing such system, or for willfully failing or refusing to perform any duty enjoined by such law or any lawful order made by the central authority in connection with the administration of such system.

(f) Each central authority shall be empowered to obtain from all employers and employees within its State, including those not subject to the provisions of this Act, all such information as it may require in the administration of its system, to make reports on such administration as often and in such form as the same may be required by the Board and, from time to time, to make such other reports and such suggestions to the Board with respect to such administration and the operation of this Act as it may think fit.

(g) Each central authority shall submit to the Board in advance an estimate of the expenditures necessarily to be incurred in the administration of its system and no such expenditures shall be incurred or be a charge upon the system until the approval of the Board if first had as to each item.

(14) EXTENDED BENEFITS.—Nothing in this section or in any other part of this Act contained shall be deemed or construed to deny to a State the right or power to shorten the waiting period or to provide for the payment of benefits in excess of the amounts or beyond the maximum period hereinbefore stipulated in this section: *Provided, however,* That no part of the allotments made pursuant to the provisions of this Act shall be used for the payment of benefits prior to the completion of the waiting period or in excess of the amounts or beyond the maximum period hereinbefore stipulated in this section, and that the entire cost of any extended benefits be defrayed by the State out of funds which it shall raise in such manner as it may deem advisable.

CONDITIONS FOR THE APPROVAL OF SPECIAL SYSTEMS OF UNEMPLOYMENT INSURANCE

SEC. 3. An employer having employees in more than one State, or a group of such employers in the same trade, occupation, service, or industry, may, in accordance with such rules and regulations as the Board shall prescribe, establish a special system of unemployment insurance for the benefit of the employees of such employer or group of employers. The Board may likewise on its own initiative establish a special system for any such employer or group of employers who are engaged in commerce among the States or with foreign countries as public carriers or otherwise. No special system of unemployment insurance shall be approved unless it provides the same benefits as those prescribed by section 2 for approved State systems to be paid on the same conditions as in said section stipulated and unless in its administration and otherwise it conforms to the provisions in said section contained. The employees for whose benefit a special system has been established shall have no rights or claims to benefits under any State system of unemployment insurance.

EXCISE TAX

SEC. 4. (1) AMOUNT OF TAX.—On and after January 1, 1936, there shall be levied, assessed, and collected from every employer an excise tax in an amount equal to 3 per centum of his pay rolls. The tax shall be due and payable and shall be paid and remitted by every employer to the Treasury of the United States at such times as the Board shall prescribe.

(2) COLLECTION OF TAX—

(a) The tax imposed by the preceding clause shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury in such manner and in accordance with such rules and regulations as may be prescribed by the Commissioner of Internal Revenue with the approval of the Board.

(b) All provisions of law, including penalties, applicable with respect to any tax imposed under section 600 or section 800 of the Revenue Act of 1926, shall, insofar as applicable and not inconsistent with the provisions of this Act, be applicable in regard to the tax imposed by the preceding clause.

(3) No agreement by an employee to pay any portion of the tax imposed by this section upon his employer shall be valid, and no employer shall make a

deduction for such purpose from the wages of an employee, or in any other manner collect from an employee any portion of the said tax so imposed upon his employer.

ALLOTMENTS TO APPROVED SYSTEMS OF UNEMPLOYMENT INSURANCE

SEC. 5. (1) The Board shall examine each State and special system of unemployment insurance which may be submitted to it for approval and shall approve each such system which it finds, in its terms and in its actual administration, conforms to the provisions of section 2 of this Act.

(2) The Board shall periodically allot to each approved system amounts equal to 98 per centum of the sums received in payment of the tax imposed by section 4 of this Act on pay rolls to employees who are or may become entitled to benefits under such system.

(3) The Board shall periodically notify the Secretary of the Treasury of the amounts of the allotments which it has made pursuant to the provisions of this section and the Controller General is authorized and directed to enter in the accounts of the Treasury of the United States severally to the credit of each of the approved systems the amounts allotted to such systems pursuant to the notices of the Board.

(4) The Secretary of the Treasury is authorized and directed periodically to pay over to each approved system out of and to the extent only of the total of the amounts allotted and standing to the credit of the said system, together with the income thereon such sums as the Board may from time to time requisition, the sums so paid over to be used solely to defray the benefits of being provided under the said system pursuant to the provisions of section 2 and the cost of the administration thereof.

(5) The Board may at any time suspend or revoke its approval of any State or special system of unemployment insurance when, after investigation and hearing, it finds that the system is not being administered adequately, properly, or efficiently. When the approval of any system is suspended or revoked by the Board no further payments shall be made to such system out of any allotments then standing to its credit so long as such suspension or revocation remains effective, nor shall any further allotments be made to said system during such period.

(6) The Secretary of the Treasury is authorized and directed to hold the total of all allotments periodically made by the Board pursuant to the provisions of this section in a separate account at the Treasury or at any bank or banks designated by him, to receive and hold the income derived therefrom, to invest such portion thereof as is not required to meet current requisitions in any primary obligations of the United States or in any obligations guaranteed both as to principal and interest by the United States, and to sell the same from time to time as he deems advisable. He shall enter quarter-yearly to the credit of the account of each approved system a proportionate part of the income derived during the preceding quarter on the basis of the average daily balance of such account. He is hereby authorized to appoint any one or more of the Federal Reserve or national banks as his agents, on such terms and conditions as he may prescribe, to hold and have custody of the total of the said allotments or any portion thereof, and such banks are hereby authorized to act as such agents.

(7) Two per centum of the total received in payment of the tax imposed by section 4 of this Act shall be available to the Board to defray the cost of the administration of this Act and of the United States Employment Service and the Secretary of the Treasury is authorized and empowered periodically to pay over to the Board such sums not to exceed the said 2 per centum as it may requisition from time to time for such purposes.

ADMINISTRATION

SEC. 6. (1) FEDERAL UNEMPLOYMENT INSURANCE BOARD.—This Act shall be administered by a Board hereby created, which shall be known as the "Federal Unemployment Insurance Board." This Board shall be composed of the Director of Unemployment Insurance, who shall be the chairman thereof, two members appointed by the President with the advice and consent of the Senate, and the Secretaries of Labor and Commerce as ex-officio members.

(2) TERM OF BOARD.—The two appointed members of the Board shall be designated by the President within thirty days after the enactment of this Act. One member shall be appointed for the term of 3 years and one member for 6 years, and thereafter as their terms expire the President shall appoint or reappoint members for the term of six years. The President may at any time

remove any member of the Board for cause after a hearing on written charges. Vacancies shall be filled for the unexpired term by appointment by the President with the advice and consent of the Senate.

(3) **COMPENSATION OF BOARD.**—Each of the two appointed members of the Board shall receive an annual salary of \$10,000. In addition each member shall be allowed actual and necessary traveling and incidental expenses.

(4) **ORGANIZATION OF BOARD.**—A majority of the Board shall constitute a quorum to transact business. No vacancy shall impair the rights of the remaining members to exercise all of the powers of the Board so long as a majority remain. Any investigation, inquiry, hearing, review, or appeal which the Board is authorized to hold or undertake may be held or undertaken by or before any one member of the Board, or by or before one or more of its deputies; and every order made by a member thereof, or by one or more of its duly authorized deputies, when approved and confirmed by a majority of the Board, and so shown on its record of proceedings, shall be deemed to be the order of the Board.

(5) **OFFICE OF BOARD.**—The Board shall maintain its principal office in the city of Washington. It shall provide itself with a seal for the authentication of its rules, orders, awards, and proceedings. The Board may hold sessions in any place within the United States.

(6) **DUTIES AND POWERS OF THE BOARD.**—The Board shall enforce and administer this Act and shall have all the duties, powers, and authorities imposed and granted by this Act. In addition, it shall have the following duties, powers, and authorities:

(a) To establish standards of administration of approved State and special systems of unemployment insurance, to make all such rules and regulations as may be required for the administration and enforcement of this Act, and to amend and modify any of its rules and regulations from time to time as it may find necessary or desirable;

(b) To appoint or employ such employees and assistants as may be required for the administration of the provisions of this Act and to determine their salaries and duties. All such persons appointed or employed by the Board shall be in the competitive class of the civil service and shall be appointed or employed under civil-service regulations.

(c) To supervise and make inquiries into the administration of approved State and special systems of unemployment insurance and the furnishing and payment of the benefits provided thereunder and to cooperate with the central authorities of such systems in order to make the administration thereof more adequate and efficient.

(d) To promote the regularization of employment and the prevention of unemployment; to encourage and assist in the adoption of practical methods of vocational training, retraining and vocational guidance; to investigate, recommend, advise, and assist in the establishment and operation, by the Federal Government, States, municipalities, and other governmental subdivisions, of prosperity reserves of public works to be prosecuted in times of business depression and unemployment; to promote the reemployment of unemployed workers throughout the United States in every other way that may be feasible; to take all other appropriate steps within its means to reduce and prevent unemployment; and to these ends to carry on and publish the results of any investigations and research which it deems relevant.

(e) To be the head of and to supervise the United States Employment Service created by the Act of June 6, 1933 (ch. 49, secs. 1-13; 48 Stat. 113-117). All duties and powers created, conferred, and authorized by the said Act, including the power of appointments and other powers therein given to the Secretary of Labor, are hereby transferred to and vested in the Board, except that the office of Director of the said Service as created by the said Act is not abolished but said Director shall continue to exercise the functions, duties, and powers conferred by the said Act subject however to review by the Board. All laws and parts of laws inconsistent herewith are hereby expressly repealed.

(7) **DIRECTOR OF UNEMPLOYMENT INSURANCE.**—The President shall, with the advice and consent of the Senate, appoint for a term of six years a Director of Unemployment Insurance. The President may at any time remove the Director for cause after a hearing on written charges. The Director shall receive an annual salary of \$11,000, and in addition, shall be allowed actual and necessary traveling and incidental expenses.

(8) **DUTIES AND POWERS OF THE DIRECTOR.**—The director shall be the chief administrative officer under this Act and shall have all the duties, powers, and authorities imposed and granted by this Act or assigned to him by the Board.

As representative of the Board and under its direction he shall supervise, direct, and control the administration and enforcement of this Act.

(9) **FEDERAL ADVISORY COUNCIL.**—There is hereby created a Federal Advisory Council of nine members to be appointed by the President. Three of the appointees to this council shall be representative of employers; three shall be representative of employees, and three shall be representative of the public. One representative of the employers, one representative of the employees, and one representative of the public shall be appointed for a term of two years; one representative of the employers, one representative of the employees, and one representative of the public shall be appointed for a term of four years; and one representative of the employers, one representative of the employees, and one representative of the public shall be appointed for a term of six years; and thereafter as their terms expire the President shall appoint or reappoint members for the term of six years. The said council shall consider and shall advise the Board upon all matters connected with the administration of this Act submitted to it by the Board and may recommend upon its own initiative such changes in the administration of this Act as it deems necessary.

OATHS AND SUBPENAS

SEC. 7. (1) The Board, each member of the Board, its secretary and its deputies, the Director of Unemployment Insurance and his deputies, and other duly authorized representatives of the Board shall for the purpose of this Act have power to examine under oath any employee, any employer or the officer, agent, representative, or employee of any employer, any member of the central authority of an approved State of special system of unemployment insurance, any person employed or engaged in the administration of any such system, and any person, institution, or agency and the officer, agent, representative, or employee of any person, institution, or agency interested or participating in or affected by the administration of this Act or the administration of any approved State or special system of unemployment insurance and shall have power to administer oaths, certify to official acts, take depositions, issue subpoenas, compel the attendance of witnesses and the production of books, accounts, papers, records, documents, and testimony.

REPORTS

SEC. 8. Annually, on or before the 1st day of March the Board shall make a report to the Congress for the preceding calendar year, which shall include a detailed statement of the number of employees covered by approved State and special systems of unemployment insurance, the number receiving benefits thereunder, the total amount of benefits disbursed, the total amount received in payment of the tax imposed by this Act, and a detailed statement of the allotments made by the Board, the income thereof, the requisitions made thereon, the administrative expenses of the Board and of the several approved State and special systems of unemployment insurance, together with any other matters which the Board deems proper to report, including any recommendations it may desire to make.

DUTIES OF EMPLOYERS

SEC. 9. (1) **RECORD AND AUDIT OF PAY ROLLS.**—Every employer, including employers not otherwise subject to the provisions of this Act, shall keep a true and accurate record of the number of his employees and the wages paid by him, and shall furnish to the Board upon demand a sworn statement of the same. Such record shall be open to inspection at any time and as often as may be necessary to verify the number of employees and the amounts of the pay rolls. Any employer who shall fail to keep such record or who shall willfully falsify any such record shall be guilty of a misdemeanor.

(2) **INFORMATION TO BE FURNISHED.**—Every employer, including employers not otherwise subject to the provisions of this act, shall furnish to the Board upon request all information required by it to carry out the purposes and provisions of this Act. The Board may prescribe the time, manner, and form in which said information shall be furnished and may require that such information be verified under oath.

(3) **DISCLOSURES PROHIBITED.**—The information furnished to the Board by employers in pursuance of the provisions of this Act shall be for the exclusive use and information of the Board in the discharge of its duties, and shall not be open to the public nor be used in any court in any action or proceeding pending

therein unless the Board is a party to such action or proceeding; but said information may be tabulated and published in statistical form for use and information.

(4) RESPONSIBILITY OF OFFICERS.—It shall be the duty of each member of a partnership, firm, or association and of the president, secretary, treasurer, partnership, firm, association, or corporation to comply with all the provisions of this Act.

PENALTIES

SEC. 10. (1) Any person shall be guilty of a misdemeanor who—

(a) Willfully makes a false statement or representation to obtain any benefit, allotment, or payment under the provisions of this Act, either for himself or for any other person, or for any system of unemployment insurance; or

(b) Refuses to allow the Board or its authorized representative to inspect pay rolls or other records or documents relative to the enforcement and administration of this Act; or

(c) Makes a deduction from the wages of any employee to pay any portion of the tax imposed upon employers by this Act or in any other manner collects from an employee any portion of the said tax required to be paid by an employer; or

(d) Violates any of the provisions of this Act or does any act prohibited by this Act, or fails, neglects, or refuses to perform any duty lawfully enjoined by this Act, or fails, neglects, or refuses to obey any lawful order given or made by the Board or any judgment or decree made by any court in connection with the provisions of this Act.

SAVING CLAUSE

SEC. 11. The Congress reserves the right to amend, alter, or repeal any provision of this Act; and no person, State, or system of unemployment insurance, or those entitled to benefits under any such system, shall be or be deemed to be vested with any property or other right by virtue of the enactment or operation of this Act.

SEPARABILITY OF PROVISIONS

SEC. 12. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be effected thereby.

APPROPRIATION

SEC. 13. Until one month after the date on which the tax imposed by this Act accrues and becomes payable in accordance with the provisions of section 4 of this Act the entire expenses of the Board in carrying out the provisions of this Act shall be paid out of the general revenue of the United States. The sum of \$500,000 or so much thereof as may be necessary, is hereby appropriated for such purpose out of any moneys in the Treasury not otherwise appropriated.

SHORT TITLE

SEC. 14. This Act shall be known and may be cited as the "Federal Unemployment Insurance Law."

EFFECTIVE DATE

SEC. 15. This Act shall take effect immediately.

The CHAIRMAN. It is now 12 o'clock and we must go to the Senate Chamber. Can we continue with you in the morning?

Mr. EPSTEIN. If you wish to.

The CHAIRMAN. Yes. The committee will meet again at 10 o'clock in the morning.

(Whereupon, at 12 m., an adjournment was taken until Thursday Feb. 7, 1935, at 10 a. m.)