April 29, 1950

Honorable Walter F. George
Chairman
Senate Finance Committee
Washington, D.C.

My dear Senator George:

I understand the Finance Committee has taken tentative action to exempt from social security coverage employees of non-profit organizations owned or controlled by religious denominations and also direct employees of these religious denominations. I hope that it will be possible for your committee to reconsider this action.

I am advised that various religious groups which control large segments of our private institutions such as hospitals, and other welfare establishments, have been trying for some years to secure the benefits of social security coverage for their employees. These religious groups have at the same time sought to protect their traditional tax-exempt status. Section 202(a) of H.R. 6000 was the formula agreed upon to combine these objectives.

I believe that the action taken by the Committee will iniquitably penalize the employees of religious institutions and will work a grave hardship on organizations which have sought to place their employees under social security coverage. Denominational hospitals, for instance, will be placed at a distinct disadvantage in holding their employees as against non-denominational hospitals whose employees will be covered by social security. The only alternative for the denominational hospitals would be to purchase the expensive private pension plans whose costs would inevitably be reflected in increased hospital charges.

As I understand it, Section 202(a) imposes no coercion on the religious institutions nor does it bridge the traditional separation between church and state in
which I so firmly believe. Under Section 202(a), these
institutions would have the option to pay or to waive
payment of the social security contribution. If they pay,
their employees would receive full coverage, if they decide
not to pay, their employees would receive at least half
coverage.

This voluntary approach is, in my opinion, a
satisfactory legislative solution to a difficult problem.
Its rejection by the Finance Committee would place these
organizations and their employees in a most difficult
position. Both the organizations and the employees would
be penalized.

I sincerely hope that the Committee may reconsider
its action before reporting the bill. I do not think that
a floor controversy on this subject would be helpful or
constructive.

Yours very sincerely,

Herbert H. Lehman