

INCREASING FEDERAL AID TO STATE AND TERRITORIAL HOMES

JUNE 30, 1939.—Ordered to be printed

Mr. WALSH, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 4647]

The Committee on Finance, to whom was referred the bill (H. R. 4647) to increase the amount of Federal aid to State or Territorial homes, for the support of disabled soldiers and sailors of the United States, having considered the same, submit the following report thereon with the recommendation that it do pass with the following amendment:

At the end of line 13, substitute a colon for the period and add the following:

Provided, That said payments shall be made regardless of whether said veteran may be receiving domiciliary care or hospitalization in said home and the appropriations of the Veterans' Administration for medical, hospital, and domiciliary care shall be available for this purpose: *Provided further*, That no payment to a State or Territory under this Act shall be made for any period prior to the date upon which the Administrator of Veterans' Affairs determines that the veteran on whose account such payment is requested is eligible for such care in a Veterans Administration facility.

CHANGES IN EXISTING LAW

The act of 1888 laid down a "yardstick" providing Federal aid to States which established State homes for disabled soldiers and sailors of the United States, in the sum of approximately 33½ cents per diem for each veteran maintained. The records of cost of maintenance in 1888 show that this was sufficient to pay approximately 66 percent of the then maintenance cost. At the time, this was considered a liberal "yardstick". The bill, as amended, and now reported by your committee, makes this "yardstick" conform to present costs of maintenance.

The reason for establishing these homes by the States was to prevent the necessity of aged or disabled veterans from being obliged to go to the almshouses. The Federal Government and the various State governments cooperated in this program. It was then the belief

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that State institutions might best care for a veteran with family ties, for otherwise he would be removed to a distant Federal home, there being very few of them throughout the country at that time.

The States are not now asking the Federal Government to reimburse them for salaries of State employees, or any part of the capital outlay, including new buildings or restoration of old buildings. The amount requested will merely help to pay maintenance of these veterans which is represented by food, shelter, and incidental medical costs.

The cost to the Federal Government last year for taking care of 6,000 incurable and disabled veterans in State homes was \$750,000. Had these veterans been cared for at Veterans' Administration homes the cost to the Federal Government would have been in excess of \$2,250,000. The Veterans' Administration reports it costs nearly \$1 per diem to maintain a veteran in one of its homes and that medical care, which is computed separately, increases the cost to \$3 per diem for each veteran.

Twenty-six States are furnishing domiciliary care to an estimated average of 6,218 veterans in State homes, such veterans being also eligible for admission to Veterans' Administration facilities for domiciliary care.

During the period of the fiscal year 1938, and the 6 months' period ending December 31, 1938, the domiciliary per diem costs at all facilities of the Veterans' Administration having domiciliary activities average \$0.99 and \$0.92, respectively. This cost includes expenses for such items as salary, food, supplies, rent, fuel, and other miscellaneous service. The committee feels that it is not unreasonable to assume that the per diem cost of maintaining veterans in State homes must equal or exceed the Veterans' Administration costs, and that the States should be granted an increased allowance. It is pointed out that the increase in the annual allowance from \$120 to \$240, as recommended by the committee, will still be considerably less than the Veterans' Administration per diem cost.

If this bill is enacted into law it will mean increased payments to the States of approximately \$750,000, which is double the amount now paid by the Federal Government to these States. However, the estimated saving to the Federal Government by maintenance of these homes by the States, under the present bill, is approximately \$750,000.

The report of the Administrator of Veterans' Affairs to the chairman of the House Committee on Military Affairs, on the original bill, is as follows:

VETERANS' ADMINISTRATION,
Washington, April 13, 1939.

HON. ANDREW J. MAY,
Chairman, Committee on Military Affairs,
House of Representatives, Washington, D. C.

MY DEAR MR. MAY: Further reference is made to your request of March 8, 1939, for a report on H. R. 4647, Seventy-sixth Congress, a bill to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States.

This bill, which is similar to H. R. 2287, 4042, and 4327, upon which your committee has also requested reports, provides as follows:

"That the Act entitled 'An Act to provide aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States,' approved August 27, 1888, as amended (U. S. C., 1934 edition, title 24, sec. 134), is amended by striking out in the first paragraph thereof '\$120 per annum' and inserting in lieu thereof '\$1 per diem'.

"SEC. 2. The amendment made by this Act shall apply to payments with respect to the care given to disabled soldiers and sailors on and after the first day of the month next following the month during which this Act is enacted."

Present authority whereby States of the Union are entitled to payments of Federal aid by the Veterans' Administration on account of furnishing care to disabled veterans is contained in section 134, title 24, United States Code, which provides that—

"All States or Territories which have established, or which shall establish, State homes for disabled soldiers and sailors of the United States who served in the Civil War or in any previous or subsequent war who are disabled by age, disease, or otherwise, and by reason of such disability are incapable of earning a living, provided such disability was not incurred in service against the United States, shall be paid for every such disabled soldier or sailor who may be admitted and cared for in such home at the rate of \$120 per annum.

"The number of such persons for whose care any State or Territory shall receive the said payment under this section shall be ascertained by the Administrator of Veterans' Affairs under such regulations as it [sic] may prescribe, but the said State or Territorial homes shall be exclusively under the control of the respective State or Territorial authorities, and the Administrator shall not have nor assume any management or control of said State or Territorial homes.

"The Administrator of Veterans' Affairs shall, however, have power to have the said State or Territorial homes inspected at such times as it [sic] may consider necessary, and shall report the result of such inspections to Congress in its annual report: *Provided*, That no State shall be paid a sum exceeding one-half the cost of maintenance of such soldier or sailor by such State: *Provided further*, That one-half of any sum or sums retained by State homes on account of pensions received from inmates shall be deducted from the aid provided for in this section. No money shall be apportioned to any State or Territorial home that maintains a bar or canteen where intoxicating liquors are sold: *Provided further*, That for any sum or sums collected in any manner from inmates of such State or Territorial homes to be used for the support of said homes a like amount shall be deducted from the aid provided for in this section, but this proviso shall not apply to any State or Territorial home into which the wives or widows of soldiers are admitted and maintained."

This provision is based upon the act of August 27, 1888 (25 Stat. 450), as amended by the acts of March 2, 1889 (25 Stat. 450), and January 27, 1920 (41 Stat. 399).

The Independent Offices Appropriation Act, 1940, Public, No. 8, Seventy-sixth Congress, March 16, 1939, contains the following provision:

"*Provided further*, That this appropriation shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the Act approved August 27, 1888 (24 U. S. C. 134), as amended, for those veterans eligible for admission to Veterans' Administration facilities for domiciliary care."

It will be observed that the last phrase of the above-quoted portion of the Appropriation Act conditions payment of State aid on eligibility of the veteran to domiciliary care in a Veterans' Administration facility. The statutory authority under which the Veterans' Administration furnishes domiciliary care is contained in section 6, title I, Public, No. 2, Seventy-third Congress, March 20, 1933, as amended (sec. 706, title 38, United States Code), which reads as follows:

"In addition to the pensions provided in sections 701-721 of this title the Administrator of Veterans' Affairs is authorized under such limitations as he may prescribe, and within the limits of existing Veterans' Administration facilities, to furnish to men discharged from the Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty or to those in receipt of pension for service-connected disability, and to veterans of any war, including the Boxer Rebellion and the Philippine Insurrection, domiciliary care where they are suffering with permanent disabilities, tuberculosis, or neuropsychiatric ailments and medical and hospital treatments for diseases or injuries: *Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the

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Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

There is enclosed, as part of this report, a list of 29 State soldiers' homes, located in 26 States of the Union, where veterans eligible for domiciliary care in Veterans' Administration facilities are being maintained.

Before discussing the merits of a proposal to increase payments to the States to the rate of \$365 a year for each veteran who meets Federal requirements for domiciliary care and is receiving such care in a State home, it is believed the committee will be interested to know that during the fiscal year 1933 an average of 6,018 eligible veterans were cared for in State soldiers' homes, involving a total reimbursement of \$722,000. Under the provisions of Public, No. 2, Seventy-third Congress, and the regulations issued pursuant thereto, the eligibility for domiciliary care was greatly restricted, with the result that the number of veterans in State homes on whose behalf reimbursement was authorized was reduced to an average of 4,357 during the fiscal year 1934, and to 4,160 during 1935. The liberalizing provisions of Public, No. 141, Seventy-third Congress, restored to eligibility a considerable number of these veterans. Since the enactment of these acts, there has been a steady upward trend in the number of veterans entitled to care in a Veterans' Administration facility being cared for in State homes.

During the fiscal years 1936, 1937, and 1938, the number of such veterans cared for in State soldiers' homes increased to an average of 4,733, 4,932, and 5,694, respectively. It is conservatively estimated that an average of 6,218 and 6,423 will obtain in 1939 and 1940, involving estimated obligations at the statutory rate of reimbursement in the amount of \$746,160 for 1939, and \$770,760 for 1940. The latter amount represents an increase of \$96,139 over actual expenses for 1938 and an increase of \$24,600 over the expected obligations for 1939.

The daily rate proposed by the bill, i. e., \$1, exceeds the average Veterans' Administration domiciliary per diem cost for the first half of the fiscal year 1939 to the extent of \$0.08. During the period of the fiscal year 1938, and the 6-month period ending December 31, 1938, the domiciliary per diem costs at all facilities of the Veterans' Administration having domiciliary activities averaged \$0.99 and \$0.92, respectively. This cost includes expenses for such items as salary, food, supplies, rents, fuel, and other miscellaneous services.

The following tabulation indicates by States the average number of veterans estimated for domiciliary care in State and Territorial homes during the fiscal years 1939 and 1940, and the estimated cost for such care during those fiscal years at \$120 per annum for each veteran domiciled:

State home	Fiscal year		State home	Fiscal year	
	1940	1939		1940	1939
California.....	1,535	1,442	New York: Oxford.....	6	6
Colorado.....	92	90	North Dakota.....	34	34
Connecticut.....	425	425	Ohio.....	538	523
Idaho.....	65	65	Pennsylvania.....	334	326
Illinois.....	750	730	Rhode Island.....	69	69
Indiana.....	245	234	South Dakota.....	110	105
Iowa.....	225	220	Vermont.....	52	48
Kansas.....	76	75	Washington:		
Massachusetts.....	429	429	Orting.....	119	119
Michigan.....	184	181	Retsil.....	208	200
Minnesota.....	312	306	Wisconsin.....	173	161
Missouri.....	66	62	Wyoming.....	11	10
Montana.....	38	38			
Nebraska:			Total.....	6,423	6,218
Grand Island.....	89	86			
Milford.....	37	37	Cost at \$120 per year per person.	\$770,760	\$746,160
New Hampshire.....	47	45			
New Jersey:					
Menlo Park.....	52	52			
Vineland.....	102	100			

By applying the rate of \$365 per annum as proposed by H. R. 4647, to the figure of 6,423, which represents the total number of veterans estimated to be cared for in State homes during the fiscal year 1940, it will readily be noticed that \$2,344,395 would be required for such care should the bill be enacted into law. Inasmuch as the Veterans' Administration appropriation for the same fiscal year made no provision for an increase of the amount as estimated above, viz, \$770,760, enactment of the bill would result in a deficit of \$1,573,635.

As a matter of general policy the Veterans' Administration would be inclined to favor a greater utilization of the domiciliary beds under its control.

This policy was established some years ago and has been emphasized since the consolidation of the National Home for Disabled Volunteer Soldiers with the United States Veterans' Bureau and Pension Bureau. Further construction on the part of States for the care of veterans entitled to domiciliary care in Veterans' Administration facilities has not been encouraged. This feeling that State relief should not be extended is based on the thought that whatever was necessary to be done in making provision for domiciliary care of veterans of the World War should be undertaken by one agency; and since the Federal Government had entered this field to a considerable extent, it was considered desirable that necessary provisions for the World War group be made in Veterans' Administration facilities.

In view of this policy the Veterans' Administration does not favor enlargement of State facilities for the primary care of veterans who are entitled to domiciliary care in Federal facilities.

In the light of the foregoing, the Veterans' Administration would feel constrained to interpose an objection to any proposal looking toward an increase in the Government's contribution to the States, and the Federal Board of Hospitalization endorses this position of the Veterans' Administration.

Advice has been received from the Acting Director, Bureau of the Budget, that the proposed legislation would not be in accord with the program of the President.

Very truly yours,

FRANK T. HINES, *Administrator.*

The report of the Administrator of Veterans' Affairs to the chairman of the Senate Committee on Finance on the original Senate bill, is as follows:

VETERANS' ADMINISTRATION,
Washington, April 24, 1939.

HON. PAT HARRISON,

*Chairman, Committee on Finance, United States Senate,
Washington, D. C.*

MY DEAR MR. CHAIRMAN: For the convenience of the members of the committee, it is respectfully requested that I may have the privilege of submitting the following statement in regard to the bills under consideration. This statement will outline the general policy of the Veterans' Administration in regard to the matter of increasing Federal-aid payments to those States maintaining State soldiers' homes and in which veterans are cared for who are eligible for admission to Veterans' Administration facilities for domiciliary care. At the conclusion of this statement any questions which the committee may desire to propound will be answered by Colonel Ijams, Mr. Brady, and Colonel Cash.

The first matter on which I desire to comment is the general effect of these bills on present legislation; that is, is it intended that present legislation is to be unchanged except for the amount to be paid, or is it the intent of these bills to repeal specific provisions now contained in the law. I refer specifically to the following points:

1. Present legislation is limited to disabled soldiers and sailors of the United States who served in the Civil War or in any previous or subsequent war who are disabled, provided such disability was not incurred in service against the United States. If a literal interpretation is to be given to these bills, the phrase "notwithstanding any provision of law" would seem to eliminate this qualification and would require payments of Federal aid in behalf of those veterans whose disabilities were incurred in service against the United States.

2. Under the provisions of the current appropriation act, Public, No. 534, Seventy-fifth Congress, payments of Federal aid may be made to States for those veterans cared for in State homes who are eligible for admission to Veterans' Administration facilities for domiciliary care. Giving the same literal interpretation to the phrase "notwithstanding any provision of law" would result in authorizing payments of Federal aid to States for those veterans receiving hospital care in State homes as distinguished from domiciliary care in State homes.

3. Present legislation contains the following proviso: "Provided, That no State shall be paid a sum exceeding one-half the cost of maintenance of each soldier or sailor by such State." The bills under consideration provide for payments to be made at the rates of \$240 and \$365 per year. The question is presented as to whether the phrase "notwithstanding any provision of law" is intended to authorize payments at the rates of \$240 and \$365 per year regardless of the proviso that payments shall not exceed one-half the cost of maintenance of the

veteran by the State. If the provision for the payment of \$365 is to be regarded merely as a change in the rate to be paid with the retention of all of the features of the present law, the proviso limiting payments to one-half the cost of maintenance by a State would have the effect in most cases of reducing the payments to one-half the cost of maintenance, or less than \$365 per year.

As to the bill where the rate of \$240 per annum is proposed, there would be eight homes where the cost of maintenance is an amount which would not permit payment at the full rate of \$240, but which would be reduced to a figure equal to one-half the cost of maintenance.

4. Present legislation contains provisos that one-half of any sum retained by State homes on account of pensions received from inmates shall be deducted from Federal-aid payments, and that for any sum or sums collected in any manner from inmates to be used for the support of said homes a like amount shall be deducted from Federal-aid payments. The same uncertainty exists as to the effect of the phrase "notwithstanding any provision of law" contained in the proposed bills on these two provisos as applies to the other provisos of present legislation on which comment has just been made.

It will be seen from the bills under consideration that it is proposed to increase the rate of Federal-aid payments to amounts two and three times greater than presently is being paid. No provision has been made in the appropriation for the fiscal year 1940 for such an increase. If any of these bills are enacted into law, it will be necessary for the Veterans' Administration to request a deficiency appropriation to provide these additional funds.

It is also desired to call the attention of the committee to the fact that the rate of \$365 per annum is in excess of the average per diem cost of providing domiciliary care in Veterans' Administration facilities.

Congress has decided that the care of our disabled veterans is a function of the Federal Government; and since the Federal Government has recognized and assumed this obligation, it is not good administrative policy to encourage the State governments to parallel or duplicate these efforts. If the States are encouraged to assume this function, then it will certainly follow that the Federal Government will not undertake to build to meet the peak load. The Veterans' Administration has no desire to avoid the obligation of a full assumption of providing care for our disabled veterans, but it is felt to be economically and administratively unsound for the Federal Government to provide this care and in addition to assist State governments in providing similar care.

At the present time a comprehensive survey is being conducted by the Veterans' Administration as to the future requirements for domiciliary care, with the view of the Veterans' Administration making provisions to meet the estimated demands for this type of care. If it is to be determined that payments of Federal aid to States are to be increased, this determination will have a decided bearing on the action of the Federal Board of Hospitalization in recommending additional and increased facilities for domiciliary care. A division of responsibility will undoubtedly result in some sections not being adequately provided for, as some States will be unable to build to meet the load. Dissatisfaction on the part of service-men's groups will result, and it will not be possible to fix the blame or responsibility.

Of course, it is our desire to deal fairly with State governments in this matter, but I am definitely opposed to encouraging further building by them unless they are willing to assume all the load in a given State, and believe that the present act should be repealed and authority given for the Veterans' Administration to contract for such beds as may be needed at such rates as may be mutually agreed upon by the Federal Government and the respective State governments. In view of the expressed policy of Congress that the care of our disabled veterans is a function of the Federal Government, it is recommended that if the present law is to be retained it be amended to provide that the payment of Federal aid will be made to States only in behalf of those veterans for whom the Veterans' Administration does not have available beds. In other words, if the Veterans' Administration has a bed available for a veteran who makes application for care in a State home, but the veteran nevertheless prefers to remain in the State home, payments of Federal aid in his behalf will not be made to the State, except where the veteran and his wife are both residing in the home.

It is desired to thank the chairman and the committee for their courtesy in permitting the submission of this statement.

Very truly yours,

FRANK T. HINES, *Administrator.*

The report of the Administrator of Veterans' Affairs to the chairman of the Senate Committee on Finance on the amendment to the original Senate bill is as follows:

VETERANS' ADMINISTRATION,
Washington, June 20, 1939.

HON. PAT HARRISON,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR SENATOR HARRISON: Further reference is made to your request of May 23, 1939, for a report on an amendment intended to be proposed to S. 1325, Seventy-sixth Congress, a bill to increase annual payments to State and Territorial homes for veterans, which, if adopted, would make the bill read as follows, the proposed amendment being italicized:

"That notwithstanding any provision of law, the amount payable to States or Territories which have established, or which shall establish, State homes for disabled soldiers and sailors of the United States who served in the Civil War or in any previous or subsequent war, who are disabled by age, disease, or otherwise, and by reason of such disability are incapable of earning a living shall be at the rate of \$240 per annum, and that said payments shall be made for the entire period of the veterans' assignment to such home, regardless of whether said veteran may be receiving domiciliary care only or hospitalization in said home."

In commenting upon the merits of the proposed amendment, it should be borne in mind that the Veterans' Administration in its report of April 24, 1939, recommended against enactment of S. 1325, being of the opinion that the present law authorizing Federal aid to States on account of the care of veterans should be replaced by legislation authorizing the Veterans' Administration to contract with the several States for such beds as might be needed at such rates as might mutually be agreed upon. The report suggested that if the present law were to be retained it be amended to provide that the payment of Federal aid would be made only in behalf of those veterans for whom no beds were available in Veterans' Administration facilities, except in those cases where the veteran and his wife were both residing in a State home.

Under existing procedure, Federal-aid payments are made to States in behalf of veterans cared for in State homes who are eligible for domiciliary care in Veterans' Administration facilities. Payments are not made to States in behalf of veterans who are receiving hospitalization as distinguished from domiciliary care in a State home.

It is believed that a reference to the historical background of the State-aid program will illustrate the soundness of present procedure, which would be materially modified were the bill, as amended, enacted into law.

The basic authority for rendering aid to States is contained in the act of August 27, 1888 (25 Stat. 450), which reads in part as follows:

"That all States or Territories which have established, or which shall hereafter establish, State homes for disabled soldiers and sailors of the United States who served in the War of the Rebellion, or in any previous war, who are disabled by age, disease, or otherwise, and by reason of such disability are incapable of earning a living, provided such disability was not incurred in service against the United States, shall be paid for every such disabled soldier or sailor who may be admitted and cared for in such home at the rate of one hundred dollars per annum."

This authority was enacted 23 years after the Federal Government had established a National Military and Naval Asylum, later described as the National Home for Disabled Volunteer Soldiers, for the relief of volunteer officers, soldiers, and seamen who served during the Civil War who had been or might become totally disabled by wounds received or sickness contracted in the line of their duty.

The act of 1888 recognized the fact that several of the States had erected homes for a similar purpose. The description of persons on whose account the Federal Government undertook to provide aid to the States corresponded generally to the description of persons eligible for admission to the National Home for Disabled Volunteer Soldiers. It appears to have been the intention of Congress that the eligibility requirements for admission to the National Home would be the standard by which payment to the States would be measured, as witness the following statement of Hon. Levi Maish, July 19, 1888, at the time the matter was under consideration by the House of Representatives:

"Mr. MAISH. * * * We propose simply to admit into the State homes for disabled soldiers upon the same terms on which they are now admitted to the

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national homes and at the same time save the Government \$100 a year in each case" (Congressional Record, 50th Cong., vol. 19, pt. 7, p. 6554).

As the basic law governing admission to the National Home for Disabled Volunteer Soldiers was amended from time to time, authority was provided either through the medium of liberalized provisions in annual appropriation acts or amendments to the basic State Aid Act of 1888 to render aid to States on account of new groups of veterans eligible for care in the National Home.

This policy was in force at the time the National Home for Disabled Volunteer Soldiers was merged with the United States Veterans' Bureau and the Pension Bureau into the Veterans' Administration by virtue of the so-called Consolidation Act of July 3, 1930 (46 Stat. 1016), and Executive Order No. 5398, July 21, 1930, issued pursuant thereto. The purpose of the Consolidation Act was to unify the Government's program of veterans' relief. Pursuant to this policy certain administrative changes were effected with reference to the rendering of hospital and domiciliary care. Prior to the consolidation, the National Home for Disabled Volunteer Soldiers had furnished both domiciliary and hospital care. From and after June 1, 1931, since the primary function of the National Home had been to furnish domiciliary care and since the former Veterans' Bureau had operated approximately 70 hospitals throughout the country, the National Homes Service of the Veterans' Administration (successor to the former National Home for Disabled Volunteer Soldiers) was relieved of any duty to furnish hospital care, the responsibility for all such service being merged in the agency charged with the operation of hospitals of the former United States Veterans' Bureau.

A further step toward the unification of the Government's program of furnishing hospital and domiciliary care was effected by section 6, title I, of the act of March 20, 1933 (Public, No. 2, 73d Cong.), which, in effect, repealed all prior laws granting medical, hospital, and domiciliary care to ex-members of the armed forces of the United States; and embraced all rights to hospital and domiciliary care to which such persons might thereafter be entitled under laws administered by the Veterans' Administration.

Appropriation acts for the fiscal years 1935 through 1940 recognize this revised procedure under the Consolidation Act and section 6 of Public, No. 2, in the following provision:

"Provided further, That this appropriation shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the Act approved August 27, 1888 (24 U. S. C. 134), as amended for those veterans eligible for admission to Veterans' Administration facilities for domiciliary care. [Italics supplied.]

Any proposal to liberalize the present practice of rendering State aid should, it is believed, be viewed in the light of the fact that since the termination of the World War the Veterans' Administration has undertaken to furnish in its own facilities medical, hospital, and domiciliary care to veterans of all wars in which the United States has been engaged, as well as veterans of the Regular Establishment who are eligible to receive such benefits. The present standard for rendering Federal aid to States is in accord with the practice of the Veterans' Administration, which distinguishes between the furnishing of hospital and domiciliary care. Should the present policy be modified so as to permit payment to States on behalf of hospitalized cases, it would undoubtedly result in enlargement of State homes or the construction of new homes for the furnishing of hospital care as distinguished from domiciliary care. It would seem that the extent to which the Federal Government has already embarked upon the policy of furnishing such care should be considered in connection with any proposal which might result in a duplication of such efforts by the several States.

In view of the foregoing, the Veterans' Administration is unable to recommend adoption of the proposed amendment to S. 1325.

Advice has been received from the Director, Bureau of the Budget, that the proposed legislation would not be in accord with the program of the President.

Very truly yours,

FRANK T. HINES, *Administrator.*

