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SENATE

{ REPORT
No. 1552

PROVIDING INCREASES OF COMPENSATION FOR CERTAIN VETERANS WITH SERVICE-CONNECTED DISABILITIES WHO HAVE DEPENDENTS

JUNE 8 (legislative day, JUNE 1), 1948.—Ordered to be printed

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

REPORT

[To accompany S. 2821]

The Committee on Finance, to whom was referred the bill (S. 2821) to provide increases of compensation for certain veterans with service-connected disabilities who have dependents, having considered the same, report favorably thereon with an amendment, and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert the following:

That any person entitled to compensation at wartime rates for disability incurred in or aggravated by active service as provided in part I, or paragraph 1 (c), part II, Veterans Regulation Numbered 1 (a), as amended, or the World War Veterans' Act, 1924, as amended, and restored with limitations by Public Law 141, Seventy-third Congress, March 28, 1934, as amended, and whose disability is rated not less than 60 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

- (a) has a wife but no child living, \$15;
- (b) has a wife and one child living, \$25;
- (c) has a wife and two children living, \$32.50;
- (d) has a wife and three or more children living, \$40;
- (e) has no wife but one child living, \$10;
- (f) has no wife but two children living, \$17.50;
- (g) has no wife but three or more children living, \$25;
- (h) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$12.50 for each parent so dependent.

(2) If and while rated partially disabled, but not less than 60 per centum, in an amount having same ratio to the amount specified in subsection (1) hereof as the degree of his disability bears to the total disability.

Sec. 2. That any person entitled to compensation at peacetime rates for disability incurred in or aggravated by active service as provided in paragraph II, part II, Veterans Regulation Numbered 1 (a), as amended, except paragraph 1 (c) thereof, and whose disability is rated not less than 60 per centum, shall be

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entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

- (a) has a wife but no child living, \$12;
- (b) has a wife and one child living, \$20;
- (c) has a wife and two children living, \$26;
- (d) has a wife and three or more children living, \$32;
- (e) has no wife but one child living, \$8;
- (f) has no wife but two children living, \$14;
- (g) has no wife but three or more children living, \$20;
- (h) has a mother or father, either or both dependent upon him for support,

then, in addition to the above amounts, \$10 for each parent so dependent.

(2) If and while rated partially disabled, but not less than 60 per centum, in an amount having same ratio to the amount specified in subsection (1) hereof as the degree of his disability bears to the total disability.

SEC. 3. The additional compensation for a dependent or dependents provided by this Act shall not be payable to any veteran during any period he is in receipt of an increased rate of compensation or of subsistence allowance on account of a dependent or dependents under any other law administered by the Veterans' Administration: *Provided*, That he may elect to receive whichever is the greater.

SEC. 4. The administrative, definitive, and penal provisions of Public Law Numbered 2, Seventy-third Congress, and Veterans Regulations thereunder, as amended, shall be for application under this Act.

SEC. 5. This Act shall take effect on the first day of the second calendar month next succeeding its enactment.

EFFECTS OF THE BILL

The bill as amended provides additional compensation for dependents to the more seriously disabled veterans entitled to compensation at wartime rates for service-connected disabilities rated at 60 percent or more.

Section 1 of the bill will apply to veterans of World War I, World War II, and Spanish-American War, and to peacetime veterans if the disability resulted as direct result of armed conflict, while the veteran was engaged in extrahazardous service including conditions simulating war, or while the United States is engaged in war.

For a veteran totally disabled the following additional compensation is provided: Having a wife but no child living, \$15; a wife and one child living, \$25; a wife and two children living, \$32.50; a wife and three or more children living, \$40; having no wife but one child living, \$10; no wife but two children living, \$17.50; no wife but three or more children living, \$25; a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$12.50 for each parent so dependent.

Section 2 of the bill provides additional compensation for dependents to a veteran entitled to compensation at peacetime rates for service-connected disability rated at 60 percent or more. For a veteran totally disabled the following additional compensation is provided: Having a wife but no child living, \$12; a wife and one child living, \$20; a wife and two children living, \$26; a wife and three or more children living, \$32; having no wife but one child living, \$8; no wife but two children living, \$14; no wife but three or more children living, \$20; a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$10 for each parent so dependent.

Those veterans, under sections 1 and 2 of the bill, rated partially disabled, but not less than 60 percent, shall be entitled to additional compensation in amounts having the same ratio to the amount

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specified for total disability as the degree of disability bears to the total disability.

Section 3 of the bill as reported provides that the additional compensation for a dependent or dependents as called for in the bill shall not be payable to any veteran during any period he is in receipt of an increased rate of compensation or of subsistence allowance on account of a dependent or dependents under any other law administered by the Veterans' Administration. It is provided, however, that the veteran may elect to receive whichever is the greater benefit. For example, a veteran entitled to additional amounts of compensation under the bill would receive such rates plus the rate of subsistence allowance for a veteran without dependents under Public Laws 16 or 346, Seventy-eighth Congress, or his present compensation, without additional compensation provided by this bill, plus the subsistence allowance rate for self and dependents, whichever is the greater.

The administrative, definitive, and penal provisions of Public Law 2, Seventy-third Congress, and veterans regulations thereunder, as amended, are made applicable to this measure. It is provided that the effective date shall be the first day of the second calendar month next succeeding the enactment of the bill.

JUSTIFICATION

The principle involved in the bill of granting additional compensation for dependents is not new. It was embodied in the original War Risk Insurance Act of October 6, 1917, and was amended and continued for certain service-connected disability cases. Additional allowances for dependents are granted in rehabilitation, education and training cases.

It will be noted that the bill does not increase the rates of subsistence allowance under Public Laws 16 or 346, Seventy-eighth Congress.

Your committee feels that veterans 60 percent or more disabled in most instances are unable to follow full-time employment. In considering the amounts of increases for dependents it was decided that those adopted are reasonable in comparison with those granted under the Servicemen's Dependents Allowance Act of 1942, as amended. A limitation is contained in the bill so that increases will not be granted for more than three children.

ESTIMATE OF COST

It is estimated that the bill as amended will, under section 1, provide increases in compensation payments to war veterans for their dependents at a cost of \$30,214,000 for the first year. It affects approximately 121,100 wives, 121,600 children, and 12,200 dependent parents.

Section 2 of the bill will provide increases in compensation payments to peacetime service veterans for their dependents at an estimated cost of \$2,347,000 for the first year. It affects approximately 8,400 wives, 21,000 children, and 550 dependent parents.

Accordingly, the total cost of the bill, as amended, for the first year will be approximately \$32,561,000.

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The report of the Administrator of Veterans' Affairs on the bill S. 2660, as introduced, on the same subject, and upon which hearings were held, is as follows:

MAY 24, 1948.

Hon. EUGENE D. MILLIKIN,
*Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.*

DEAR SENATOR MILLIKIN: Further reference is made to your letter of May 13, 1948, requesting a report by the Veterans' Administration on S. 2660, Eightieth Congress, a bill to provide increases of compensation for certain veterans with service-connected disabilities who have dependents.

The purpose of the bill is to provide additional compensation for the dependents of veterans of the Spanish-American War, including the Philippine Insurrection and Boxer Rebellion, World War I, World War II, and the Regular Establishment entitled to compensation at wartime rates for disability rated not less than 60 percent incurred in or aggravated by active service as provided in part I, or paragraph 1 (c), part II, Veterans Regulation No. 1 (a), as amended, or the World War Veterans' Act, 1924, as amended, and restored with limitations by Public Law No. 141, Seventy-third Congress, March 28, 1934, as amended. The additional compensation would be in the following amounts if and while the veteran is rated totally disabled: Wife but no child, \$30; wife and one child, \$50; wife and two children, \$65; wife and three or more children, \$80; no wife but one child, \$20; no wife but two children, \$35; no wife but three or more children, \$50; and in addition to the above amounts, \$25 for each dependent parent. In case of partial disability of 60 percent or more the amount of compensation would be proportionate to the degree of disability.

The additional compensation for a dependent or dependents would not be payable to any veteran during any period he was in receipt of an increased rate of compensation or of subsistence allowance on account of a dependent or dependents under any other law administered by the Veterans' Administration, but he could elect to receive the greater benefit.

The theory underlying the bill appears to be that the amount of compensation payable to a veteran should be determined in part by the number of persons dependent upon him. This is contrary to the general policy of the Congress in establishing the rates of basic compensation for war veterans and the peacetime establishment in proportion to the degree of disability rather than in proportion to the number of his dependents.

The War Risk Insurance Act, as amended October 6, 1917, made no distinction between temporary and permanent disability, and while the disability was total, the monthly compensation was \$30 where the veteran had no dependent. Additional amounts were granted for wife, child, or children, and dependent parents. This provision was contained in section 302 of the War Risk Insurance Act and was materially amended December 24, 1919, at which time the Congress established two separate schedules of rates for service-connected World War I disability, one based upon temporary and the other based upon permanent disability. That amendatory act established a rate of \$80 per month for total and temporary disability where the veteran was single without dependents, and provided additional allowances for wife, child, or children, and dependent parents. It also provided that if the disability was rated partial and temporary the monthly compensation would be a percentage of the compensation that would be payable for total and temporary disability. A rate of \$100 per month for total and permanent disability without additional allowances for dependents was established with a provision that if the disability was rated partial and permanent the monthly compensation would be a percentage of the compensation payable for total and permanent disability. This distinction between temporary and permanent disabilities was carried forward under the World War Veterans' Act, 1924, as amended, and the two schedules of rates thereunder are available only for World War I veterans under that law, as reenacted with limitations by the act of March 28, 1934, Public Law No. 141, Seventy-third Congress.

Under the act of March 20, 1933, Public Law No. 2, Seventy-third Congress, and the Veterans Regulations promulgated thereunder, for wartime service-connected and peacetime service-connected disabilities, no differentiation was made between temporary and permanent disability. As to wartime service-connected disabilities, there was provided a rate for total disability of \$80 per month in the original regulations, changed to \$90 per month before the new rates went into effect under the act of March 20, 1933, and again increased to \$100 per month by Veterans

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Regulation No. 1 (c), promulgated January 19, 1934. No additional allowance for dependents is provided under the act of March 20, 1933; and the Veterans Regulations issued pursuant thereto. It will be noted that by establishing a higher rate for total disability, with proportionate rates for partial disability, there resulted increased compensation as to those World War I veterans who would otherwise receive lesser amounts because of temporary total disability under the World War Veterans' Act, 1924, as amended.

Under existing law, compensation for service-connected disability incurred in peacetime service is approximately 75 percent of the rate provided for such disability when incurred in wartime service except that the wartime rates are payable if the disability resulted from an injury or disease received in line of duty (1) as a direct result of armed conflict, or (2) while engaged in extrahazardous service, including such service under conditions simulating war. The bill, if enacted, would alter the 75-percent ratio.

A 15-percent increase in the monthly rates of compensation payable for service-connected disabilities to veterans of World War I and World War II and to those veterans entitled to wartime rates under Public Law 359, Seventy-seventh Congress, was granted under the provisions of Public Law 312, Seventy-eighth Congress, approved May 27, 1944. The monthly rates of compensation payable for service-connected disability to veterans not included within Public Law 312 were also increased by 15 percent effective as of the 1st day of June 1944, under the provisions of Public Law 469, Seventy-eighth Congress, approved December 7, 1944. Public Law 182, Seventy-ninth Congress, approved September 20, 1945, increased the rates for specific wartime service-incurred disabilities. Public Law 182 also increased the rates for specific peacetime service-incurred disabilities to the recognized 75-percent ratio to war service-connected rates. Public Law 659, Seventy-ninth Congress, approved August 8, 1946, increased rates of compensation for peacetime service-connected disability by 20 percent. Public Law 662, Seventy-ninth Congress, approved August 8, 1946, increased all monthly rates of compensation payable to veterans of World War I and World War II by 20 percent. The present compensation rate for wartime service-connected total disability is \$138 per month with higher rates for certain specific disabilities and combinations of disabilities ranging up to \$360 per month.

The legislative history of the several laws establishing rates of compensation or pension reveals that prior to the enactment thereof the Congress gave consideration to various factors, e. g., the rates being paid to similar groups of veterans under the laws in effect at the time the proposed rates were being considered; differentiation between benefits based upon service-connected disability or death, and those based upon non-service-connected disability or death; historical development of the pension or compensation program of the group involved, including consideration of the program pertaining to similar groups and the effect of the proposed legislation; the estimated expenditure involved, and the ability of the Government to meet the obligation which would be assumed.

Attention is invited to the fact that Public, No. 141, was enacted March 28, 1934, rather than March 28, 1924, as stated in line 9, page 1 of the bill.

The estimated number of veterans eligible under the bill who are drawing additional compensation or subsistence allowance while in training under Public Law 16 have been excluded from the following estimate for the reason that allowances provided under Public Law 16, in most instances, equal or exceed the allowances for dependents under the provisions of the bill. No information is currently available as to the number of veterans eligible for additional compensation for dependents under the bill who are in training under Public Law 346 and who are receiving subsistence allowances thereunder on account of dependents.

The estimated cost of the bill for the first year is as follows:

	Cases	Amount
Regular Establishment.....	80	\$34,000
Spanish-American War.....	450	145,000
World War I.....	44,400	24,623,000
World War II.....	86,300	35,626,000
Total.....	131,230	60,428,000

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Due to the urgent request of the committee for a report on this measure, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President. A supplemental report will be furnished later in that connection.

Sincerely yours,

CARL R. GRAY, JR., *Administrator.*

The committee is in accord with the purposes of the bill and recommends its enactment.

