

## UNNEGOTIATED CHECKS INVOLVING VETERANS' ADMINISTRATION CLAIMS

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MAY 7 (legislative day, MAY 6), 1953.—Ordered to be printed

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

### R E P O R T

[To accompany H. R. 1563]

The Committee on Finance, to whom was referred the bill (H. R. 1563), a bill to amend Veterans Regulation No. 2 (a), as amended, to provide that the amount of certain unnegotiated checks shall be paid as accrued benefits upon the death of the beneficiary-payee, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Veterans' Affairs as follows:

#### EXPLANATION OF THE BILL

The purpose of this bill is to amend the pertinent statutory Veterans' Regulations to provide that a check received by a beneficiary-payee in payment of pension, compensation, retirement pay, subsistence allowance, education, or training allowance, shall, in the event of death of the payee on or after the last day of the period covered by such check, and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration for cancellation and payment in the same manner as so-called accrued benefits payable at the time of the beneficiary's death. At the present time, accrued benefits are administered and paid by the Veterans' Administration, but if the veteran dies and there is an outstanding check for such benefits, the General Accounting Office must make the settlement.

The bill, if enacted into law, would result in more simplified procedure involving only one agency. The proposal has been coordinated with and concurred in by the General Accounting Office. There will be no additional cost to the Government as the result of enactment of this legislation. On the contrary, it is estimated that the simplified

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procedure would, in effect, result in administrative savings both to the Veterans' Administration and the General Accounting Office, and at the same time permit more expeditious service to the beneficiaries concerned. The report of the Veterans' Administration follows:

VETERANS' ADMINISTRATION,  
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,  
*Washington 25, D. C., January 8, 1953.*

HON. JOSEPH W. MARTIN, JR.,  
*Speaker of the House of Representatives,*  
*Washington 25, D. C.*

DEAR MR. SPEAKER: There is enclosed a draft of a proposed bill entitled "A bill to amend Veterans Regulation No. 2 (a), as amended, to provide that the amount of certain unnegotiated checks shall be paid as accrued benefits upon the death of the beneficiary-payee, and for other purposes," with the request that it be introduced and considered for enactment.

The purpose of the proposed measure is to amend paragraph V (2), part I, Veterans Regulation No. 2 (a), as amended, to provide that a check received by a payee in payment of pension, compensation, retirement pay, subsistence allowance, or education and training allowance shall, in the event of the death of the payee on or after the last day of the period covered by such check, and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration and canceled. The amount represented by any check so returned and canceled or any amount recovered by reason of the improper negotiation of any such check would be paid as an accrued benefit to certain classes of beneficiaries in accordance with paragraph V (1) of the mentioned veterans' regulation. However, the provisions of paragraph V (1) limiting the payment of accrued benefits to amounts due and not paid for a period not exceeding 1 year prior to death and the time limitations of 1 year for filing and perfecting claims will not be for application under the proposal with respect to the proceeds of checks. Also, if the full amount of any such check cannot be paid under paragraph V (1) the remaining amount will be paid, upon settlement by the General Accounting Office, to the estate of the deceased payee, if such estate will not escheat. It is provided further, that the provisions of paragraph V(2) in effect prior to the date of approval of the measure shall be applicable in the case of any payee dying prior to said date. Certain provisions of law in conflict with paragraph V (2) would be specifically repealed.

Under the existing paragraph V (2) a check received by a payee in payment of pension, compensation, or retirement pay payable by the Veterans' Administration (by reference in other laws the provision is also applicable to subsistence allowances and education and training allowances) in the event of the death of the payee on or after the last day of the period covered by the check, becomes an asset of the estate of the deceased payee. Such a check is referred to as an "asset" check and the proceeds thereof are payable to the persons entitled under the laws of the State of residence of the payee. Although the Veterans' Administration assists the claimants in making application for the amount of asset checks, and in securing necessary supporting data, the claims are paid by the General Accounting Office.

In almost every case where a beneficiary dies there is an amount accrued for the fractional part of the last month during which he lived. Also, an additional amount may have accrued prior to his death because of the lapse of time required to process an application for increased benefits. In other cases, a person may die before receiving his first payment under an approved award covering a retroactive period of entitlement. Such accrued amounts, covering a period not to exceed 1 year, are payable by the Veterans' Administration in accordance with paragraph V (1), part I, Veterans Regulation No. 2 (a), as amended, to the surviving spouse, child or children, dependent mother or father, or the person who bore the expenses of the last illness and burial.

Every case in which an asset check and an accrued amount are both payable results in 2 claims being processed by 2 different agencies—1 for distribution of the proceeds of the asset check in accordance with the laws of the particular State involved and the other for settlement of the accrued amount to the person eligible under paragraph V (1), part I, Veterans Regulation No. 2 (a), as amended. While the State laws vary as to who is entitled, and in some cases the proceeds of an asset check must be divided among several heirs, in the vast majority of the cases the same person or persons entitled to receive the proceeds of the asset checks will also be entitled to receive the accrued benefits. In such cases, the

filing of two separate claims is confusing to the heirs and creates an unnecessary duplication of administrative work and cost.

An analysis has been made of cases involving asset checks processed through one district office of the Veterans' Administration during the past year, and it was determined that in 85 percent of the cases the widow was the recipient of the proceeds of the check. In a large number of cases she was the only person entitled and in certain other cases where other heirs were entitled to a portion, waivers were secured from them. In the remainder of the cases, representing 15 percent, the recipient was the person who paid the expenses of the last illness and burial. Ordinarily this person is a close relative of the deceased veteran. Since the above-named recipients are those who would ordinarily receive an accrued amount due upon the death of a veteran, it is believed that enactment of the proposed legislation would, with very few exceptions, result in payment to the same person of amounts presently classed as asset checks. In the event the proceeds of the check or checks, or any part thereof, cannot be disbursed as "accrued amounts," then under the proposal the amount remaining would be payable to the estate of the deceased beneficiary if such estate will not escheat.

The proposed bill, if enacted, would result in a more simplified procedure where only one person is entitled to the entire amount payable after the death of a beneficiary. At the time when such a person is likely to be most confused by the death of a near relative, he would be required to file only one application and supporting data for the entire payment. In such cases, the procedure would require the processing and payment of only 1 claim, by 1 agency, the Veterans' Administration.

In the event of the enactment of the proposed bill, there will be no additional cost to the Government. On the contrary, it is estimated that the simplified procedure which could be effected under the provisions of the proposal would result in administrative savings to both the Veterans' Administration and the General Accounting Office and, at the same time, permit more expeditious service to the beneficiaries concerned.

While it is the Administrator's general policy to refrain from recommending for or against veterans'-benefit legislation, this proposal is regarded as one involving primarily a matter of administrative procedure. As such, and because it is believed that the proposal would materially expedite the settlement of claims for amounts payable after the death of a beneficiary, the Veterans' Administration recommends its enactment.

Advice has been received from the Bureau of the Budget that there would be no objection to the submission of the draft bill to the Congress for its consideration.

Sincerely yours,

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

A BILL To amend Veterans Regulation Numbered 2 (a), as amended, to provide that the amount of certain unnegotiated checks shall be paid as accrued benefits upon the death of the beneficiary-payee, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That paragraph V (2), part I, Veterans Regulation Numbered 2 (a), as added by the Act of July 13, 1943 (57 Stat. 557; 38 U. S. C. ch. 12 note), is amended to read as follows:

"(2) A check received by a payee in payment of pension, compensation, retirement pay, subsistence allowance, or education and training allowance shall, in the event of the death of the payee on or after the last day of the period covered by said check and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration and canceled. The amount represented by any check returned and canceled pursuant to the foregoing or any amount recovered by reason of improper negotiation of any such check shall constitute accrued benefits payable pursuant to the provisions of paragraph V (1): *Provided*, That the one-year limitations of paragraph V (1) shall not apply: *Provided, further*, That any amount not so paid shall be paid upon settlement by the General Accounting Office to the estate of the deceased payee, if such estate will not escheat: *And provided further*, That the provisions of this subparagraph in effect prior to the date of approval of this amendment shall be applicable in the case of any payee dying prior to said date."

Sec. 2. The following provisions of law are hereby repealed (together with the punctuation mark immediately preceding the language in each case):

(a) That portion of section 4 of the Act of May 1, 1926 (44 Stat. 383), as amended (38 U. S. C. 364c), section 5 of the Act of July 3, 1926 (44 Stat. 807), as amended (38 U. S. C. 321a), and section 5 of the Act of June 2, 1930 (46 Stat. 493), as amended (38 U. S. C. 365d), which reads in each cited Act as follows: "and the

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issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be canceled, but shall become an asset of the estate of the deceased pensioner", and

(b) The proviso in section 2 of the Act of May 23, 1928 (45 Stat. 715) as amended (38 U. S. C. 321b).

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

(38 U. S. C., CH. 12. NOTE)

"(2) A check received by a payee in payment of pension, compensation, [or] retirement pay, *subsistence allowance, or education and training allowance* shall, in the event of the death of the payee on or after the last day of the period covered by [such] said check [become an asset of the estate of the deceased payee] and unless negotiated by the payee or the duly appointed representative of his estate, be returned to the Veterans' Administration and cancelled. *The amount represented by any check returned and cancelled pursuant to the foregoing or any amount recovered by reason of improper negotiation of any such check shall constitute accrued benefits payable pursuant to the provisions of paragraph V (1): Provided, That the one-year limitations of paragraph V (1) shall not apply: Provided further, That any amount not so paid shall be paid upon settlement by the General Accounting Office to the estate of the deceased payee, if such estate will not escheat: And provided further, That the provisions of this subparagraph in effect prior to the date of approval of this amendment shall be applicable in the case of any payee dying prior to said date.*"

Although not required by the Ramseyer rule, for the convenience of the Members the text of the laws sought to be repealed is reproduced below (part printed inside the black brackets is the part sought to be repealed).

That portion of section 4 of the Act of May 1, 1926 (44 Stat. 383), as amended (38 U. S. C. 364c), section 5 of the Act of July 3, 1926 (44 Stat. 807), as amended (38 U. S. C. 321a), and section 5 of the Act of June 2, 1930 (46 Stat. 493), as amended (38 U. S. C. 365d), which reads in each cited Act as follows:

["and the issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be cancelled but shall become an asset of the estate of the deceased pensioner", and]

(38 U. S. C. 321b)

The pension or increase of the rate of pension provided for in section 291a of this title, as to all persons whose names were on the pension roll May 23, 1928, or who were then in receipt of a pension under then existing law, shall commence at the rate provided in the said section, on the fourth day of June 1928; and as to persons whose names were not on that date on the pension roll, or who were not then in receipt of a pension under then existing law but who may be entitled to a pension under the general pension laws, such pensions shall commence from the date of filing application therefor in the Veterans' Administration after May 23, 1928, in such form as may be prescribed by the Administrator of Veterans' Affairs]: *Provided, That the issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be canceled, but shall become an asset of the estate of the deceased pensioner*].