

SURVIVOR BENEFITS AND INSURANCE

117-6

HEARING
BEFORE THE
SUBCOMMITTEE ON VETERANS' LEGISLATION
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
NINETY-FIRST CONGRESS

FIRST SESSION

ON

S. 1471, S. 1479, S. 1650, S. 2003, S. 2186, S. 2533

BILLS RELATING TO DEPENDENCY AND INDEMNITY
COMPENSATION AND INSURANCE PROGRAMS

JULY 10, 1969

Printed for the use of the Committee on Finance



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1969

31-968 O

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

CLINTON P. ANDERSON, New Mexico

ALBERT GORE, Tennessee

HERMAN E. TALMADGE, Georgia

EUGENE J. MCCARTHY, Minnesota

VANCE HARTKE, Indiana

J. W. FULBRIGHT, Arkansas

ABRAHAM RIBICOFF, Connecticut

FRED R. HARRIS, Oklahoma

HARRY F. BYRD, Jr., Virginia

JOHN J. WILLIAMS, Delaware

WALLACE F. BENNETT, Utah

CARL T. CURTIS, Nebraska

EVERETT MCKINLEY DIRKSEN, Illinois

JACK MILLER, Iowa

LEN B. JORDAN, Idaho

PAUL J. FANNIN, Arizona

TOM VAIL, *Chief Counsel*

EVELYN R. THOMPSON, *Assistant Chief Clerk*

SUBCOMMITTEE ON VETERANS' LEGISLATION

HERMAN E. TALMADGE, Georgia, *Chairman*

VANCE HARTKE, Indiana

ABRAHAM RIBICOFF, Connecticut

RUSSELL B. LONG, Louisiana

WALLACE F. BENNETT, Utah

JACK MILLER, Iowa

LEN B. JORDAN, Idaho

(II)

CONTENTS

WITNESSES

	Page
Chapman, Col. James W., legislative counsel, Retired Officers Association- Driver, Hon. William J., former Administrator of Veterans' Affairs.....	86 55
Golembieski, E. H., director, National Rehabilitation Commission, the American Legion, accompanied by Wertz, Terrell, assistant director..	62
Huber, Charles L., national director of legislation, Disabled American Veterans, accompanied by Flaherty, William, assistant director of leg- islation; and Gardiner, William, assistant director for legislative research..	76
Johnson, Hon. Donald E., Administrator of Veterans' Affairs, accompanied by Farmer, Arthur W., Chief Benefits Director; Taaffe, Jr., J. T., Di- rector, Compensation, Pension, and Education Service; Petraitis, Fer- dinand J., Director, Insurance Service; Fable, Robert C., Jr., General Counsel; Knapp, Donald C., Assistant General Counsel; Bernstein, Howard, Assistant General Counsel.....	43
Schloss, Irvin P., national president, Blinded Veterans Association.....	82
Stover, Francis W., director, national legislative service, Veterans of For- eign Wars of the United States, accompanied by Jones, Norman E., director, national rehabilitation service; and Holt, Cooper T., executive director, Washington office.....	70

COMMUNICATIONS

Alexander, Theresa E., president, Society of Military Widows, letters to Hon. Herman E. Talmadge, chairman of the subcommittee: March 29, 1969..... July 7, 1969.....	98 100
Burns, Harvey R., letter with attachments, to the committee.....	105
Cranston, Hon. Alan, a U.S. Senator from the State of California, state- ment.....	42
Dwyer, Mike, national legislative director, Gallant Veterans of the Amer- ican Expeditionary Forces of 1917-19, statement.....	95
Hoffman, John L., national senior commander, Gallant Veterans of the American Expeditionary Forces, statement submitted.....	92
Huber, Charles L., national director of legislation, Disabled American Veterans, letter with attached supplemental statement, to Hon. Herman E. Talmadge, chairman of the subcommittee.....	89
Miller, Victor V., national commander, Veterans of World War I, U.S.A., Inc., statement.....	80
Knowles, Mrs. Edith V., national legislative chairman, Gold Star Wives of America, Inc., statement submitted.....	97
Ridge, Frank, CLU, statement submitted on behalf of the National Association of Life Underwriters.....	109
Rosignuolo, Ralph J., national legislative director, AMVETS national headquarters, letter to Hon. Herman E. Talmadge, chairman of the subcommittee.....	92
Vernor, Richard E., associate general counsel, American Life Convention, statement submitted on behalf of the American Life Convention, the Life Insurance Association of America, and the Life Insurers Conference	108

ADDITIONAL INFORMATION

American Legion resolutions attached to the statement of E. H. Golem- bieski, director, National Rehabilitation Commission, the American Legion.....	67
--	----

	Page
Press release announcing hearings on benefits for survivors of servicemen and other veterans' legislation.....	2
S. 1471—To amend chapter 13 of title 38, United States Code, to increase dependency and indemnity compensation for widows and children, and for other purposes.....	3
Comparison of S. 1471 with present law.....	7
Excerpts from report of the U.S. Veterans' Advisory Commission on the veterans' benefits system.....	8
Excerpt from "Department of Defense, Modernizing Military Pay: Report of the First Quadrennial Review of Military Compensation," volume IV, the military estate program, 15 January 1969.....	9
Veterans' Administration report on S. 1471.....	11
Veterans' Administration estimate of cost of S. 1471.....	11
S. 1479—To amend chapter 19 of title 38, United States Code, in order to increase from \$10,000 to \$15,000 the amount of servicemen's group life insurance for members of the uniformed services.....	17
Veterans' Administration report on S. 1479.....	26
Veterans' Administration memorandum on extra hazard cost of servicemen's group life insurance.....	26
S. 1650—To amend chapter 19 of title 38, United States Code, to provide double indemnity coverage under servicemen's group life insurance for members of the uniformed services assigned to duty in a combat zone..	20
Veterans' Administration report on S. 1650.....	27
Veterans' Administration memorandum on extra hazard cost of servicemen's group life insurance.....	26
S. 2003—To provide a special Government life insurance program for veterans of the Vietnam era.....	30
Summary of S. 2003.....	39
Veterans' Administration report on S. 2003.....	39
Veterans' Administration estimate of cost of S. 2003.....	41
S. 2186—To amend chapter 19, United States Code, so as to provide dismemberment insurance coverage under the servicemen's group life insurance program.....	23
Veterans' Administration report on S. 2186.....	28
Veterans' Administration memorandum on extra hazard cost of servicemen's group life insurance.....	26
S. 2533—To amend section 415 of title 38, United States Code, to standardize the computation of income of dependent parents.....	15

SURVIVOR BENEFITS AND INSURANCE

THURSDAY, JULY 10, 1969

U.S. SENATE,
SUBCOMMITTEE ON VETERANS' LEGISLATION
OF THE COMMITTEE ON FINANCE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2221, New Senate Office Building, Senator Herman E. Talmadge (chairman of the subcommittee) presiding.

Present: Senators Talmadge, Byrd, Jr., Long, Bennett, and Miller. Senator TALMADGE. The subcommittee will come to order.

Today we are holding the first hearings to be held by a Subcommittee on Veterans' Legislation of the Senate Finance Committee in almost a quarter of a century. It was this last subcommittee which in 1944 initiated the GI bill of rights, one of the most important landmarks in veterans' legislation ever enacted.

We had scheduled today's hearings earlier this year, but we postponed the hearings when it became known that there would be a change of leadership in the Veterans' Administration. It is important to the subcommittee to have the current thinking of the present administration on the major legislation we have before us to improve benefits to the survivors of servicemen. I see that the Honorable Donald E. Johnson is here to present the administration's position, and I welcome him in his first appearance before the subcommittee.

I want to thank the distinguished chairman of the Finance Committee, Senator Long, for suspending the committee's tax hearings so that the subcommittee could hold its hearings today as scheduled.

Since we acted recently on major legislation to improve the compensation and pension programs, we intend to concentrate in these hearings on the dependency and indemnity compensation and insurance programs. As I have stated before, the upgrading of these programs will be the subcommittee's top priority in 1969.

Six major bills on these programs are pending in the subcommittee.

S. 1471, introduced by myself, would make substantial improvements in the dependency and indemnity compensation program. S. 2533, introduced by Senator Hartke, is aimed at standardizing the computation of income of dependent parents for purposes of dependency and indemnity compensation.

We also have pending before us three bills to improve the servicemen's group life insurance program, two introduced by the distinguished chairman of the Finance Committee, Senator Long—S. 1650 and S. 2186—and one introduced by myself—S. 1479.

Finally, we have in the subcommittee another bill introduced by Senator Long—S. 2003—to establish a program of Government life insurance for Vietnam era veterans.

We will place in the record at this point our press release announcing this hearing, the text of the bills, along with summaries and other related materials.

(The material referred to follows:)

[Press release, June 25, 1969]

HEARINGS SET ON BENEFITS FOR SURVIVORS OF SERVICEMEN AND OTHER VETERANS' LEGISLATION

Subcommittee on Veterans' Legislation, Committee on Finance, U.S. Senate

Senator Herman E. Talmadge (D., Ga.), Chairman of the Subcommittee on Veterans' Legislation of the Senate Committee on Finance, announced today that on *Thursday, July 10, 1969* the Subcommittee will hold public hearings on benefits for survivors of servicemen and veterans.

"Having acted so recently on major legislation to improve the compensation and pension programs," Senator Talmadge commented, "we intend to concentrate our attention this year primarily on the Dependency and Indemnity Compensation and insurance programs. This will be the Subcommittee's top priority in 1969."

Senator Talmadge pointed out that five major bills have been introduced in the Senate dealing with these programs:

(1) S. 1471 (introduced by Senator Talmadge), which would liberalize Dependency and Indemnity Compensation payments to widows and orphans, with a minimum monthly benefit of \$165 to a widow and an additional allowance of \$20 monthly for each child;

(2) S. 1479 (introduced by Senator Talmadge), which would increase Servicemen's Group Life Insurance (for servicemen on active duty) from the present \$10,000 to \$15,000;

(3) S. 1650 (introduced by Senator Russell B. Long, D., La.), which would provide double indemnity benefits under Servicemen's Group Life Insurance for servicemen on active duty in combat areas;

(4) S. 2003 (introduced by Senator Long), which would establish a new GI insurance program for Vietnam era veterans; and

(5) S. 2186 (introduced by Senator Long), which would provide dismemberment insurance under Servicemen's Group Life Insurance.

Senator Talmadge stated that those organizations and individuals who have already requested to testify need not submit a new request. Those organizations and individuals who have not yet asked to testify should make their request to Tom Vail, Chief Counsel, Committee on Finance, 2227 New Senate Office Building, no later than *Tuesday, July 8*. Senator Talmadge said that the Subcommittee would welcome written comments on any other matter pending before the Subcommittee; five copies of these comments should be sent to Mr. Vail by the close of business *Friday, July 18*.

The hearing will be held in the Finance Committee Hearing Room, 2221 New Senate Office Building, on *Thursday, July 10*, beginning at 10:00 A.M.

91st CONGRESS
1st Session

S. 1471

IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 7), 1969

Mr. TALMADGE (for himself, Mr. Cranston, and Mr. Stevens) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend chapter 13 of title 38, United States Code, to increase dependency and indemnity compensation for widows and children, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*

3 That section 411 of title 38, United States Code, is amended
4 to read as follows:

5 “§ 411. **Dependency and indemnity compensation to a**
6 **widow**

7 “(a) Dependency and indemnity compensation shall be
8 paid to a widow at a monthly rate equal to \$130 plus 12
9 per centum of the basic pay of her deceased husband or at
10 a monthly rate of \$165, whichever is greater.

1 “(b) If there is a widow and one or more children
2 below the age of eighteen of a deceased veteran, the depend-
3 ency and indemnity compensation paid monthly to the
4 widow shall be increased by \$20 for each such child.

5 “(c) If any widow is entitled to dependency and in-
6 demnity compensation under subsection (a) and is in need
7 of regular aid and attendance, the monthly rate of dependency
8 and indemnity compensation payable to her shall be increased
9 by \$50.

10 “(d) If the amount determined under subsection (a)
11 involves a fraction of a dollar, the amount payable there-
12 under shall be increased by the Administrator to the next
13 higher dollar.”

14 SEC. 2. Section 413 of title 38, United States Code, is
15 amended to read as follows:

16 **“§ 413. Dependency and indemnity compensation to chil-**
17 **dren**

18 “Whenever there is no widow of a deceased veteran
19 entitled to dependency and indemnity compensation, depend-
20 ency and indemnity compensation shall be paid in equal
21 shares to the children of the deceased veteran at the follow-
22 ing monthly rates:

23 “(1) One child, \$88.

24 “(2) Two children, \$127.

25 “(3) Three children, \$164.

1 “(4) More than three children, \$164, plus \$32 for
2 each child in excess of three.”

3 SEC. 3. (a) Subsection (a) of section 414 of title 38,
4 United States Code, is amended by striking out “\$29” and
5 inserting in lieu thereof “\$32”.

6 (b) Subsection (b) of section 414 of such title is
7 amended by striking out “\$80” and inserting in lieu thereof
8 “\$88”.

9 (c) Subsection (c) of section 414 of such title is
10 amended by striking out “\$41” and inserting in lieu thereof
11 “\$45”.

12 SEC. 4. Section 410 (a) of title 38, United States Code,
13 is amended to read as follows:

14 “(a) The Administrator shall pay dependency and in-
15 demnity compensation to the widow, children, and parents
16 of any veteran who dies (1) after December 31, 1956, from
17 a service connected or compensable disability, or (2) while
18 in receipt of or while entitled to receive compensation for a
19 service-connected disability which was permanently and
20 totally disabling for twenty years or longer. The standards
21 and criteria for determining whether or not a disability is
22 service connected shall be those applicable under chapter 11
23 of this title. The provisions of this chapter shall not apply
24 where the death of a veteran occurs as a result of accidental

1 causes having no relationship to his service-connected disa-
2 bility.”

3 **SEC. 5.** The amendments made by this Act shall become
4 effective on the first day of the second calendar month fol-
5 lowing the month in which this Act is enacted.

Dependency and Indemnity Compensation: Comparison of S. 1471 and Present Law

- | <i>S. 1471</i> | <i>Present Law</i> |
|---|--|
| 1. Widow would receive DIC payment equal to \$130 plus 12% of the monthly basic pay now being received by a serviceman whose rank and years of service are the same as that of the deceased veteran. | 1. Widow receives \$120 plus 12% of the monthly basic pay now being received by a serviceman whose rank and years of service are the same as that of the deceased veteran. |
| 2. \$165 minimum monthly payment to widow. | 2. No similar provision in present law. |
| 3. Additional \$20 monthly for each child. | 3. No additional payment if there is only one child; under a complicated formula a widow with two children whose social security benefits are low may receive up to \$28 monthly; if she has three children, she may receive up to \$54 monthly. |
| 4. Additional \$50 monthly if widow requires regular aid and attendance. | 4. No similar provision in present law for widows receiving DIC; however, widows receiving pensions are eligible for an additional \$50 monthly if they require regular aid and attendance. |
| 5. Where there is no widow entitled to receive DIC, children would receive:
One child—\$88
Two children—\$127
Three children—\$164
Each additional child—\$32
(These figures are 10% above present law.) | 5. Where there is no widow entitled to receive DIC, children receive:
One child—\$80
Two children—\$115
Three children—\$149
Each additional child—\$29 |
| 6. DIC payments to certain children over 18:
(a) Helpless child, where no widow—supplemental to basic child's payment—\$32
(b) Helpless child, where there is widow—concurrently with widow's payment—\$88
(c) Student, under 23, where there is widow—concurrently with widow's payment—\$45
(These figures are 10 percent above present law.) | 6. DIC payments to certain children over 18:
(a) Helpless child, where no widow—supplemental to basic child's payment—\$29
(b) Helpless child, where there is widow—concurrently with widow's payment—\$80
(c) Student, under 23, where there is widow—concurrently with widow's payment—\$41 |
| 7. DIC would be guaranteed to the survivors of a veteran who was totally disabled for at least 20 years from a service-connected disability, unless the death was the result of accidental causes having no relationship to his disability. | 7. No similar provision in present law. |

COMPARISON OF INCREASES IN DEPENDENCY AND INDEMNITY COMPENSATION UNDER PRESENT LAW AND UNDER S. 1471

Grade, rank, and length of service of deceased serviceman	Dependency and indemnity compensation, July 1957	Dependency and indemnity compensation, July 1969	Increase (percent)	Dependency and indemnity compensation under S. 1471	Increase (percent)
E-1, recruit, ½ year.....	\$122	\$135	11	\$165	35
E-2, private, 1 year.....	123	136	11	165	34
E-3, private 1st class, 1 year.....	124	139	12	165	33
E-4, corporal, 1½ years.....	127	146	15	165	30
E-5, sergeant, 2½ years.....	132	158	20	168	27
E-6, staff sergeant, 13 years.....	142	175	23	185	30
E-7, sergeant 1st class, 17 years.....	147	185	26	195	33
O-1, 2nd lieutenant, 1 year.....	139	167	20	177	27
O-2, 1st lieutenant, 2½ years.....	145	185	28	195	34
O-3, captain, 5 years.....	157	209	33	219	39
O-4, major, 13 years.....	172	233	35	243	41
O-5, lieutenant colonel, 23 years.....	189	272	44	282	49
O-6, colonel, 23 years.....	202	292	45	302	50

COMPARISON OF DEPENDENCY AND INDEMNITY COMPENSATION PAYMENTS UNDER PRESENT LAW AND UNDER S. 1471: ILLUSTRATIVE CASES

	DIC under--		Increase (percent)
	Present law	S. 1471	
1. Widow of private with 1 year of service, no children.....	\$136	\$165	21
2. Widow of Pfc. with 1 year of service, 1 child.....	139	185	33
3. Widow of corporal with 1½ years of service, 2 children.....	146	205	40
4. Widow of sergeant with 2½ years of service, 3 children.....	158	228	44
5. Widow of staff sergeant with 13 years of service requiring regular aid and attendance, no minor children.....	175	235	34

¹ Assumes widow receives more than \$136 in social security benefits. If her social security benefits were less than \$108 her DIC payment would be \$174 and the increase under S. 1471 would be 18 percent.

² Assumes widow receives more than \$136 in social security benefits. If she receives the minimum social security benefit (a very unusual situation in this case), her DIC payment would be \$212 and the increase under S. 1471 would be 8 percent.

VIETNAM DEATHS BY RANK, 1961 TO MARCH 1969

	Number of deaths	Percent of total
E-1..... Recruit.....	329	1
E-2..... Private.....	4,478	15
E-3..... Private 1st class.....	11,771	33
E-4..... Corporal.....	8,379	25
E-5..... Sergeant.....	3,394	10
E-6..... Staff sergeant.....	1,494	4
E-7 to 9.....	714	2
O-1..... 2d lieutenant.....	600	2
O-2..... 1st lieutenant.....	1,091	3
O-3..... Captain.....	866	3
Other officers and warrant officers.....	682	2
Total.....	33,798	100

Excerpts From Report of the U.S. Veterans' Advisory Commission on the Veterans' Benefits System

RECOMMENDATION NO. 4

The Commission recommends that an additional monthly payment of \$20 for each child be made to widows receiving Dependency and Indemnity Compensation, independent of any Social Security or Railroad Retirement payments.

Background to Recommendation

At present, Dependency and Indemnity Compensation (DIC) is payable to the widow of a veteran who died from service-connected causes at the monthly rate of \$120 plus 12 percent of her husband's basic military pay. (Refer to Commission recommendation proposing an increase in this basic monthly rate). No additional amount is payable for children below age 18, except where the widow has two or more such children, and the monthly total of her Social Security benefits (under Title 42 U.S.C. 402), Railroad Retirement benefits (under Title 45 U.S.C. 228e), and special allowance (under Title 38 U.S.C. 412(a)), is less than the monthly Social Security payment—usually \$136.20—the widow and children would receive if the deceased veteran had been fully and currently insured with an average monthly wage of \$160. If this total in benefits is less than \$136.20, the widow's rate of DIC is increased by \$28 monthly for each child in excess of one, so long as the total amount of this increase does not exceed the difference between the \$136.20 figure and the Social Security actually received.

Adequate provision is contained in the law for children 18 years of age or over. However, the provisions made for widows during the trying years when they are raising their orphaned children tend to cause hardship.

The hardship increases for widows with more than two children. At present, the widow with no children receives the same amount of DIC payments each month as the widow with seven children under 18. The widow with seven children does have her DIC supplemented by Social Security payments, but these payments do not increase to cover more than two children. Thus, a widow with seven children could receive the same combined total of DIC and Social Security as she would receive if she had only two children.

To alleviate this hardship imposed by present law on widows with several children, the Commission recommends that DIC payments to widows with children under age 18 be completely disassociated from Social Security benefits. Further, the Commission proposes to pay an additional monthly amount of \$20 for each child to widows receiving DIC. Additional payments of \$20 for each child offer the most equitable substitute for the present law, and would prevent any reduction in the combined DIC and Social Security benefits a widow may receive.

RECOMMENDATION NO. 5

The Commission recommends that the basic rate for DIC be increased from \$120 to \$130 per month and that the 12 percent of base pay provision be retained. In the future, the basic allowance should be adjusted in accordance with any increase in the appropriate service rank pay.

Background to Recommendation

The Dependency and Indemnity Compensation program was created to offset deficiencies in the prior death compensation and Servicemen's Indemnity programs. Under DIC, a widow whose husband died from service-connected causes receives \$112 a month plus 12 percent of the current basic pay of a serviceman with the same rank and service.

Since the January 1, 1957, effective date of the program, the basic rate has been adjudged inadequate. In 1963, the basic rate was increased to \$120 per month. No change in this basic rate has been made, despite a substantial increase in the cost of living. The payments have been increased with each military pay increase, but the widows of servicemen who were in the lowest pay grades and had short periods of service have not benefited significantly.

The Commission believes these widows of men who gave their lives in service deserve compensation that is adequate in today's world. Therefore, we recommend that the basic rate for DIC be increased from \$120 to \$130 per month, that the 12 percent of base pay provision be retained. In the future, the basic allowance should be adjusted in accordance with any increase in the appropriate service rank pay.

Excerpt From Department of Defense, Modernizing Military Pay: Report of the First Quadrennial Review of Military Compensation, Volume IV, The Military Estate Program, 15 January, 1969

There is a substantial difference of opinion concerning the degree to which survivor benefits should be related to active duty pay, if at all. The primary cause of the differing viewpoints is that the military force is composed of two

groups—careerists and noncareerists—whose members differ in many respects. There is a considerable body of opinion that survivor benefits should be identical for all military personnel—that they should bear no relationship to the active duty pay of the service member. This opinion is based primarily on a concern for the members of the noncareer force (particularly in wartime when the draft removes many individuals from more comfortable economic circumstances and requires that they serve as enlisted men) and the voluntary nature of their service. An equally significant body of opinion holds that the principles dictating that active duty compensation be at least comparable with other employees of the Federal Government should also apply to the Military Estate Program: that in order to attract and retain a career force of ability and dedication, and to provide equitable treatment compared to that offered by other employers, all aspects of compensation should reward the member's satisfactory progression through his career.

The first opinion—that survivor annuities should not vary with the active duty pay of the service member—asserts that because of the large numbers of men in the Armed Forces who have been drafted or motivated to serve because of the draft, the structure of benefits should not be based on the rank of the individual or his pay grade. This belief holds that military pay is not an accurate reflection of the probable civilian income of those persons who have been taken from civilian life and forced to serve in low ranks, and that the way to prevent inequitable payments is to make them all the same amount. This feeling is strongest during times of war and when a large standing military force is necessary. It correctly emphasizes that the minimum necessities of life cost the same for all survivors.

Some proponents of this viewpoint obscure its strength with the argument that survivor annuities should be equal because "all men are equal in death," and because payments that vary according to active duty salary would perpetuate a "social discrimination" that they attribute to the military rank structure. This argument is preferred strongly and is prevalent in the record of legislative and administrative hearings concerning survivor benefits. It is valid in two respects:

First, it recognizes that active duty military pay of draftees sometimes will bear no relation to certain individuals' civilian employability and economic circumstances prior to being drafted.

Second, it recognizes that many of the essential expenses of survivors are unrelated to active duty pay.

The second opinion—that survivor annuities should bear a relation to the active duty wage of the military member—is more prevalent during times when the bulk of the Armed Forces are career personnel and few men need to be drafted. It holds that one of the motivating factors for a man to strive to attain a responsible position in life is to provide a high standard of living for his family—both while he is in the active force and if his death occurs while serving in the active force; consequently, the structure of survivor benefits should reflect this motivational factor and provide benefits based on the rank and pay of the individual.

This opinion does not dispute that many essential expenses are approximately the same for all survivors. But it does hold that the annuity should do more than pay a minimum maintenance allowance; that it should be established at a level that recognizes the dependence of the survivors on a standard of living achieved during the military career of the service member. Under this concept the level of survivor annuities reflects the member's contribution to the organization, just as active duty compensation does.

Recommendation 34. That the minimum payment for widows, dependent children and orphan children be based on the salary of an E-5 with three years of service, and that the maximum payment be based on the salary of an O-5 with 20 years of service

The minimum payment in the recommended military formula is based on the salary of an E-5 with over three years of service. This grade and length of service combination is the cross-over point between the noncareer force and the career force: when an E-5 has four years of service, he becomes a member of the career force. All members of the noncareer force, therefore, will be entitled to a survivor benefit that does not relate to their own active duty pay, but rather to the active duty pay of an E-5 with over three years of service who is a member of the career force.

Because military service is compulsory for many noncareerists, because many others are influenced by the draft, because noncareer members are compensated on a "residual income" basis, and because of the transitional characteristics of the various noncareer grades where each grade is held for a relatively short time in preparation for higher grades that bear greater responsibility, survivor annuities for these members should not be related to their active duty pay. Further, the Government must view its responsibilities to this part of the force with full realization that when a member dies on active duty it is frequently a direct result of his involuntary removal from civilian life in order to serve his country.

Veterans' Administration Report on S. 1471

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 9, 1969.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 1471, 91st Congress.

The proposal would increase the monthly dependency and indemnity compensation rates for widows and children, and would create a special allowance for widows in need of the regular aid and attendance of another person. Also, it would presume service-connection, for dependency and indemnity compensation purposes, in certain non-service-connected death cases.

Chapter 13 of title 38, United States Code (dependency and indemnity compensation), restates a portion of the Servicemen's and Veterans' Survivor Benefits Act (Public Law 881, 84th Cong., August 1, 1956). This Act established a new death benefits program of dependency and indemnity compensation for widows and other survivors of veterans dying from service-connected causes on or after January 1, 1957. Any person eligible for benefits under the earlier death compensation program, based on a veteran's death prior to January 1, 1957, may make an irrevocable election to receive benefits under the current dependency and indemnity compensation system.

The rate of dependency and indemnity compensation payable to widows under the provisions of section 411(a) of title 38, United States Code, is geared to basic pay for active military duty at current rates. A widow is paid at a monthly rate equal to a constant factor of \$120 plus 12 per centum of the basic pay of her deceased husband. Subsection (a) of the first section of S. 1471 would increase the \$120 factor to \$130 and would guarantee a minimum monthly rate of \$165.

No dependency and indemnity compensation allowance is generally made to a widow on account of the children of the veteran. There are two limited exceptions: (1) where social security or railroad retirement payments to a widow are below a certain amount (38 USC 411(b)), or (2) where the dependency and indemnity compensation benefit for a widow with children is less than the death pension which would be payable for a like number of children (38 USC 412(b)). Subsection (b) of the first section of the bill would repeal the present payment formula for widows with children (38 USC 411(b)) and substitute a fixed payment of \$20 monthly for each child under age 18, unrelated to social security and railroad retirement payments. This would have the effect of providing increased rates of dependency and indemnity compensation for all widows with a child or children.

An additional allowance of \$50 monthly would be authorized by subsection (c) of the first section for any widow entitled to dependency and indemnity compensation who is determined to be in need of the regular aid and attendance of another person. Such an allowance in an identical amount is authorized under existing law for widows receiving non-service-connected death pension.

Specific rates of dependency and indemnity compensation are authorized by section 413 of title 38, United States Code, for children where no widow is entitled to dependency and indemnity compensation. Section 2 of the bill would provide increases of approximately 10 per centum in these rates.

Section 414 of said title 38 provides dependency and indemnity compensation rates for children over 18, attending school, where there is a widow also receiving benefits, and for helpless children. Similarly, section 3 of S. 1471 would increase these rates by approximately 10 per centum.

Under section 4 of the proposal, dependency and indemnity compensation would be payable to the widow, children, and parents of certain veterans who died after December 31, 1956, from non-service-connected causes. The basic condition of payment would be that the particular veteran died while in receipt of or entitled to receive compensation for a service-connected disability which was permanently and totally disabling for 20 years or longer. The proposed presumption of service-connection would be specifically inapplicable where death occurred as a result of accidental causes having no relation to the service-connected disability.

Section 5 of the bill provides that the proposed amendments would be effective the first day of the second calendar month following enactment.

As mentioned above, a monthly allowance of \$50 has already been provided by statute for widows receiving non-service-connected death pension who are determined to be in need of regular aid and attendance as defined in 38 USC 502(b). We believe that the widows of veterans who died from service-connected causes should receive similar treatment. The Veterans' Administration accordingly favors the proposal in subsection (c) of the first section of S. 1471 to extend a similar allowance to widows who are receiving dependency and indemnity compensation and recommends that the subsection be expanded to include all types of cases covered by the pension allowance. We also believe that the existing discriminatory situation should be fully remedied by further extending the aid and attendance allowance to widows in receipt of service-connected death compensation, pursuant to subchapters III and V of chapter 11, title 38, United States Code.

The dependency and indemnity compensation system is under continuing study. Our review thus far has revealed certain potential problem areas in the program, including the aforementioned aid and attendance factor. We have not completed our analysis, however, to the point of reaching a decision on a supportable comprehensive approach for remedial action. Consequently, we recommend that your Committee defer action on proposals contained in the first three sections of S. 1471, except the one for a widow's aid and attendance allowance which is clearly warranted.

Section 4 of S. 1471 relates, of course, to certain cases of other than service-connected deaths. By presuming, contrary to the evidence, service-connection as to the cause of such deaths, enactment of the proposal would constitute a major departure from the policy of the Congress in maintaining separate systems of monetary benefits for deaths due to service and those not due to service. Its enactment would be tantamount to superimposing on the present pension program new non-service-connected death benefits equivalent to the present service-connected benefits, and would result in new and highly discriminatory benefits for surviving dependents of certain disabled veterans.

The Veterans Administration believes that existing law and regulations provide very liberal and equitable conditions for determining that death is service-connected. Moreover, there is no justification for presuming a death to be service-connected when the evidence does not support such a finding.

It is estimated that enactment of the first three sections of S. 1471 would cost approximately \$46.4 million the first year, increasing gradually to approximately \$50.6 million the fifth year. Due to the lack of necessary data, we are unable to estimate the cost of enactment of section 4 of the bill. Enactment of the aid and attendance allowance provision (amplified to include widows under the death compensation program), as urged above, would cost approximately \$2.6 million the first year with slight annual increases to approximately \$2.9 million the fifth year.

In summary, I recommend as follows with regard to S. 1471: (a) favorable consideration with amendment of the proposal in subsection (c) of the first section for a \$50 aid and attendance allowance for widows; (b) deferral of consideration of all other dependency and indemnity compensation aspects of the measure pending completion of our review of the program; and (c) that the proposal in section 4 for a presumption of service-connected death be not favorably considered.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DONALD E. JOHNSON,
Administrator.

Veterans' Administration Estimate of Cost of S. 1471

Additional Cost, First Full Year

1. Increase DIC payment to widow to \$130 plus 12 percent of the monthly basic pay now being received by a serviceman whose rank and years of service are the same as that of the deceased veteran -----	\$20,184,000
2. Provide minimum widow's benefit of \$165-----	15,558,000
3. Provide additional \$20 monthly for each child-----	4,800,000
4. Provide additional \$50 monthly if widow requires regular aid and attendance-----	2,558,000
5. Increase by 10 percent benefits to children where there is no widow entitled-----	3,320,000
6. Guarantee DIC to the survivors of a veteran who was totally disabled for at least 20 years from a service-connected disability, unless the death was the result of accidental causes having no relationship to his disability-----	Nominal
Total -----	46,418,000

91st CONGRESS
1st Session

S. 2533

IN THE SENATE OF THE UNITED STATES

JULY 2, 1969

Mr. HARRKE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend section 415 of title 38, United States Code, to standardize the computation of income of dependent parents.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 415 of title 38 of the United States Code is
4 amended—

5 (1) by striking out “The Administrator” in subsec-
6 tion (e) and inserting in lieu thereof “The Administra-
7 tor shall, in determining annual income under this
8 section, apply the income standards used in determining
9 the dependency of a mother or father under section 315
10 and”; and

11 (2) by striking out subsection (g).

Bills Amending Servicemen's Group Life Insurance

(Note: None of these bills affect National Service Life Insurance, the program for World War II veterans.)

PRESENT LAW

Under present law, *active duty* servicemen are insured for \$10,000 under the Servicemen's Group Life Insurance program unless they choose either not to be insured or to be insured for \$5,000. Servicemen pay premiums based on comparable civilian group life insurance rates; the premium for \$10,000 in Servicemen's Group Life Insurance is currently \$2 per month. The Federal Government pays that portion of the cost of the insurance due to the extra hazard of active duty.

S. 1479 (Introduced by Senator Talmadge)

S. 1479 would increase the amount of the Servicemen's Group Life Insurance from \$10,000 to \$15,000.

S. 1650 (Introduced by Senator Long)

S. 1650 would provide double indemnity Servicemen's Group Life Insurance coverage for member of the uniformed services assigned to duty in a combat zone.

S. 2186 (Introduced by Senator Long)

S. 2186 would add to Servicemen's Group Life Insurance coverage indemnity payments in the event of dismemberment. One-half of the face value of the insurance would be paid if the serviceman lost one hand, one foot, or the sight of one eye; the full face value would be paid in the event of loss of two or more such members.

91st CONGRESS
1st Session

S. 1479

IN THE SENATE OF THE UNITED STATES

MARCH 11 (legislative day, MARCH 7), 1969

Mr. TALMADGE (for himself and Mr. Cranston) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend chapter 19 of title 38, United States Code, in order to increase from \$10,000 to \$15,000 the amount of Servicemen's Group Life Insurance for members of the uniformed services.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Servicemen's Group
4 Life Insurance Amendments Act of 1969".

5 SEC. 2. Section 767 of title 38, United States Code, is
6 amended to read as follows:

7 "§ 767. Persons insured; amount

8 " (a) Any policy of insurance purchased by the Admin-
9 instructor under section 766 of this title shall automatically

1 insure any member of the uniformed service on active duty
2 against death in the amount \$15,000 from the first day of
3 such duty, or from the date of enactment of the Servicemen's
4 Group Life Insurance Amendments Act of 1969, whichever
5 is the later date, unless such member elects in writing (1)
6 not to be insured under this subchapter, or (2) to be insured
7 in the amount of \$10,000, or \$5,000.

8 “(b) If any member elects not to be insured under
9 this subchapter or to be insured in the amount of \$10,000
10 or \$5,000, he may thereafter be insured under this sub-
11 chapter or insured in the amount of \$15,000, or \$10,000,
12 under this subchapter, respectively, upon written appli-
13 cation, proof of good health, and compliance with such
14 other terms and conditions as may be prescribed by the
15 Administrator.”

16 SEC. 3. Until and unless otherwise changed on or
17 after the date of enactment of this Act, a beneficiary des-
18 ignation and settlement option filed by a member with his
19 uniformed service under subchapter III of chapter 19 of
20 title 38, United States Code, prior to such date shall be
21 effective with respect to the increased servicemen's group
22 life insurance coverage provided pursuant to the amend-
23 ment made by section 2 of this Act, and such increased
24 amount of insurance shall be settled in the same propor-

1 tion as the portion designated for such beneficiary or bene-
2 ficiaries bore to the amount of insurance heretofore in effect
3 under subchapter III of chapter 19 of title 38, United
4 States Code.

91ST CONGRESS
1ST SESSION

S. 1650

IN THE SENATE OF THE UNITED STATES

MARCH 24, 1969

Mr. LONG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend chapter 19 of title 38, United States Code, to provide double indemnity coverage under Servicemen's Group Life Insurance for members of the uniformed services assigned to duty in a combat zone.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 765 of title 38, United States Code, is amended
4 by adding at the end thereof a new paragraph as follows:
5 “(4) The term ‘combat zone’ means any area desig-
6 nated by the President of the United States by Executive
7 order as a combat zone for the purposes of section 112 of the
8 Internal Revenue Code of 1954.”

9 SEC. 2. Section 767 of title 38, United States Code, is

1 amended by adding at the end thereof a new subsection as
2 follows:

3 “(e) Any policy of insurance purchased by the Admin-
4 istrator under section 766 of this title for any member shall
5 provide double indemnity coverage against death resulting
6 from an injury or disease incurred or aggravated, in line of
7 duty, while such member is assigned to duty in a combat
8 zone. Double indemnity coverage provided for under this
9 subsection shall include any case in which the death of a
10 member resulted from combat activities or the performance
11 of extrahazardous duties while such member was assigned
12 to duty in a combat zone; and such coverage shall continue
13 in effect during any period a member is temporarily outside
14 a combat zone to which he is assigned so long as such period
15 does not exceed thirty-five consecutive days.”

16 SEC. 3. Section 769 (a) of title 38, United States Code,
17 is amended by adding at the end thereof a new sentence as
18 follows: “No deduction may be made from the basic or other
19 pay of a member for double indemnity coverage provided
20 under section 767 (c) of this title for any month except a
21 month (or portion thereof) in which such member was as-
22 signed to duty in a combat zone; and none of the costs
23 attributable to such additional coverage for members assigned
24 to duty in a combat zone shall be paid for by members not
25 protected by double indemnity coverage.”

1 **SEC. 4.** The amendments made by the first threerd sec-
2 tions of this Act shall become effective on the first day of
3 the second calendar month following the month in which this
4 Act is enacted.

91st CONGRESS
1st SESSION

S. 2186

IN THE SENATE OF THE UNITED STATES

MAY 16, 1969

Mr. LONG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend chapter 19, United States Code, so as to provide dismemberment insurance coverage under the Servicemen's Group Life Insurance program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 767 of title 38, United States Code, is amended
4 by adding at the end thereof a new subsection as follows:

5 “(c) Each policy purchased under this subchapter shall,
6 subject to such terms and conditions as the Administrator
7 may approve, provide dismemberment insurance coverage
8 as follows: (1) for the loss of one hand or of one foot
9 or the loss of sight of one eye, the insured shall be paid
10 an amount equal to one-half of the face value of the insur-

1 ance; and (2) for the loss of two or more of such members,
2 the insured shall be paid an amount equal to the full face
3 value of the insurance. Dismemberment insurance shall be
4 paid to an insured who suffers the loss of one or more limbs
5 or the sight in one or both eyes if such loss occurs as the
6 direct result of and within a period of ninety days after a
7 bodily injury has been suffered by such insured. The total
8 amount of insurance paid under any policy of servicemen's
9 group life insurance on account of any one accident shall not
10 exceed the face value of such policy. No payment shall be
11 made under this subsection for the loss of a limb or loss
12 of eyesight as the result of an intentionally self-inflicted
13 injury."

14 SEC. 2. The second sentence of section 769 (b) of title
15 38, United States Code, is amended to read as follows: "Such
16 cost shall be determined by the Administrator on the basis of
17 excess mortality and dismemberment suffered by members
18 and former members of the uniformed services insured under
19 this subchapter above that incurred by the male civilian pop-
20 ulation of the United States of the same age as the median
21 age of members of the uniformed services (disregarding a
22 fraction of a year) as shown by the records of the uniformed
23 services, the primary insurer or insurers, and the Department

1 of Health, Education, and Welfare, together with the most
2 current estimates relating to mortality and dismemberment.”

3 SEC. 3. This Act shall become effective on the first day
4 of the second month following the month in which enacted.

Veterans' Administration Memorandum on Extra Hazard Cost of Servicemen's Group Life Insurance

1. The law (38 USC 769 (b)) provides that the cost of SGLI traceable to the extra hazard of active duty shall be borne by the Government. Such cost is determined by the Administrator on the basis of the excess mortality suffered by members and former members of the uniformed services insured under SGLI above that incurred by the male civilian population of the United States of the same age as the median age of members of the uniformed services (disregarding a fraction of a year) as shown by records of the uniformed services, the primary insurer, and the Department of Health, Education, and Welfare, together with the most current estimates of such mortality.

2. The median age of members of the uniformed services is 22.6 years. The most recent data available indicates that the mortality rate of the male civilian population of the United States age 22 is 2.06 per 1,000 per year. The premium rate for SGLI was fixed at \$2 per month for \$10,000 insurance to cover the cost of the civilian rate mortality and the cost of the administration of the program. The SGLI program was placed in effect September 29, 1965. During the first three full calendar years (1966, 1967 and 1968) of operations under the program the mortality rate of members of the uniformed services varied (according to the rate of combat losses) from 3.26 to 6.19 per 1,000, averaging 4.69 per 1,000 per year over the three-year period. A premium charge of about \$4.50 instead of \$2 per month would have been required to cover such a loss rate and the administrative costs. Stated in other terms, the premium paid by the serviceman was actually sufficient to purchase only about \$4,450 of insurance. From September 29, 1965 to June 30, 1969 the insureds paid \$208,797,000 in premiums. During the same period the extra hazard contributions by the Government as required by law amounted to \$353,034,000. Thus, the Government's contributions to the extra hazards costs have been about 120 per cent of the members' premiums.

Veterans' Administration Report on S. 1479 and S. 1650

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 9, 1969.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your requests for reports on S. 1479 and S. 1650, bills of the 91st Congress, which, if enacted, would increase the coverage authorized under the Servicemen's Group Life Insurance (SGLI) program.

Under existing law, all members of the uniformed services on active duty for 31 days or more are automatically insured under SGLI from the first day of active duty for the \$10,000 maximum amount authorized under the program unless they elect in writing not to be insured or to be insured for only \$5,000. The cost of the insurance is borne in part by the servicemen through deductions from their pay, and in part by the Government. The insurance is provided under a group life insurance policy purchased by the Administrator from a commercial insurer.

The Government bears the cost of SGLI traceable to the extra hazard of active duty under a formula set forth in the law, 38 USC 769(b). This extra hazard cost is determined by the Administrator and certified to the Secretary of the uniformed service concerned and the amount thereof is contributed from the pay appropriations of the uniformed services.

S. 1479

The purpose of S. 1479 is to amend the SGLI provisions of title 38, United States Code, to increase from \$10,000 to \$15,000 the maximum amount of insurance authorized thereunder for members of the uniformed services on active duty. All members on active duty and all members thereafter entering on active duty would be automatically insured for \$15,000 unless they elect in writing (1) not to be insured, (2) to be insured for \$10,000, or (3) to be insured for \$5,000. Any member who elects not to be insured, or to be insured for \$10,000 or \$5,000

can thereafter be insured, or insured in the amount of \$15,000 or \$10,000, respectively, upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Administrator.

S. 1470 provides that until or unless otherwise changed a SGLI beneficiary designation or settlement option filed by a member with his uniformed service prior to the date of enactment of the bill will be effective with respect to the increased SGLI authorized thereunder. The increased amount of coverage would be settled in the same proportion as the portion designated for such beneficiary, or beneficiaries bore to the amount of SGLI in effect prior to the increase authorized under the bill.

If enacted, the extra hazard cost of S. 1470 to the Government will, of course, depend upon the level of strength of the uniformed services and the level of combat activity. Based on the experience from September 29, 1965, the inception of the SGLI program, to the end of March 1969, the present \$10,000 maximum program has cost the Government on the average \$90 million annually. Based on the total SGLI experience to the end of March 1969, S. 1470, if enacted, would cost the Government approximately \$135 million annually or \$45 million more than the present program.

S. 1650

The purpose of S. 1650 is to amend the SGLI provisions of title 38, United States Code, to provide double indemnity coverage against the death of any member resulting from an injury or disease incurred or aggravated, in line of duty, while such member is assigned to duty in a combat zone. The double indemnity coverage under the bill would also include any case in which the death of a member resulted from combat activities or the performance of extra hazardous duties while assigned to duty in a combat zone. The double indemnity coverage would continue in effect during any period a member is temporarily outside a combat zone to which he is assigned so long as such period does not exceed 35 days.

The bill specifically provides that no deduction for double indemnity coverage may be made from the base or other pay of a member except for a month or portion thereof he is assigned to duty in a combat zone. It also specifically provides that none of the costs attributable to the double indemnity coverage for members assigned to duty in a combat zone shall be paid by members not protected by the double indemnity.

Under the bill the term "combat zone" means any area designated by the President by Executive Order as a combat zone for the purpose of section 12 of the Internal Revenue Code of 1954. The bill would be effective the first day of the second calendar month following the month of enactment.

The provisions of S. 1650 are not entirely clear. It is clear that the bill covers deaths which occur in a combat zone from any injury or disease incurred or aggravated in line of duty. Further, the bill purports to cover deaths of members resulting from combat activities or while performing extra hazardous duties and while temporarily outside the combat zone to which they are assigned, but it would appear that such coverage would cease after 35 consecutive days. It is unclear whether the bill covers the deaths of members resulting from injury or disease incurred or aggravated in line of duty in a combat zone but where the death occurs after reassignment to a noncombat zone.

The bill is discriminatory in that it would provide no coverage for persons other than those assigned to a combat zone, whereas a substantial number of servicemen die from injuries incurred while performing extra hazardous duties throughout the world in other than a "combat zone".

Based on the experience since the inception of the SGLI program to the end of March 1969, and on the assumption that all Vietnam members would be covered for \$20,000, the extra hazard cost of S. 1650 to the Government would be \$190 million annually or \$100 million more than under the present program.

As the Veterans' Administration advised the Subcommittee on Veterans' Legislation of your Committee at its recent hearings on this and other bills in the area of life insurance and S. 1471 proposing to increase payments of dependency and indemnity compensation, we are currently engaged in a study of the potential problem areas of the dependency and indemnity compensation program. This study, however, has not as yet reached the stage to permit us to furnish specific recommendations for revision of that program. In view of the fact that dependency and indemnity compensation is the major Veterans' Administration benefit provided for the serviceman's primary survivors--his widow, children,

and dependent parents—we believe that the life insurance programs available to servicemen and veterans, involving benefits which are not provided solely for the primary survivors of those insured, should be carefully reviewed in the light of the conclusions which we hope to reach regarding improvements in the primary dependency and indemnity compensation program. Accordingly, the Veterans' Administration refrains, at this time, from making any specific recommendations with respect to S. 1479 and S. 1650 and the other pending insurance bills.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DONALD E. JOHNSON,
Administrator.

Veterans' Administration Report on S. 2186

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 9, 1969.

HON. RUSSELL B. LONG,
*Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for a report on S. 2186, 91st Congress.

The purpose of the bill is to add dismemberment insurance coverage to the Servicemen's Group Life Insurance (SGLI) authorized by subchapter III of chapter 19 of title 38, United States Code, for members of the uniformed services on active duty. Under present law, members on active duty are automatically insured for \$10,000 SGLI unless they elect in writing not to be insured or to be insured for \$5,000.

Under the bill an amount of dismemberment insurance equal to (1) one-half the face value of SGLI would be payable for the loss of one hand or of one foot, or the loss of sight of one eye; and (2) the full face value of SGLI would be payable for the loss of two or more such members. Regardless of the number of such losses the amount of dismemberment insurance paid could not exceed the face value of the SGLI. The dismemberment insurance would be payable if such loss occurs as the direct result of and within a period of 90 days after a bodily injury has been suffered by such insured. However, no payment would be made for a loss resulting from an intentionally self-inflicted injury. We note that the bill does not clearly provide that the dismemberment coverage would be in addition to the basic life insurance benefit. While we have assumed that that is intended, the bill should be clarified in this respect if it is favorably considered by your Committee.

The bill would amend 38 USC 769(b) so as to require the Government to bear the cost of the dismemberment insurance authorized under the bill traceable to the extra hazard of active duty in the uniformed services on the same basis that the Government now bears the cost of SGLI traceable to such extra hazards.

Under existing law, the administrative cost of SGLI to the Veterans Administration is borne by the servicemen. Under 38 USC 769(d) (3) such cost is determined by the Administrator and transferred from the SGLI revolving fund to the appropriation "General operating expenses, Veterans' Administration." The administrative cost of the bill, if enacted, to the Veterans' Administration would be handled in the same manner.

It is noted that the SGLI provisions of subchapter 19 III of title 38, United States Code, are patterned in large part after the Federal Employee's Group Life Insurance (FEGLI) provisions of chapter 87 of title 5, United States Code. The bill, if enacted, would extend a benefit (dismemberment insurance coverage) now afforded Federal civilian employees under 5 USC 8704(b) to members of the uniformed services on active duty and on a similar basis. However, the two programs are not quite comparable. Under existing law, the servicemen bear all of the civilian type losses under the SGLI program as well as the cost of administration, and the Government bears the cost of SGLI traceable to the extra

hazard of active duty under a formula set forth in the law. On the other hand, the Government bears one-third and the employees two-thirds of the cost of the FEGLI program.

Although a dismemberment benefit is often provided in connection with life insurance, the payment of such a benefit through the SGLI program under present circumstances would not constitute a true insurance benefit. In effect, the SGLI program would be only a channel through which the Government would make additional lump-sum payments in dismemberment cases.

Under the Veterans Administration's Schedule for Rating Disabilities (promulgated pursuant to 38 USC 355), a veteran who has suffered the service-connected loss of one foot or one hand or blindness of one eye is rated, insofar as possible, according to the degree his disability would impair the earning capacity of the average person and is paid the rate of monthly disability compensation set forth in the law for the degree of his disability. Also, under 38 USC 314(k), such veteran is paid an additional statutory rate of compensation of \$47 per month for each of the specified losses. These basic and statutory rates of compensation would be payable to all insureds receiving payments under the bill, except those few who suffer the losses involved within the 120-day period of insurance coverage after discharge or whose disabilities would not otherwise be held to be service connected. Disability compensation of \$47 per month for life is roughly equivalent to \$10,000, plus interest accruing over the payment period. To this the bill would add a one-time lump-sum payment of \$5,000 or \$10,000. The cost of both the monthly and lump-sum payments would be borne by the Government.

Claims cost under the provisions of S. 2186 will be much higher in wartime than in time of peace. Using compensation costs for the first nine months of fiscal year 1969 as a basis for calculation, we estimate that the annual cost for the contemplated coverage during time of war would be \$12,000,000, or 30 cents monthly per active duty serviceman. Using the two peacetime fiscal years of 1964 and 1965 as our basis, however, we find the annual cost during time of peace would be \$1,900,000, or 6 cents per month per active serviceman. The margin in the present \$2.00 premium would be more than adequate to absorb this 6-cent monthly charge during peacetime. Because of the extra-hazard provision in the law, the wartime cost would remain a Government obligation so long as the total claims level under the bill exceeds that of the general male population.

As the Veterans Administration advised the Subcommittee on Veterans' Legislation of your Committee at its recent hearings on this and other bills in the area of life insurance and S. 1471 proposing to increase payments of dependency and indemnity compensation, we are currently engaged in a study of the potential problem areas of the dependency and indemnity compensation program. This study, however, has not as yet reached the stage of permit us to furnish specific recommendations for revision of that program. In view of the fact that dependency and indemnity compensation is the major Veterans Administration benefit provided for the serviceman's primary survivors—his widow, children, and dependent parents—we believe that the life insurance programs available to servicemen and veterans, involving benefits which are not provided solely for the primary survivors of those insured, should be carefully reviewed in the light of the conclusions which we hope to reach regarding improvements in the primary dependency and indemnity compensation program. Accordingly, the Veterans Administration refrains, at this time, from making any specific recommendations with respect to S. 2186 and the other pending insurance bills.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DONALD E. JOHNSON,
Administrator.

91ST CONGRESS
1ST SESSION

S. 2003

· IN THE SENATE OF THE UNITED STATES

APRIL 29, 1969

Mr. LONG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide a special Government life insurance program for veterans of the Vietnam era.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Vietnam Era Veterans'
4 Life Insurance Readjustment Benefits Act".

5 SEC. 2. Chapter 19 of title 38, United States Code, is
6 amended by redesignating subchapter IV as subchapter V;
7 by renumbering sections 781 through 788 as sections 791
8 through 798, respectively; and by inserting after subchapter
9 III a new subchapter as follows:

1 **“Subchapter IV.—Vietnam Era Veterans’ Life Insurance**

2 **“§ 781. Definitions**

3 “For the purposes of this subchapter—

4 “(1) The term ‘insurance’ means Vietnam era veterans’
5 life insurance.

6 “(2) The term ‘widow’ or ‘widower’ means a person
7 who was the lawful spouse of the insured at the maturity of
8 the insurance.

9 “(3) The term ‘child’ means a legitimate child, an
10 adopted child, and if designated as beneficiary by the in-
11 sured, a stepchild or an illegitimate child.

12 “(4) The terms ‘parent’, ‘father’, and ‘mother’ mean
13 a father, mother, father through adoption, mother through
14 adoption, persons who have stood in loco parentis to a mem-
15 ber of the Armed Forces of the United States at any time be-
16 fore entry into active service for a period of not less than
17 one year, and a stepparent, if designated as beneficiary by
18 the insured.

19 “(5) The term ‘eligible veteran’ means a veteran who
20 (A) served on active duty for a period of more than 180
21 days any part of which occurred during the Vietnam era
22 and who was discharged or released therefrom under con-
23 ditions other than dishonorable, or (B) was discharged or
24 released from active duty, any part of which occurred dur-
25 ing the Vietnam era, for a service-connected disability.

1 **“§ 782. Applications for Vietnam era veterans’ life insur-**
2 **ance**

3 “Any eligible veteran may, within one hundred and
4 twenty days after his discharge from active military, naval,
5 or air service and (1) upon written application to the Ad-
6 ministrator, (2) payment of the required premium, and (3)
7 without meeting any requirement of good health, be granted
8 insurance by the United States against the death of such vet-
9 eran occurring while such insurance is in force.

10 **“§ 783. Amount of insurance**

11 “Insurance shall be issued in any multiple of \$500 and
12 the amount of insurance with respect to any eligible veteran
13 shall be not less than \$1,000 or more than the maximum
14 amount of insurance authorized under section 767 for persons
15 insured under subchapter III of this chapter. No eligible
16 veterans may carry a combined amount of Vietnam era
17 veterans’ life insurance, national service life insurance, and
18 United States Government life insurance in excess of such
19 maximum amount authorized in such section 767.

20 **“§ 784. Plans of insurance**

21 “(a) Insurance under this subchapter may be issued on
22 the following plans: modified life, ordinary life, twenty-
23 payment life, thirty-payment life, twenty-year endowment,
24 endowment at age sixty, and endowment at age sixty-five.

1 All insurance issued under this subchapter shall be partici-
2 pating insurance.

3 “(b) Under such regulations as the Administrator may
4 promulgate, a policy of insurance of any type issued under
5 this subchapter may be converted or exchanged for any
6 other type insurance issued under this subchapter. Whenever
7 a policy of insurance issued under this subchapter is con-
8 verted or exchanged for a policy issued on the modified life
9 plan, the face value of the modified life policy shall be
10 automatically reduced by one-half, without any reduction in
11 premium, at the end of the day preceding the sixty-fifth
12 birthday of the insured.

13 “(c) Any insured whose modified life insurance policy
14 is in force by payment or waiver of premiums on the day
15 before his sixty-fifth birthday may upon written applica-
16 tion and payment of premiums made before such birthday be
17 granted insurance under this subchapter on an ordinary life
18 plan without physical examination in an amount of not
19 less than \$1,000, in multiples of \$500, but not in excess
20 of one-half of the face amount of the modified life insurance
21 policy in force on the day before his sixty-fifth birthday.
22 Insurance issued under this subsection shall be effective on
23 the sixty-fifth birthday of the insured. The premium rate,
24 cash, loan, paid-up, and extended values on the ordinary
25 life insurance issued under this subsection shall be based

1 on the same mortality tables and interest rates as the in-
2 surance issued under the modified life policy. Settlements
3 on policies involving annuities on insurance issued under
4 this subsection shall be based on the same mortality or
5 annuity tables and interest rates as such settlements on
6 the modified life policy. If the insured is totally disabled
7 on the day before his sixty-fifth birthday and premiums
8 on his modified life insurance policy are being waived, as
9 provided in section 712 of this title, or he is entitled on
10 that date to waiver, as provided in such section, he shall
11 be automatically granted the maximum amount of insur-
12 ance authorized under this subsection and premiums on
13 such insurance shall be waived during the continuous total
14 disability of the insured.

15 **“§ 785. Terms and conditions; premium rates**

16 “Insurance granted under this subchapter shall be issued
17 upon the same terms and conditions as national service life
18 insurance, except (1) five-year level premium term insur-
19 ance may not be issued; (2) the net premium rates shall be
20 based on the 1958 Commissioners standard ordinary basic
21 mortality table, increased at the time of issue by such an
22 amount as the Administrator determines to be necessary for
23 sound actuarial operations; (3) an additional premium to
24 cover administrative costs to the Government as determined

1 by the Administrator at times of issue shall be charged for
2 insurance issued under this subchapter and for any total dis-
3 ability income provision attached thereto; (4) all cash,
4 loan, extended and paid-up insurance values shall be based
5 on the 1958 Commissioners standard ordinary basic mortal-
6 ity table; (5) all settlements on policies involving annuities
7 shall be calculated on the basis of the annuity table for
8 1949; (6) all calculations in connection with insurance
9 issued under this subsection shall be based on interest at the
10 rate of $3\frac{3}{4}$ per centum per annum; (7) the insurance shall
11 include such other changes in terms and conditions as the
12 Administrator determines to be reasonable and practicable;
13 and (8) all insurance issued under this subchapter shall be
14 on a participating basis.

15 **“§ 786. Surrender of policy for cash value upon reentry**
16 **into military service; insurance after separa-**
17 **tion; waiver of premiums**

18 “(a) Any person in the active military, naval, or air
19 service, who has an insurance contract under this subchapter,
20 may elect to surrender such contract for its cash value. In any
21 such case the person, upon application in writing made
22 within one hundred and twenty days after the expiration
23 from active service, may be granted, without medical exami-
24 nation, insurance under this subchapter, or may reinstate such

1 surrendered insurance upon payment of the required reserve
2 and the premium for the current month.

3 “(b) Waiver of premiums under this subchapter shall
4 not be denied in any case of issue of insurance under this sub-
5 chapter or reinstatement of insurance under this section in
6 which it is shown to the satisfaction of the Administrator that
7 total disability of the applicant commenced prior to the date
8 of his application.

9 **“§ 787. Vietnam era veterans’ life insurance fund**

10 “(a) There is created in the Treasury a permanent trust
11 fund to be known as the Vietnam era veterans’ life insurance
12 fund. All premiums paid on account of Vietnam era veterans’
13 life insurance shall be deposited and covered into the Treasury
14 to the credit of such fund, which, together with interest
15 earned thereon, shall be available for the payment of liabili-
16 ties under such insurance, including payment of dividends and
17 refunds of unearned premiums. Payments from this fund shall
18 be made upon and in accordance with awards by the
19 Administrator.

20 “(b) The Administrator is authorized to set aside out of
21 such fund such reserve amounts as may be required under
22 accepted actuarial principles to meet all liabilities under
23 such insurance; and the Secretary of the Treasury is author-
24 ized to invest and reinvest such fund, or any part thereof.

1 in interest-bearing obligations of the United States or in
2 obligations guaranteed as to principal and interest by the
3 United States, and to sell such obligations for the purposes
4 of such fund.

5 **“§ 788. Vietnam era veterans’ life insurance appropriation**

6 “There is authorized to be appropriated such sums as
7 may be necessary to carry out the provisions of this sub-
8 chapter, to be known as the Vietnam era veterans’ life
9 insurance appropriation, for the payment of liabilities under
10 Vietnam era veterans’ life insurance. Payments from this
11 appropriation shall be made upon and in accordance with
12 awards by the Administrator.

13 **“§ 789. Applicable provisions**

14 “The provisions of sections 706, 707, and the first
15 sentence of section 708; the provisions of sections 709
16 through 711; the provisions of subsections (a), (b), and
17 (c), and the last two sentences of subsection (d) of section
18 712; the provisions of sections 713 through 715; and the
19 provisions of sections 717, 718, and 721, all of this title,
20 shall be effective in the same manner and to the same extent
21 with respect to Vietnam era veterans’ life insurance issued
22 under this subchapter as such provisions are applicable to
23 national service life insurance. References in section 721
24 of this title to the national service life insurance fund and
25 to the national service life insurance appropriation shall be

1 deemed for purposes of this subchapter to refer to the
 2 Vietnam era veterans' life insurance fund and the Vietnam
 3 era veterans' life insurance appropriation, respectively."

4 SEC. 3. Section 795 of title 38, United States Code, as
 5 redesignated by section 2 of this Act, is amended by strik-
 6 ing out "section 784" and inserting in lieu thereof "sec-
 7 tion 794".

8 SEC. 4. The table of sections at the beginning of chapter
 9 19 of title 38, United States Code, is amended by striking
 10 out the heading

"SUBCHAPTER IV.—GENERAL"

11 and everything below such heading, and inserting in lieu
 12 thereof the following:

"Subchapter IV.—Vietnam Era Veterans' Life Insurance

"781. Definitions.

"782. Applications for Vietnam Era Veterans' Life Insurance.

"783. Amount of insurance.

"784. Plans of insurance.

"785. Terms and conditions; premium rates.

"786. Surrender of policy for cash value upon reentry into military service;
 insurance after separation; waiver of premiums.

"787. Vietnam Era Veterans' Life Insurance Fund.

"788. Vietnam Era Veterans' Life Insurance Appropriation.

"789. Applicable provisions."

13 SEC. 5. This Act shall become effective on the first day
 14 of the third calendar month following the month in which it
 15 is enacted. In any case in which an eligible veteran is dis-
 16 charged prior to such effective date, he shall, for purposes
 17 of section 782 of title 38, United States Code, be deemed to
 18 have been discharged on the effective date of this Act.

Vietnam Era Veterans' Life Insurance (S. 2003, Introduced by Senator Long)

1. Bill would establish a new program of Vietnam Era Veterans' Life Insurance.
2. Face value of the insurance could be as high as the maximum amount under Servicemen's Group Life Insurance (presently \$10,000).
3. Insurance would be issued only under some kind of permanent plan, that is, with the same annual premium during the life of the veteran.
4. VEVLI would be participating, that is, veterans would receive dividends which would automatically be applied against the next year's premium.
5. Premium rates would be based on fairly recent mortality experience, with an assumption of a 3¼ percent interest earned by the VEVLI Trust Fund.
6. Optional additional disability insurance could be purchased by the veteran.
7. Premium would be waived while veteran is totally disabled.
8. General fund appropriations would repay the VEVLI Trust Fund for the cost of both excess mortality and waiver of premiums which are due to service-connected disability.

Veterans' Administration Report on S. 2003

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 9, 1969.

HON. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for a report on S. 2003, 91st Congress.

The purpose of the bill is to amend chapter 19 of title 38, United States Code, to authorize the issue by the Government of life insurance to discharged veterans of the Vietnam era. The "Vietnam era" is defined in 38 USC 101(29) as the period beginning August 5, 1964, and ending on such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress. The bill defines the term "eligible veteran" as one who (A) served on active duty for a period of more than 180 days, any part of which occurred during the Vietnam era, and who was discharged or released therefrom under conditions other than dishonorable, or (B) was discharged or released from active duty, any part of which occurred during the Vietnam era, for a service-connected disability.

The insurance would be issued upon application and payment of premiums within 120 days after discharge and without meeting any requirement of good health. The insurance would be issued on a permanent plan only and in any multiple of \$500, but not less than \$1,000 nor more than the maximum amount of Servicemen's Group Life Insurance (SGLI) authorized under 38 USC 767 (presently \$10,000). No veteran eligible under the bill may carry a combined amount of insurance issued under the bill, National Service Life Insurance (NSLI) and United States Government Life Insurance (USGLI) in excess of the amount of SGLI authorized under 38 USC 767.

Insurance under the bill would be issued on the same terms and conditions as NSLI except (1) five-year level premium term insurance could not be issued; (2) the net premium rates would be based on the 1958 Commissioners standard ordinary basic mortality table, increased at the time of issue by such an amount as the Administrator determines to be necessary for sound actuarial operations; (3) an additional premium to cover administrative costs to the Government, as determined by the Administrator at time of issue, would be charged for the insurance and for any total disability income provision attached thereto; (4) all cash, loan, extended and paid-up insurance values would be based on the 1958 Commissioners standard ordinary basic mortality table; (5) all settlements on policies involving annuities would be calculated on the basis of the annuity table for 1949; (6) all calculations in connection with insurance issued under the bill would be based on interest at the rate of 3¼ per centum per annum; (7) the insurance would include such other changes in terms and conditions as the Administrator determines to be reasonable and practicable; and (8) all insurance issued under the bill would be on a participating basis.

Any person insured under the bill who re-enters active service may surrender the policy and then within 120 days after separation from such period of service and without medical examination, apply for and be granted a new policy or reinstate the surrendered insurance upon payment of the reserve and the premium for the current month. Waiver of premiums for total disability could not be denied in any case in which it is shown that total disability of the applicant commenced prior to the date of application for issuance of insurance or for reinstatement of insurance surrendered upon re-entry into active service.

It is noted that waiver of premiums for a pre-existing disability on NSLI issued to service-connected disabled veterans under 38 USC 722(a) is limited to service-connected disabilities which become total before the effective date of the insurance. However, waiver of premiums and payment of total disability benefits on permanent plan insurance issued or reinstated under 38 USC 781 to replace insurance which expired or was surrendered after April 24, 1951 and before January 1, 1957 while the insured was eligible for protection under the Servicemen's Indemnity Act of 1951, cannot be denied because the disability of the applicant (regardless of the cause) became total before the effective date of the application for such issue or reinstatement of insurance.

The bill would establish in the Treasury a permanent trust fund known as the Vietnam Era Veterans' Life Insurance Fund. All premiums paid on the insurance would be deposited into the fund, which, together with interest earned thereon, would be available for the payment of liabilities on the insurance, including payment of dividends and refund of unearned premiums. Payments from the fund would be made on and in accordance with awards by the Administrator. The Administrator would be authorized to set aside out of the fund such reserve amounts as may be required under accepted actuarial principles to meet all liabilities under such insurance. The Secretary of the Treasury would be authorized to invest and reinvest such fund, or any part thereof, in interest bearing obligations of the United States or in obligations guaranteed as to principle and interest by the United States, and to sell such obligations for the purposes of the fund. Also, the bill would authorize to be appropriated such sums as may be necessary to carry out its purposes, and would provide for payment of liabilities from the Vietnam Era Veterans' Life Insurance Appropriation.

The bill provides that specified sections of title 38, United States Code, applicable to NSLI shall be effective in the same manner and to the same extent to insurance issued under the bill. Reference in 38 USC 721 to the NSLI Fund and NSLI Appropriation shall be deemed for the purposes of the bill to refer to the insurance fund and appropriation established under the bill.

At the present time all eligible servicemen, unless they decline in writing, are covered while on active duty and for 120 days thereafter by \$10,000 insurance under the SGLI program. This group insurance can be converted to an individual permanent plan policy regardless of the insured's condition of health with any one of nearly 600 participating commercial companies. In addition if the veteran has a service-connected disability, he may be eligible for \$10,000 NSLI from the Veterans Administration (under 38 USC 722). Thus, under these two programs service disabled veterans are afforded an opportunity to carry at least \$20,000 life insurance, \$10,000 by the Government and \$10,000 commercial. SGLI has been in effect for nearly four years. The program, including the conversion feature, has operated extremely well. Similarly, the Service Disabled Veterans Insurance Program (which has been in effect for over 18 years) has been most successful in providing low cost insurance for veterans with service-connected disabilities.

The premiums established for insurance that would be issued under the bill would cover the claims for normal risks. Since the insurance would be issued without a medical examination and would carry a waiver of premium provision, the program would be insuring many substandard risks. This cost would be borne by the Government. We have no way of knowing how many veterans would apply each year for such insurance. Accordingly, the Veterans Administration is unable to furnish any accurate estimate of the benefit cost of the bill to the Government if enacted into law.

As the Veterans Administration advised the Subcommittee on Veterans' Legislation of your Committee at its recent hearings on this and other bills in the area of life insurance and S. 1471 proposing to increase payments of dependency and indemnity compensation, we are currently engaged in a study of the potential problem areas of the dependency and indemnity compensation program. This study, however, has not as yet reached the stage to permit us to furnish specific recommendations for revision of that program. In view of the fact that dependency and indemnity compensation is the major Veterans Administration benefit

provided for the serviceman's primary survivors—his widow, children, and dependent parents—we believe that the life insurance programs available to servicemen and veterans, involving benefits which are not provided solely for the primary survivors of those insured, should be carefully reviewed in the light of the conclusions which we hope to reach regarding improvements in the primary dependency and indemnity compensation program. Accordingly, the Veterans Administration refrains, at this time, from making any specific recommendations with respect to S. 2003 and the other pending insurance bills.

Advice has been received from the Bureau of the Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DONALD E. JOHNSON,
Administrator.

Veterans' Administration Estimate of Cost of S. 2003

VETERANS' ADMINISTRATION,
Washington, D.C., July 11, 1969.

Subject: Estimate of cost of S. 2003, 91st Congress.

1. The bill would authorize the Government to issue life insurance to veterans of the Vietnam Era who applied therefor within 120 days after discharge or if discharged prior to enactment of the bill, within 120 days after the date of enactment. For the purposes of the bill the Vietnam Era began August 5, 1964. Since that time about four million persons have been discharged from the service and about one million more are discharged each year. Since insurance under the bill would be issued without a medical examination and carry a waiver of premium provision for pre-existing total disability, many substandard risks would be insured. Although the premiums established for insurance issued under the bill would cover the claims cost for the normal risks, the Government would bear the cost of the substandard risks.

2. We have no way of knowing how many veterans eligible under the bill would apply for insurance. However, if it is assumed that about 15 per cent of those eligible are granted insurance, it is estimated that approximately 600,000 policies would be issued to veterans previously discharged and about 150,000 policies would be issued each year to veterans discharged after enactment of the bill. Based on these assumptions, it is estimated that the total benefit cost of the bill to the Government over the first five years would be as follows:

	<i>Cost</i>
1st year.....	\$1,700,000
2d year.....	1,880,000
3d year.....	2,040,000
4th year.....	2,170,000
5th year.....	2,280,000

3. Under the bill, the administrative cost of the insurance would be borne by the insureds by an additional premium charge. Based on an assumed issue of 600,000 policies to previously discharged veterans and 150,000 new issues each year, it is estimated that the first five years' administrative costs of the bill to the Veterans' Administration (borne by the insureds) would be as follows:

	<i>Cost</i>
1st year.....	\$3,831,400
2d year.....	3,651,700
3d year.....	3,859,000
4th year.....	4,442,600
5th year.....	4,870,600

Senator TALMADGE. Since we have a number of witnesses who wish to be heard this morning, I would like to ask all witnesses to summarize their testimony in their oral presentation. They may be assured that their statements will be printed in full in the record.

Our first witness today was to have been the Honorable Alan Cranston, chairman of the Veterans' Affairs Subcommittee of the Labor

and Public Welfare Committee and cosponsor with me of S. 1471 and S. 1479. Unfortunately, Senator Cranston was required at the last minute to attend an executive session of the Interior Committee which is considering his bill regarding the Santa Barbara oil drilling, a matter of vital concern to him and to the State of California. His statement will appear in the record at this point.

(Senator Cranston's statement follows:)

STATEMENT OF HON. ALAN CRANSTON, A U.S. SENATOR FROM THE STATE OF CALIFORNIA

I am honored to appear as the lead-off witness at the first hearing of this newly-created Subcommittee on Veterans' Legislation. I was extremely pleased when the distinguished Chairman of the Finance Committee, Senator Russell Long, announced the creation of this subcommittee on February 25.

First, I want to congratulate my esteemed colleague from Georgia, Senator Talmadge, on his being appointed the first chairman of this important subcommittee and on his moving so promptly to begin hearings on the veterans bills before the Finance Committee. Senator Talmadge is certainly highly qualified to serve in this important post, by virtue of his many years of distinguished service in the Armed Forces and his continuing leadership in the efforts to ensure equitable benefits for those who have served our country in the military.

I have come here this morning to urge favorable consideration by this subcommittee of five pending bills: S. 1471, S. 1479, S. 1650, S. 2003, and S. 2186.

I am delighted to be a cosponsor with Senator Talmadge of the first two of these bills which he introduced on March 11. These bills relate to benefits for survivors of those who gave their lives in the service of this country.

S. 1471 would strengthen the program of Dependency and Indemnity Compensation, which provides the widow of a man killed in service with a monthly benefit payment related to her husband's rank. The bill would increase benefits to widows and children of deceased servicemen bringing these allotments more in line with the present cost of living—especially for widows of non-career servicemen, namely those in the lower-ranking grades. The bill accomplishes this increase in a number of ways.

It provides a flat \$10 per month increase for all widows—especially assisting widows of servicemen of the rank of lieutenant and staff sergeant and higher—and it would adopt a new and more realistic basis for increasing the payment to a widow with dependents by adding a payment of \$20 for each child under age eighteen.

Of especial significance, it guarantees a minimum widows DIC benefit of \$165 per month—which will benefit particularly the widows of those of the rank of sergeant and below—and provides a flat 10 percent increase in DIC payments to orphans, matching the cost of living increase since January 1967 when these benefits were last increased.

The bill also includes a \$50 travel allowance for aid and attendance, which corrects the anomalous situation which has existed since 1967 when widows with pensions were afforded this additional benefit. Finally, the bill provides DIC benefits for widows of servicemen who were totally disabled for twenty years or more from service-connected causes but whose death cannot be definitely established as service connected or not service connected.

S. 1479 would increase from \$10,000 to \$15,000 the amount of Servicemen's Group Life Insurance paid to survivors of deceased servicemen. Senator Talmadge is the author of the legislation which established this program in 1965, and this increase of the face value of the SGLI policy seems clearly in order to provide a more adequate amount of lump-sum payment for the serviceman's survivors at the time of their greatest need.

I also wish to add my support to the three bills before the Subcommittee which were introduced by the very distinguished Chairman of the Finance Committee, Senator Russell B. Long, a long-time champion of veterans' legislation.

S. 1650 is a worthy alternative or companion to S. 1479. It, too, would increase the amount of coverage under the Servicemen's Group Life Insurance program, doing so by entitling our military personnel to receive double indemnity life insurance while serving in a combat zone, thus increasing their protection from \$10,000 to \$20,000 in that situation. As with the present SGLI program, the Federal Government would continue to pay the additional insurance cost which is

related to the risks of military service. I think that this provision might well be added to the \$5,000 increase in Senator Talmadge's bill. If both of these measures are enacted, this would result in \$30,000 protection for servicemen in combat zones.

S. 2003 would make low-cost life insurance available to Vietnam veterans after their return to civilian life, providing for a constant life-time premium rate. This type of protection was afforded to veterans of World War I, World War II, and the Korean War. Surely we should not deny the same benefits to veterans of the present war, whatever our view of the merits of the war.

S. 2186 would add to the SGLI program lump-sum payments to military personnel who lose a hand, a foot, or sight of an eye, while on active duty. This added protection would be offered at no increase in premium to servicemen. It would generally parallel dismemberment provisions of the civil service employees group life insurance program. The distinguished Senator from Louisiana has announced his intention to amend the bill so that the coverage would also be extended to servicemen who are permanently paralyzed as a result of their injuries. I believe that these are meritorious provisions.

I urge the Subcommittee to study these measures carefully and, as I stated earlier, I hope that all of these bills will receive your favorable consideration.

Again, I thank the Subcommittee for permitting me to speak here today. I am confident that this subcommittee, under the able and creative leadership of Senator Talmadge, will work effectively with the Labor and Public Welfare Committee's Subcommittee on Veterans' Affairs, of which I am Chairman, toward solving the many and varied problems of our veterans. I look forward to continuing this very promising partnership with Senator Talmadge and the Subcommittee.

Senator TALMADGE. Our first witness, therefore, will be the Honorable Donald E. Johnson, Administrator of Veterans' Affairs. We are very pleased to welcome you here this morning, Mr. Johnson, in your first appearance before this subcommittee.

STATEMENT OF HON. DONALD E. JOHNSON, ADMINISTRATOR OF VETERANS' AFFAIRS, ACCOMPANIED BY ARTHUR W. FARMER, CHIEF BENEFITS DIRECTOR; J. T. TAAFFE, JR., DIRECTOR, COMPENSATION, PENSION, AND EDUCATION SERVICE; FERDINAND J. PETRAITIS, DIRECTOR, INSURANCE SERVICE; ROBERT C. FABLE, JR., GENERAL COUNSEL; DONALD C. KNAPP, ASSISTANT GENERAL COUNSEL; AND HOWARD BERNSTEIN, ASSISTANT GENERAL COUNSEL

Mr. JOHNSON. Thank you, Mr. Chairman and members of the committee.

Mr. Chairman and members of the subcommittee, I would like, first of all, if I might, to introduce to you the people who have come with me from the Veterans' Administration. First of all, A. W. Farmer, Chief Benefits Director; to my right, Robert C. Fable, Jr., General Counsel. Also with us this morning to answer any technical question that may come to your mind, J. T. Taaffe, Jr., Director of the Compensation Pension and Education Service; Ferdinand J. Petraitis, Director, Insurance Service; Donald Knapp, Assistant General Counsel; and Howard Bernstein, also Assistant General Counsel.

I appreciate very much, Mr. Chairman, the opportunity to appear so early in this administration, and we have, of course, as required by you, submitted our testimony in writing, and being aware of your full schedule today, we will attempt to summarize, and I will move really from the last paragraph of page 5 of our prepared testimony so that we might move into the questions which you may desire.

As the members of the subcommittee are aware, dependency and indemnity compensation and life insurance are two of the major programs included in the overall package of benefits that the Federal Government provides for the survivors of those who die in military service or as the result of such service. Other benefits include the 6-month death gratuity, full social security coverage, war orphans' and widows' educational assistance, eligibility for guaranteed or direct loans, and reimbursement of certain expenses of the veteran's funeral and burial.

As is explained earlier in the prepared testimony, pending the completion of the study of the potential problem areas of the DIC program we are not in a position at this time to furnish the subcommittee with specific recommendations for revision of that program.

In view of the fact that dependency and indemnity compensation is the major Veterans' Administration benefit provided for the serviceman's primary survivors—his widow, children, and dependent parents—we believe that the life insurance program available to servicemen and veterans, involving benefits which are not provided solely for the primary survivors of those insured, should be carefully reviewed in the light of the conclusions which we hope to reach regarding improvements in the primary dependency and indemnity compensation program. Accordingly, we refrain at this time from making any specific recommendation on the pending insurance bills.

Mr. Chairman, this would conclude my formal part of our statement before this subcommittee, but, of course, we will be very pleased to answer any questions that the members may have concerning these veterans' programs.

(Mr. Johnson's prepared statement follows:)

STATEMENT OF HON. DONALD E. JOHNSON, ADMINISTRATOR OF VETERANS' AFFAIRS

Mr. Chairman and members of the subcommittee, we appreciate the opportunity to testify on the several bills which are the subject of these hearings. The first measure we will discuss (S. 1471) proposes several liberalizations in the DIC—dependency and indemnity compensation—program for the survivors of veterans who die of service-connected causes.

As you know, this program has been in existence since January 1, 1957. Benefits for service-connected deaths prior to that date were paid under our earlier death compensation program, which still exists with regard to such prior deaths. Any person eligible for benefits under the older system may make an irrevocable election, however, to receive benefits under the DIC program.

Widows' DIC is geared to basic pay for active duty at current rates payable to members of the uniformed services. The monthly rate is equal to a constant factor of \$120 plus 12 per centum of the basic pay for the grade of the widow's deceased husband. Subsection (a) of the first section of S. 1471 would increase the \$120 factor to \$130 and would guarantee a minimum monthly rate of \$165, as compared with the current minimum rate of \$134.

With two limited exceptions, no DIC is paid to a widow on account of children of a veteran under 18 years of age. Subsection (b) of the first section of the bill would repeal the present payment formula for widows with such children and substitute a monthly allowance of \$20 per child.

An additional allowance of \$50 monthly would be authorized by subsection (c) of the first section for any widow entitled to DIC who is determined to be in need of the regular aid and attendance of another person. Such an allowance is authorized under existing law for widows receiving non-service-connected death pension.

We believe that the widows of veterans who died from service-connected causes should receive no less liberal treatment than that accorded widows under the non-service-connected death pension program. VA accordingly favors the men-

tioned subsection (c) and recommends that it be expanded to include all types of cases covered by the pension allowance. Further, it is recommended that the existing discriminatory situation should be fully remedied by extending the aid and attendance allowance to widows receiving death compensation.

We have already made these recommendations to the Committee in our report of July 3, 1969, to Chairman Long on S. 356. There was submitted with that report a draft amendment to S. 356 which would accomplish the mentioned objectives. The cost of the aid and attendance proposal would approximate \$2.6 million the first year, benefiting 4,270 widows. It is estimated that there would be slight annual increases in costs during the succeeding four years, to approximately \$2.9 million the fifth year, affecting 4,000 widows.

Section 2 of S.1471 would provide increases of approximately 10% in the monthly DIC rates specified for children where there is no widow entitled to the benefit. Similar increases would be provided by section 3 for children over 18 and attending school, where there is a widow also receiving benefits, and for helpless children.

Under section 4 of the proposal, DIC would be payable to the widow, children, and parents of certain veterans who died after December 31, 1956, from non-service-connected causes. The basic condition of payment would be that the particular veteran died from a non-accidental cause while in receipt of or entitled to receive compensation for a service-connected disability which was permanently and totally disabling for 20 years or longer.

By presuming, contrary to the evidence, service-connection as to the cause of such death, enactment of section 4 would constitute a major departure from the policy of the Congress in maintaining separate systems of monetary benefits for deaths due to service and those not due to service. VA believes that existing law and regulations provide very liberal and equitable conditions for determining that death is service-connected. Moreover, there is no justification for presuming a death to be service-connected when the evidence does not support such a finding.

It is estimated that enactment of the first three sections of S. 1471, including the additional allowance for regular aid and attendance, would cost approximately \$46.4 million the first year, increasing gradually to approximately \$50.6 million the fifth year. We are unable to furnish a cost estimate of section 4 because of lack of necessary data.

The dependency and indemnity compensation system is under continuing study. Our review thus far has revealed certain potential problem areas in the program, including the aforementioned aid and attendance factor. We have not completed our analysis, however, to the point of reaching a decision on a supportable comprehensive approach for remedial action. Consequently, we recommend that the Committee defer action on proposals contained in the first three sections of S. 1471, except the one for a widow's aid and attendance allowance which is clearly warranted. With respect to the proposal in section 4 for a presumption of service-connected death, in line with our earlier remarks, we are unable to recommend its favorable consideration.

The remaining bills on the agenda of the subcommittee this morning are in the area of insurance. Three of the measures would amend the Servicemen's Group Life Insurance program and the fourth would establish a program of Government life insurance for veterans of the Vietnam era.

S. 1479 proposes to increase from \$10,000 to \$15,000 the maximum amount of Servicemen's Group Life Insurance authorized for members of the uniformed services on active duty. It would automatically insure all members on active duty and all members who enter on active duty for \$15,000 unless they elect in writing not to be insured or to be insured for \$10,000 or \$5,000.

S. 1650 would amend the Servicemen's Group Life Insurance provisions to provide double indemnity coverage against the death of any member resulting from an injury or disease incurred or aggravated, in line of duty, while such member is assigned to duty in a combat zone. The double indemnity coverage would also include any case in which the death of a member resulted from combat activities or the performance of extra-hazardous duties while assigned to duty in a combat zone. The double indemnity coverage would continue in effect during any period a member is temporarily outside a combat zone to which he is assigned so long as such period does not exceed 35 days.

S. 2186 is designed to add dismemberment insurance coverage to the Servicemen's Group Life Insurance program. An amount of dismemberment insurance equal to one-half the face value of the Servicemen's Group Life Insurance would be payable for the loss of one hand or one foot, or the loss of sight of one eye

and the full face value would be payable for the loss of two or more such members. The dismemberment insurance would be payable if such loss occurs during a period of active duty or as the direct result of and within a period of 90 days after a bodily injury has been suffered by such insured.

As previously noted, the fourth bill, S. 2003, proposes to authorize the issue by the Government of life insurance to discharged veterans of the Vietnam era. It would be issued upon application and payment of premiums within 120 days after discharge and without meeting any requirement of good health. It would be issued on a permanent plan only and in any multiple of \$500, but not less than \$1,000 nor more than the maximum amount of Servicemen's Group Life Insurance authorized. The bill provides that the insurance would be on a participating basis and includes necessary detailed administrative provisions.

As the members of the Subcommittee are aware, dependency and indemnity compensation and life insurance are two of the major programs included in the overall package of benefits that the Federal Government provides for the survivors of those who die in military service or as the result of such service. Other benefits include the 6-month death gratuity, full Social Security coverage, war orphans' and widows' educational assistance, eligibility for guaranteed or direct loans, and reimbursement of certain expenses of the veteran's funeral and burial.

As I noted earlier, pending the completion of our study of the potential problem areas of the dependency and indemnity compensation program, we are not in a position at this time to furnish the subcommittee with specific recommendations for revision of that program. In view of the fact that dependency and indemnity compensation is the major Veterans' Administration benefit provided for the serviceman's primary survivors--his widow, children, and dependent parents--we believe that the life insurance programs available to servicemen and veterans, involving benefits which are not provided solely for the primary survivors of those insured, should be carefully reviewed in the light of the conclusions which we hope to reach regarding improvements in the primary dependency and indemnity compensation program. Accordingly, we refrain at this time from making any specific recommendations on the pending insurance bills.

This concludes our formal statement on the pending legislation but we will, of course, be pleased to answer any questions the members may have concerning these veterans' programs.

Senator TALMADGE. Thank you, Mr. Johnson.

Am I to understand from your statement that you are not prepared to recommend either for or against any of the specific bills that we are holding hearings on this morning?

Mr. JOHNSON, Mr. Chairman, I would like at this time to call attention to two paragraphs, at least in the prepared testimony on page 2; it is the last two paragraphs, because we do have some recommendations specifically on this. We believe that the widows of veterans who died from service-connected causes should receive no less liberal treatment than that accorded widows under the non-service-connected death pension program. VA accordingly favors subsection (c) of the first section of S. 1471 and recommends that it be expanded to include all types of cases covered by the pension aid and attendance allowance. Further, it is recommended that the existing discriminatory situation should be fully remedied by extending the aid and attendance allowance to widows receiving death compensation.

We have already made these recommendations to the committee in our report of July 3, 1969, to Chairman Long on S. 356. There was submitted with that report a draft amendment to S. 356 which would accomplish the mentioned objectives. The cost of the aid and attendance proposal would approximate \$2.6 million the first year, benefiting 4,270 widows. It is estimated that there would be slight annual increases in costs during the succeeding 4 years, to approximately \$2.9 million the fifth year, affecting 4,900 widows.

Senator TALMADGE. Mr. Johnson, Defense Department statistics show that the lowest five enlisted grades account for 83 percent of our service deaths in Vietnam.

Why should we wait to bring the level of dependency and indemnity compensation to the widows of these servicemen to the purchasing power that dependency and indemnity compensation benefits had in 1957?

Mr. JOHNSON. Mr. Farmer.

Mr. FARMER. Well, sir, the first five grades that you mentioned also are borne out by the statistics that we have developed in connection with the servicemen's group life insurance program. The exact dimensions of the rate increase is one that we wanted to give a little more study to because as time has gone on since 1957, it has been observed that the widows of the lowest ranking men have not received the same degree of increase in D. & I.C. based on the military pay increases as have the widows of higher ranking officers.

What we really need to know is their economic characteristics, how much dependence is placed on D. & I.C. as a source of income, the characteristics of those widows, the remarriage rate, and other matters that we might be able to obtain through a more intensive study than we have been able to exert heretofore.

I do not deny the fact that there has been a warping effect on the lowest ranking widows under the current program.

Senator TALMADGE. That is what the bills the Chair has introduced are trying primarily to correct.

Mr. FARMER. Well, sir, it does have that as an objective and it would place a floor of \$165 so that, in effect, I think, the widows of the first four grades would all receive about the same amount. It still retains the 12-percent formula whereby only 12 percent of the military pay increase does go to the D. & I.C. widow, and it has been that formula really that has caused a warping effect that I referred to.

Senator BENNETT. Will the Senator yield?

Senator TALMADGE. I am delighted to yield to my distinguished colleague.

Senator BENNETT. When do you think your study will be finished?

Mr. FARMER. We have been pressing in this direction. It involves obtaining information from the Internal Revenue and Social Security. We had set a time limit of no later than November of this year for completion. We are aware of the urgency that this committee views this subject with, and we have been pressing these other elements of the executive to get the information to us as soon as possible.

Senator TALMADGE. Mr. Johnson, are you aware that under the present dependency and indemnity compensation formula, the monthly dependency and compensation payment to the widow of a private rose by only \$2 when military pay went up on July 1?

Mr. JOHNSON. Yes, sir; I am.

Senator TALMADGE. Do you think \$139 is enough for a widow with no children to live on?

Mr. JOHNSON. Well, it would be extremely difficult and, of course, we recognize this problem, Senator, and is one of the things in the few short days that I have been in this office that has been called to my attention, and I am very much concerned about it and asked them to press this study.

Mr. JOHNSON. We recognize that and certainly it has been our position in the past. The thing that, of course, concerns us is what apparently is a disparity now, and at least the allegations made in some quarters that it is a disparity between a private and a general officer, so that we are trying to arrive at what might be an equitable solution.

Senator TALMADGE. On page 2 of your statement you say :

We believe that the widows of veterans who died from service-connected causes should receive no less liberal treatment than accorded widows under the non-service-connected death pension program.

Since the dependency and indemnity compensation program went into effect in 1957, the cost of living has increased by more than 30 percent. During the same period, the pension of a widow without children has been increased by considerably more than 30 percent, but dependency and indemnity compensation payments to widows of lower ranking servicemen have increased by only 11 to 20 percent.

Isn't it necessary to increase dependency and indemnity compensation payments to achieve the goal you stated in your own testimony?

Mr. JOHNSON. I would like to ask Mr. Fable, general counsel, to reply to you, sir.

Mr. FABLE. Mr. Chairman, I think you put your finger on a very important and significant fact. By looking at the increases in cost of living since the last increase in the D. & I.C. bill there has been roughly a cost-of-living increase of 18 percent and, as you have so correctly pointed out, for enlisted men in the lower grades the increases in

Senator TALMADGE. If these payments are not sufficient, isn't there need to increase dependency and indemnity compensation payments to fulfill our Nation's obligation to the wife of a man who died in the service of his country?

D. & I.C. which occurred as a result of increases in the military pay bill run between 3 and 7 percent. So there is no question about the fact that the money to widows of enlisted men in the lower grades has not kept pace with the cost of living.

On the other hand, sir, at the other end of the scale going up to the officer branch, the increase in cost of living has been 18 percent, and the increases for the widow of an O-1 rank from 12 to nearly 14 percent; for an O-2 from nearly 14 to nearly 16 percent; for an O-3 from 14 to 17 percent, and then we start getting up to the figures in the O-5 where the increase in D. & I.C. payments is more than the cost-of-living increase solely as a result of military pay increases; 18 to 22 percent for the O-6; 22 and 24 percent for an O-7; 25 and 26 percent for an O-8; 26 percent for an O-9; and 28 for an O-10.

The result of the military pay increases has been to give increases which exceed the increases in the cost of living to those widows whose husbands had been at the higher ranking levels at the time of their death, and has not taken care of those widows whose husbands were in the lower grades.

Now, although the bill which you had introduced, sir, does tackle the problem of giving more to the widows in lower enlisted grades it still continues the situation of tying the benefit to the military pay which results in giving what appears to be at this moment a disproportionate increase at the other end of the scale. This is one of the matters, sir, that is the subject of study and inquiry.

Senator TALMADGE. Now, Mr. Johnson, as I understand your testimony, you recommend that we act only on one section of my dependency and indemnity compensation bill, representing only about 6 percent of the cost of the bill, until you have finished studying the program. There is a saying around town that "if you want to kill a bill, study it to death."

A blue ribbon U.S. Veterans' Advisory Commission spent many months in a detailed study of all aspects of the veterans' programs, and they made certain recommendations which I have included in the bill that I have offered. A study group within the Defense Department also spend a good deal of time studying benefits for servicemen and concluded, as I did, that there should be a minimum widows' dependency and indemnity compensation benefit related to a sergeant's pay.

In view of these recent excellent studies in depth, why do we need to wait longer for an additional study?

Mr. FABLE. Mr. Chairman, that again relates to the proposition that by putting a floor in you produce equity up to the point where the floor stops, but if you accept the proposition, as there appears to be now, of a basic inequity in the D. & I.C. law as presently constituted you would be continuing the inequity in the grades immediately above the point where the floor ceased to have its effect.

Senator TALMADGE. Now, in your testimony, you estimate the cost of S. 1471 would be about \$46 million the first year.

Mr. JOHNSON. Yes, sir.

Senator TALMADGE. What is the total estimated cost of the dependency and indemnity compensation program in fiscal year 1970?

Mr. FARMER. The total cost is \$410 million.

Senator TALMADGE. This bill would raise the cost approximately 10 to 12 percent.

Mr. FARMER. Yes, sir; in that area.

Senator TALMADGE. What proportion of the widows receiving dependency and indemnity compensation would receive the \$165 minimum benefit under S. 1471?

Mr. FARMER. Based on our estimate it is about 50 percent; precisely 49.6 percent of the widows would get the minimum under S.1471.

Senator TALMADGE. Roughly what proportion of the increased benefits of S. 1471 would go to widows who receive the \$165 minimum benefit, that is, the widows of lower ranking enlisted men?

Mr. FARMER. I would have to make an analysis of that. I do not have it available, but I would judge, sir, that it would be the substantial part of it.

Senator TALMADGE. Staff counsel tells me approximately two-thirds. Would you concur that is about right?

Mr. FARMER. I won't disagree with that. It sounds certainly as being in the ball park.

Senator TALMADGE. Senator Long.

Senator LONG. Mr. Johnson, I can see what some of your problem is, and I have a little sympathy with you knowing what your job is and what your responsibilities are. I am inclined to think you would be recommending some of these bills that Senator Long or Senator Talmadge introduced if you were sitting there as the commander of

the American Legion. But when you have to clear your position with the Bureau of the Budget, they say, "fellows, we cannot afford this." I understand your problem.

I have tried to help the President with a program or two, and as one who expects to vote for the President's tax bill, it seems to me we in the Congress should also have the pleasure of spending some of the funds we are going to raise.

The record indicates on the average, the Congress votes about \$250 million of additional veterans' benefits every year. When you discuss this matter with the President, you might as well tell him that whether he likes it or not, we are likely to vote about \$250 million more in veterans' benefits. Some of these proposals before us are going to be voted through.

For example, here is this little bill I introduced to provide double indemnity for the people in uniform who are over in Vietnam fighting for our country. Your report indicates that the bill would be discriminatory because it would not provide similar coverage for someone who is not in a combat zone but who is engaged in an extrahazardous duty.

Now as far as I am concerned, I will be glad to remove any discrimination by just modifying my bill to provide that if a serviceman is killed while performing extrahazardous duty, his survivors will receive insurance benefits.

I once volunteered to take charge of a demolition team back here in the States, and that duty turned out to be more hazardous than the attack at Anzio beachhead. The officer in charge just before me blew up on his own demolitions, and we lost more men in Camp Radford than we lost officers in that amphibious group I was with at Anzio. So it would not bother me at all to amend my bill to include someone who blows up on his own demolition, for example, if he sees an ammunition magazine blowing up and runs in there and tries to scatter ammunition to keep from destroying the whole place.

I do think that we ought to provide this additional insurance for the servicemen who are killed in the line of duty in a combat area as in extrahazardous work. You do find some sympathy for this type of proposal, don't you?

Mr. JOHNSON. Senator, to reply, first of all, to some of the earlier part of your statement, I want to assure you that this administration is determined that the veterans of this country shall be adequately taken care of in view of their service to the Nation at whatever time of conflict they might have served, and that this Administrator will indeed press the parts of the executive branch that we must consult with to insure that the veterans of America are taken care of in all of these areas, particularly as the cost of living affects them, and to do away with any inequities that may exist from legislation that sometimes develops after the legislation is put into effect.

One of the problems in the insurance program and, as you well recognize and alluded to, Senator, I have not had the opportunity to study all of them in detail, but one of the problems in this extrahazardous double indemnity is to really define what in today's world constitutes extrahazardous duty because of all the hot spots or possible hotspots that might break out.

But do you have some further comment to make, Mr. Fable?

Mr. FABLE. I would certainly agree, Senator, and I am sure based on the history of the Veterans' Administration and its recommendations, that if we were to come forward and favor the proposal you have, sir, it would be on the assumption it was going to be amended to apply to at least explosions of an instrumentality of war without regard to where they might occur. We recognize in all of the postures we have taken in the past the fact that men in the armed services have no control over where they serve or how they serve, and if their injuries or death are due to the real extra hazard of military service regardless of where it occurs they should be treated similarly.

The basic proposition, sir, presented by your proposal is the one which the Administrator addressed himself to in the portion of his initial presentation to the committee where he said he felt that what should be done with respect to insurance was dependent on what would be decided to be done with respect to D. & I.C.

Senator LONG. Insurance companies today have double indemnity policies. If you take out a \$10,000 insurance policy, you are insured for \$20,000 if you have a violent death. Perhaps we could pattern a double indemnity provision for servicemen after a standard policy for civilians. We are not trying to provide double indemnity for a serviceman killed while driving his own private automobile. He can buy additional insurance to cover that type of situation on his own. What we do want to insure him for is for the extra hazards that occur in a combat zone or some other extra hazard due to being in the service. For example, take the case of a serviceman driving a truck having 500 pounds of dynamite caps and 10,000 pounds of TNT aboard. If he has an accident, he is more likely to die in that accident than if he were involved in a collision in an ordinary private automobile. It seems to me that my bill could be amended so as to remove the type of discrimination you are talking about by just extending its coverage to include additional circumstances.

Mr. JOHNSON. Senator, if I might, Mr. Farmer would like to make some comment on it.

Mr. FARMER. I would like to pursue a thought Mr. Fable advanced to you. The close relationship of the insurance coverage to the D. & I.C. coverage, and speaking for a moment to the point that you make that private insurance companies offer this protection of double indemnity, it certainly is true; however, there are many companies who won't insure or won't provide the coverage to an individual in the Armed Forces who is overseas or is engaged in the combat area.

But, on the other hand, Uncle Sam does provide D. & I.C. to the survivor which is a form of insurance. I think it has been calculated that the \$47 a month, for example, that is paid for the loss of use of a foot, for example, is roughly comparable to a \$10,000 insurance policy.

I realize that my example slipped over into your dismemberment bill and we were speaking about double indemnity. But the point is, I think, at this stage until we can come up with a reasonable recommendation concerning D. & I.C. we would prefer to withhold any recommendation as to double indemnity.

Senator TALMADGE. Senator Bennett.

Senator BENNETT. Mr. Chairman, I do not have any further questions. It seems to me that we are facing a problem here of making a decision in the face of the proposed study. Maybe the study will only

find out what they should already know on the basis of other studies, and that we are facing a problem with timing and pattern, perhaps, rather than basic decisions as to whether something should be done. I think we would all agree that if there is a warping here it should be corrected.

Now, whether we have enough information to correct it most effectively is something that we will have to decide within the committee.

Senator TALMADGE. Senator Miller.

Senator MILLER. Thank you, Mr. Chairman.

In your colloquy with Senator Long you stated that, I believe I understood you to state that, you would interpret this extra hazardous duty to entail anything dealing with explosive devices. Wasn't that the general gist of your comment?

Mr. FABLE. That is generally correct; yes, sir.

Senator MILLER. Of course, what came to my mind is what happens if you have some men on ordinary rifle activities, and this is considerably different from demolition squad activities, and vastly different from actual combat, and because of an error or a mistake which sometimes occurs on a rifle range, somebody is killed. Now, are you covering that, are you going that far, that is an explosive device situation, are you going to go that far in your interpretation of it?

Mr. FABLE. Senator, can I reminisce for just a second? In World War II, I was in the Judge Advocate General's Office here in Washington and I had the pleasure of drafting an opinion which overruled all of the prior rulings of the Judge Advocate General on precisely that point. I was then a first lieutenant. I was called in by a colonel and told that "we do not cavalierly overrule the opinions of the Judge Advocate General as you seem to think we should."

I proceeded to study the matter 3 weeks more and the opinions were overruled and the phrase in the law "explosion of instrumentality of war" was construed in the liberal way of meaning the explosion of a rifle bullet when it is in a gun and the trigger is pulled, because the bullet is an instrumentality of war and it has exploded. I would certainly see no reason to change that view which I have held now for some 30 years.

Senator MILLER. Well, would you use that interpretation of an explosive device in interpreting extra hazardous duty?

Mr. FABLE. I think, sir, that we have to spell out the phrase "explosion of an instrumentality of war," and that phrase has been used by the Congress in prior beneficial legislation. And my interchange with the Senator, with Senator Long, was intended to suggest that if the Veterans' Administration as a result of the studies which Mr. Farmer has alluded to and the Administrator has referred to, if as a result of those studies it was determined that something should be done in this area of double indemnity, that it should be much broader than Senator Long's bill presently proposes. It should not be restricted to combat areas. It should not be put on a geographic basis, but instead, sir, it should be put on a factual basis of trying to recognize the real risks and hazards which are inevitably associated with military careers.

Senator MILLER. Well, it would seem to me that there is a lot to be desired in definitions. For years we went on without providing extra-hazardous pay for flight deck people on aircraft carriers. Finally

about 3 or 4 years ago the Armed Services Committee did something on that, and I know it would be pretty difficult to draw the line. But it would seem to me that the type of activity involved in normal military service, that is rifle firing, pistol firing, range activity, is quite a little different than that involved in demolition squad activity and combat.

Mr. FABLE. That is correct, sir.

Senator MILLER. And if you want to stretch it far enough you might say that as soon as somebody puts on a military uniform he is in extrahazardous activity.

Mr. FABLE. That would certainly, sir, be going much further than I believe would be reasonable.

Senator MILLER. Yes. But, perhaps, it is not a matter of determining whether it is extrahazardous or extrahazardous with respect to civilian life, although you might have quite a can of worms there, but whether it is extrahazardous with respect to the overall military services.

Mr. FABLE. Senator, may I offer a suggestion, sir?

Senator MILLER. Yes.

Mr. FABLE. At the present time, in the compensation program which is provided for service-connected disabilities, we have a differential between peacetime rates and wartime rates, but when a disability in service is incurred during a period of peacetime service, under certain circumstances wartime rates are payable and, if I may, I would like to read that section of title 38. It is section 336:

Any veteran otherwise entitled to compensation under the provisions of this subchapter shall be entitled to receive the rate of compensation provided in sections 314 and 315 of this title, if the disability of such veteran resulted from an injury or disease received in line of duty (1) as a direct result of armed conflict; (2) while engaged in extrahazardous service, including such service under conditions simulating war; or (3) after December 31, 1946, and before July 26, 1947.

The phraseology there, sir, has been developed in an attempt to meet the very point which I believe is of concern to you. The phrase being, "while engaged in extrahazardous service, including such service under conditions simulating war."

Senator MILLER. That would not cover rifle-range activity, would it?

Mr. FABLE. That would be an adjudication question and I have to defer to Mr. Farmer as to how it has been interpreted. I think perhaps it would depend upon the facts of the individual case.

Mr. FARMER. Generally, we would concede that this was an extra hazard of military service and would under the present law pay wartime benefits, pay the full rate.

Senator MILLER. You say generally. In other words, if they go out to a rifle range firing periodically, there is a standard operating procedure and somebody happens to get hold of a faulty rifle or there is some error of human judgment and somebody is killed, and you interpret that as simulating combat.

Mr. FARMER. No, sir; we ascribe that as an extra hazard associated with military service. We make our comparison here as between what a civilian life occupation is and the military, and the normal civilian does not engage in rifle range practice, ergo, we are able to ascribe in the accident such as you are referring to as wartime or as an extra hazard of service.

Senator MILLER. All right. One more question.

Mr. JOHNSON, concerning S. 1471, would it be a fair evaluation to suggest that the main thrust of this bill is to reflect increases in the cost of living that have been taking place?

Mr. JOHNSON. Senator, I think your statement is true, that the main thrust is to correct the cost of living.

Senator MILLER. Thank you. I have no further questions.

Senator TALMADGE. I have two further questions, Mr. JOHNSON. The report of the Defense Department's study group on military pay discusses the fact that the dependency and indemnity compensation program is currently designed to provide adequate benefits to the survivors of career military personnel rather than to the survivors of civilians who fulfill their military obligations. This report proposes basically that all widows of noncareer servicemen be given the same benefit. The dependency and indemnity compensation program is the only veterans' program with different benefits based on rank.

Based on your longtime experience with veterans' programs, how do you feel about the minimum benefit provision of the bill that I have proposed which, in effect, provides equal benefits to the widows of noncareer service personnel?

Mr. JOHNSON. In answer to that, Senator, my own feeling, and I think the feeling of the Veterans' Administration, is that to make these benefits as equitable as possible, and equal as possible, because these men did die in the service of their country, is certainly worthy.

Referring specifically to the bill, we still feel that there are some problems as far as the disparity is concerned and it does not, in effect, correct all of those disparities which have arisen with the present bill—present law.

Senator TALMADGE. When the bill was designed in March we set the minimum benefit equal to about the benefit of the widow of a sergeant, pay grade E-5, with 3 years of service. In the light of the dependency and indemnity compensation increases which took place automatically this July, what should the minimum benefit be under the bill to achieve the same end?

Mr. JOHNSON. Mr. Farmer will respond.

Mr. FARMER. I believe it would probably be about \$170. However, I would not want my answer construed as acceding to the point that has been made before, that we really are withholding any recommendation in this area until we can complete the study.

Senator TALMADGE. Thank you very much, Mr. JOHNSON.

We appreciate you and your associates appearing and we are looking forward to many pleasant visits with you in the future.

Mr. JOHNSON. Thank you, Senator, and Mr. Chairman, and members of the committee, very much. It has been a pleasure to be with you.

Senator TALMADGE. Our next witness is the Honorable William J. Driver, who is well known to this committee. We have always been pleased to welcome Mr. Driver in the past, and we are most pleased that he is able to appear with us today.

Mr. Driver, you may insert your statement in the record, and summarize it as you see fit.

STATEMENT OF HON. WILLIAM J. DRIVER, FORMER
ADMINISTRATOR OF VETERANS' AFFAIRS

Mr. DRIVER. Thank you, Mr. Chairman, and members of the committee. I am very pleased to be with you this morning to talk on a subject that has become fairly familiar to all of us. I will insert my statement in the record and I would like to very briefly add to it and add to what you have already heard.

You have received, I think, all of the basic facts and figures bearing on this problem, and there have been allusions to the fact that the dependency and indemnity compensation program when it went into effect in January 1957 did so as the result of a military study based on observing peacetime service and trying to decide what would be the proper benefits for survivors of men who died really as the result of peacetime service.

I think this is clearly recognized now when you realize that the cost of living since the time this program went into effect has increased by 31.4 percent and the rates at the bottom have gone up only 9 percent while those at the very top have just about kept pace with the cost of living. This means that the disparity between the bottom rate of the E-1 widow and the top rate for the highest ranking officer's widow has increased from the day this program went into effect by 99 percent.

I think that based on this that clearly there is a need for a change in the program.

This committee, the Finance Committee, the parent committee in particular, has looked at this for a long, long time, as you gentlemen know.

We have, too, when I was with the Veterans' Administration. I know many of the people who spoke here this morning have wrestled with this problem and it is not easy. The general proposals that we have heard over the years to correct the situation, to make sure that the widow at the bottom is brought to cost of living, has been to increase the formula base rate, and you did that once. It started at \$112 plus 12 percent of the base pay. It is now \$120 plus 12 percent of the base pay.

This will have to be done continuously if you are to keep pace. It is for that reason that I recommend that you abandon the formula, that you bring the base rate up to cost of living which is about \$165, and that you substitute for the formula a series of rates that would go clear from the E-1 through the O-10, that you fix these rates in the law just as you have the compensation rates for service-connected disabled veterans, and that every time the cost of living changes you reserve to the Congress the right to increase these rates.

This will guarantee that these rates do not get out of kilter in the future.

I think that this is the minimum that should be done. I think everyone recognizes the cost of living forces an increase. This is especially true when you realize that the bottom rate is now between \$134 and \$140—this is after the military increases effective this past July 1—and that cost of living would require that it be at \$165.

On the other hand, the top rate, which would be for the Chief of Staff, is presently at \$457 and cost of living would put it exactly at \$457. Clearly it seems unfair that this be permitted to continue.

So that basically, I am recommending that the bottom rates from the E-1 through E-9, the W-1 through W-4 and O-1 through O-10 be brought to cost of living, and that then instead of depending on the old formula situation, which I think is clearly recognized as a formula for peacetime service, that you put these rates in the law and reserve the right of increase them from time to time as cost of living warrants. (Mr. Driver's statement follows:)

STATEMENT OF HON. WILLIAM J. DRIVER, FORMER ADMINISTRATOR
OF VETERANS' AFFAIRS

Mr. Chairman and members of the committee, I am very pleased to appear before you this morning to discuss one of the most important benefit programs provided for veterans. This program is the Dependency and Indemnity Compensation Program, which the Congress has provided to assure our servicemen that should they die of causes related to their service in the Armed Forces their surviving widows, children, and needy parents will be accorded a measure of support.

The Dependency and Indemnity Compensation Program was developed several years ago after extended study because of the realization that the problem of benefits for servicemen's survivors needed treatment in a unified way. The various benefits that had been provided came into being individually at different points in time and largely without relation to other benefits that sought to serve a similar purpose.

The dependency and indemnity compensation formula from the first was designed to provide a graduated scale of payments for surviving widows related to the level of basic pay received by a serviceman having the same rank and years of service as the deceased veteran. The program made a career in the Armed Forces more attractive by providing improved protection for the serviceman's family as his years of service and his level of competency reflected by his rank increased. The formula calls for a base payment of \$120 monthly increased by 12% of the base pay of the widow's deceased husband. This formula intended that with each increase in military pay scales a general increase will be provided for surviving widows.

Historically military pay increases have followed the pattern of cost-of-living increases.

The original dependency and indemnity compensation bill was effective January 1, 1957. It provided largely, as I have said, to make careers in the Armed Forces more attractive and it was specifically designed for a peacetime military force.

Career peacetime military service provides the promotions and the accumulation of years of service essential to the orderly operation of the Dependency and Indemnity Compensation Program as now designed. During a period of time when civilians are called to duty in a wartime situation and many die within a year or two, the program does not offer adequate support for surviving dependents. The formula after being in operation some twelve (12) years, has destroyed the original balanced rate relationship. The operation of the 12% factor in the formula has created a broad spread in the range of dependency and indemnity compensation rates. This part of the formula serves to filter out seven-eighths ($\frac{7}{8}$) of a military pay increase. Even with an increase of \$8 in the base formula, the minimum payment for the widow of an enlisted man in the lowest pay grade has increased in 12 years only from \$122 monthly to \$133 monthly. To put it another way, the formula, in 12 years has resulted in only a \$3 increase for these widows. If the minimum payment had kept pace with the cost-of-living, it would have increased to \$160 per month. More than 50% of the widows on the dependency and indemnity compensation rolls are widows of men who held the enlisted grade of E-4 or below. In the original rate spread the rates ranged from \$122 for the lowest ranking enlisted man to \$266 monthly, for the top ranking officer. This stretchout between the lowest rate and the highest has now grown 99%; the minimum payment is but \$133 monthly while the maximum payment is \$420 monthly. Here the formula provided a \$146 monthly increase at the top ranks.

It can be seen that the dependency and indemnity compensation rates for widows of officers have more nearly kept pace with cost-of-living increases. Since the inception of the program the cost-of-living has increased 31.4%. The rates for the widows of officers are only slightly under the rate required to achieve a cost-of-living parity. On the other hand the rates for more than half the widows have been increased only 9% to 15%. To bring the widows of the lower grades into parity would require a rate scale starting at \$165 per month.

You will recall that I was directed in 1967 by President Johnson to form a Veterans Advisory Commission of leaders in the field of Veterans Affairs to study the programs provided for veterans. The U.S. Veterans Advisory Commission was formed and held hearings in nine (9) cities across the country and in Washington, D.C. All segments of the Nation were invited to appear and present their views and problems to the Commission. I had occasion to meet with this Commission and hear the testimony of many who were interested in the welfare of the Nation and its veterans and their survivors. During these hearings and in the correspondence we received one of the main themes, one of the stories best documented by repeated examples, was that of inadequate support levels for widows of veterans dying of service-connected causes—particularly those in the lower grades.

One of the great achievements of the 90th Congress was a complete restructuring of our pension program. Here was an example of a fine Veterans Benefit Program provided in 1960 after much study. But after only 8 years of operation, changing circumstances required that that program be modernized. The 90th Congress addressed itself to this problem and has provided a new pension program more closely attuned to the needs of veterans.

I believe that Congress can make a similar needed contribution by modernizing the Dependency and Indemnity Compensation Program. A realigned rate structure as a substitute for the present formula system is badly needed. I would visualize a rate structure of only one or at the most two rates for each grade rather than a continuation of the present unnecessarily complicated structure with more than 250 dependency and indemnity compensation rates. A suggested rate scale is attached.

You have received many recommendations to increase the base rate and retain the present formula system. This would not do the job. A realigned substitute rate structure is needed because a mere adjustment in the \$120 base of the formula system would continue unchanged the defect which has produced a rate scale that has grown more distorted through the years. It would build in the certainty that another major adjustment in the lower range rates would be necessary after the passage of but a few years. A complete new rate scale now would assure sounder rates when they need to be increased from time to time. This would return to the Congress the historic function of fixing rates as the facts warrant.

When the Dependency and Indemnity Compensation Program was adopted it was correlated with the Social Security program. A portion of the survivors benefits contemplated by the Congress at the time was the Social Security coverage newly provided for servicemen. Social Security benefits are payable for a maximum of two children. Extra dependency and indemnity compensation is payable only when the Social Security payable is less than the payment based on an average wage of \$160 per month. This will no longer occur since the Social Security Amendments of 1968 provide an additional wage credit of \$100 per month for servicemen. As a result there is a discrimination against the widows with more than two children. Social Security has become now such a universally applied benefit that it is payable many times in cases where there are other survivor plans. The time has come when this should be true for the military people too. A complete separation of the dependency and indemnity compensation system and Social Security is not only feasible but desirable. Such a divorcement would require establishing a payment for children. The most usually mentioned figure is \$20 monthly for each child. This would provide in addition to the widow's basic dependency and indemnity compensation, a fair payment at a not unreasonable burden to the Government.

This Committee has under consideration similar bills which would attack this problem. It also has for consideration some bills that meet the remaining issue which I believe is essential to complete a program attuned to today's needs. Already the Congress has provided an additional pension allowance of \$50 per month to those widows who receive non-service-connected pensions, if they are in

need of aid and attendance. A similar allowance is warranted for widows of veterans who died of service-connected causes.

The desirable innovations in the Dependency and Indemnity Compensation Program that I have discussed with you this morning are worthy of immediate attention. Already it has been announced that the cost-of-living increases provided by existing law for civil servants will be reflected in a simultaneous increase in military rates. An increase of approximately 12½% in military rates went into effect July 1. Translated by the present dependency and indemnity compensation formula this 12½% military increase will provide only a dollar a month more to widows at the lower end of the rate scale; for widows of the lowest grade enlisted men, the rate will go from \$133 to \$134. At the other end of the scale the \$420 rate provided for the widows of top-ranking officers will be increased to \$457 monthly, an increase of \$37 a month.

A rate scale with one rate for every grade or rank with a minimum of \$165 and a maximum of \$457 per month would put all widows at or above parity with cost-of-living increases. Such a scale would cost in the neighborhood of \$40 million per year above the July 1, 1969 dependency and indemnity compensation rates and would pay about 70% of the increase to the widows of men of the first 4 enlisted grades. As I indicated earlier, a suggested rate scale is attached. The other refinements, separate payment for each child and aid and attendance for widows could be accomplished for somewhat less than \$15 million per year.

Grade	Proposed rate scale	Range of payments effective July 1, 1969	
		Minimum	Maximum
E-1.....	\$165	\$134	\$140
E-2.....	170	136	142
E-3.....	173	139	150
E-4.....	178	146	159
E-5.....	184	151	171
E-6.....	189	156	180
E-7.....	202	162	201
E-8.....	211	186	210
E-9.....	222	198	221
E-9 (senior enlisted grade).....	(242)	(242)	(242)
W-1.....	198	166	197
W-2.....	208	175	207
W-3.....	221	183	220
W-4.....	239	189	238
O-1.....	201	167	200
O-2.....	216	174	215
O-3.....	233	188	232
O-4.....	248	193	247
O-5.....	273	206	272
O-6.....	307	228	306
O-7.....	333	265	332
O-8.....	364	295	363
O-9.....	391	313	390
O-10.....	427	338	426
O-10 (Chief of Staff).....	(457)	(457)	(457)

Senator TALMADGE. Except for that minor adjustment in the payment schedules, then, you endorse the bill S. 1471 in its entirety?

Mr. DRIVER. Yes, sir. That would do the job today. What I am talking to really in addition to that would be to continue the improvement in the future.

Senator TALMADGE. What you are trying to do is to fix the law so that it can do the job 20 years from now without any adjustment.

Mr. DRIVER. That is right.

Senator TALMADGE. In your testimony, you state that the original dependency and indemnity compensation bill was designed primarily as a career military service benefit for peacetime Army.

Can you describe briefly how the program was developed with this in mind?

Mr. DRIVER. Well, as best I remember, this program got started because the Chief of Naval Operations, Admiral Sherman, died offshore Spain and left his widow dependent; and the only source of her income, aside from a very meager military pension because of the way he had elected to receive his, were VA benefits. And, as I recall, at that time VA benefits were for all survivors \$87 a month with a \$15 add on for dependent children.

Recognizing the inadequacy of this, for a person who died as a result of extended military service on active duty, the military service launched into an extensive review of all death benefits, and a select committee was organized in the Congress to go through this. After many, many months of hearings it was recognized that the then death compensation laws were the result of a topsy-turvy growth period over a long, long time; that no effort had really been made to come to grips with what would be fair for one widow versus what would be fair for another widow, recognizing that one person would have had longer service than another; recognizing, for example, that a captain in service with teenage children approaching college age would leave for his widow far different problems than an 18- or 19- or 20-year-old girl with no children, as the widow of a younger person.

This being the case, as I recall, Congress sat down and attempted to put a figure in the law that would take care of the bottom situation and would take care of the top situation, and that is how we got the \$112 plus 12 percent of the base pay, and this, at that time in life, gave the widow at the bottom a rate just, let's see, it gave her about \$120 a month, \$122 a month, and it gave the top rate \$266 a month.

Now, the \$122 figure has gone in years, including the \$3 adjustment that was made by Congress in the base rate, to only \$133, it has gone up \$11, whereas the \$266 rate has gone up to \$420, or an increase of \$146.

Senator TALMADGE. I want to ask a question at that point. Would it be correct to characterize the dependency and indemnity compensation program over the last 12 years as giving the appearance of rising automatically with the cost of living, while in fact it does not do so for the widows of lower ranking enlisted men?

Mr. DRIVER. Absolutely, Senator. It does not and cannot the way the formula is written.

Senator TALMADGE. I have one further question. The last administration recommended that insurance protection for servicemen be related to rank. This approach was roundly rejected by the Congress. I am pleased that you agree with me that the minimum dependency and indemnity compensation benefit should be \$165. But why should we perpetrate discrimination by rank for the widows of men who do not intend to make a career of the military service?

Mr. DRIVER. Well, I think, I would prefer, Mr. Chairman, not to call this discrimination. I would merely relate it to what we are talking about here. Your bill, which I certainly favor, with some modification, does recognize that for each rank in service there should be a different rate of pay to the survivor. You would agree, it seems to me, that \$165 should go to a higher figure at the top.

The recommendation which the last administration sent to you for insurance, which I endorse, accepted the same principle, that there should be a lower rate at the bottom and a higher rate at the top geared not only to the man's rank but also to his ability to pay for it.

This insurance program is not a gratuity. The man has to buy it, and I think that it is unrealistic to put in the law an offering to a man at the bottom that is clearly beyond his ability to pay. He might be able to buy \$12,500 or \$15,000 insurance but unless you are willing to give him the remainder, I think you are dangling a carrot in front of him that he cannot afford to pay for.

On the other hand, a colonel or a general or captain or lieutenant colonel could certainly afford to buy more insurance and it is a more realistic offering. That is the reason I favor a higher base rate of insurance but also a scale that would rise in keeping with his income.

Senator TALMADGE. Senator Bennett.

Senator BENNETT. Mr. Johnson testified that the VA is now conducting a study on this problem. Was that study begun while you were still head of the Administration?

Mr. DRIVER. We really, Senator Bennett, have been studying this program ever since it went into effect. Every time we came forward with an increase in cost of living, the last time, I believe, in 1966 or 1967, we always had the same problem facing us. These had got so far apart, one had kept pace with the cost of living and the other did not. And finally in some sort of desperation increasing the base rate from \$112 to \$120 we realized something was wrong with this program, so a study really has been going in for a number of years in this area.

I would agree with the previous witness' statements that the study has been clouded by the discussion about insurance in the last year or two, about what we should do about survivors insurance available to men in service today.

However, I think that except for the fact that the cost of living keeps going up each month there is not very much left to study.

I realize you can gather statistics about future pay increases in the military, you can gather information about all this sort of thing but nothing in my judgment gets around the fact that most of the deaths due to combat occur in the bottom three or four ranks, and it is here exactly that discrimination has kept these people far from cost-of-living increases. Therefore, I feel that even though a study continued, even though a study in further depth could present refinements that everyone would be pleased to see, I believe that we have to come to grips with this situation today.

Senator BENNETT. That is all.

Senator TALMADGE. Senator Miller.

Senator MILLER. It is a pleasure to see you, Mr. Driver.

Mr. DRIVER. Thank you, sir.

Senator MILLER. Let me make sure I understand your position.

Do I understand that you think there should be a difference between the benefits paid the widow or the deceased's family according to whether or not he was in the regular establishment or not?

Mr. DRIVER. No sir; no, sir. Regardless of regular or reserve, all the same.

Senator MILLER. No difference?

Mr. DRIVER. No, sir.

Senator MILLER. Now, let me ask you this: In 1962, you may recall, the Congress changed the law with respect to civil service retirees to provide for an automatic increase in retirement benefits whenever

there was a substantial increase in the cost of living. Have you ever taken a position on that with respect to veterans' dependents, retirement benefits I mean?

Mr. DRIVER. Yes, sir.

As you may recall, one of my predecessors in the VA, General Bradley, headed a commission that went into the whole question of veterans' benefits, in 1954, 1955, and one of the recommendations in the so-called Bradley Commission report was that the compensation program, the pension program, extending to this DIC program which was not in existence at that time, would automatically increase with the cost of living. This has been thrashed out in Congress, it has been gone over many times in committee meetings, and the general feeling, if I were to express it accurately, is that this is something we do not want to trust to a formula. We do not want to trust this to an automatic situation. We would prefer to look at these rates every year or two, and for that reason Congress has always frowned on the idea that a formula would come in.

Now, I mistrust a formula and I mistrust it because we thought we really had a good one when we put this formula in back in 1956 but it just got out of hand. But because it was in there and because the formula was written down a certain halo got around it and it is very difficult to change it.

So while a formula might work for 2 or 3 or 4 years I just think in the long run you put all of your prerogatives beyond you when you trust to a formula.

Senator MILLER. Well, I was not necessarily suggesting that the formula be made invulnerable from any modification. All I am suggesting is that whatever the formula may be the benefits be increased automatically to keep pace with increases in the cost of living just exactly like Congress provided in 1962 for civil service retirees. And what I cannot understand is why you or your predecessors might not have come over and said "Well now, if this is fair for civil service retirees to increase their benefits automatically to keep pace with increases in the cost of living why shouldn't we do the same thing for veterans' widows and their dependents?" I do not want to get involved in the basic formula because Congress can certainly change some of the civil service pay schedules and the formula connected with them. I am not talking about that nor about the formula of how you are going to grade these out according to the ratings of the individuals. I am talking about merely applying that cost of living automatic increases trigger, you know, just like we did for civil service retirees.

Mr. DRIVER. I could see this more clearly, Senator Miller, if you paid the E-1 what he deserves to be paid. The civil service employee is paid on a competitive scale in the market. We certainly do not pay a soldier in that fashion at all, and I think that as our society changes that there has been a tendency on the part of the Congress to recognize this and that you would give more money to a survivor, perhaps far more money than you would give him in service. You do this today. Therefore, I think that it would be, in the case of a civil service employee we were talking about, applying a formula to a rate that has been arrived at as a result of competition in the open market. But we are talking about something far different in applying a formula to the rank and file military person.

Senator MILLER. You are talking about the fact we are on a comparability basis with civil service employees, is that right?

Mr. DRIVER. We are certainly closer to it than we are for military pay, especially in the lower ranks.

Senator MILLER. I agree. But I would remind you of the fact that Congress enacted this law to provide for automatic increases in civil service retirees' pensions in 1962, and if my memory serves me correctly this was before the Congress enacted the comparability policy.

Mr. DRIVER. There is no question about that. But even so a clerk-typist coming off the street for the first time to be employed was in far better competitive position than the draftee who went into service.

Senator MILLER. Then we do get to this conclusion: That if the basic rates are modified, especially to give better, more realistic benefits to the lower grades, that once that is done that you would favor this automatic increase to keep pace with increases in cost of living similar to what we did for civil service retirees in 1962?

Mr. DRIVER. Rather than arriving at a pay scale based on this formula that is in the present law, yes, sir.

Senator MILLER. Thank you very much. Thank you, Mr. Chairman.

Senator TALMADGE. Thank you very much, Mr. Driver. We appreciate your appearing and hope you will continue to give us the benefit of your advice and views.

Mr. DRIVER. Thank you very much, Senator.

Senator TALMADGE. We will next hear from Mr. Terrell Wertz and Mr. Edward Golembieski of the American Legion.

Gentlemen, we have quite a number of witnesses, and if you would insert your full statement in the record and summarize your views as briefly as possible we would be grateful. We would like to hear all of the witnesses this morning if we can.

STATEMENT OF E. H. GOLEMBIESKI, DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY TERRELL WERTZ, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. GOLEMBIESKI. Thank you very much, Senator. It is a pleasure for me to appear before your first meeting and we are happy that you are assigning priority to the very pressing problem of the needs of the widows in terms of dependency and indemnity compensation. I think the statement sets out in detail the economic factors which justify the increases that are recommended in S. 1471.

We, too, are in accord with the remarks of the former Administrator, Mr. Driver, that this is a cumbersome formula. It does not respond. In other words, it takes \$8.33 of military pay increase to give the widow \$1 increase.

We would favor, although we do not have a position, the concept that you would set up a table of survivor annuities for each grade and then let that table respond to the military pay increase or the cost-of-living increase.

Now, we do support all of the provisions of S. 1471 with the exception of the aid and attendance rate of \$50 which you have recommended for the widow. We think the rate for widows who are in need of regular aid and attendance should be \$75.

Senator TALMADGE. You recommend \$75 in lieu of \$50?

Mr. GOLEMBIESKI. Yes, sir. We think there is a distinction that should be made between the service-connected and the non-service-connected deaths.

Senator TALMADGE. How do you feel about the insurance bills pending before the subcommittee?

Mr. GOLEMBIESKI. The insurance bill, in the area of double indemnity, we would want to apply to all persons on active duty.

Senator TALMADGE. In other words, you would not limit double indemnity to service in combat areas or in extra-hazardous duty?

Mr. GOLEMBIESKI. No, sir; I would say that any person who incurred an accidental death as the result of a direct performance of active duty should receive such a benefit.

Senator TALMADGE. Don't you think, though, a veteran who faces enemy fire and may be killed on a battlefield deserves some special consideration beyond a man who may be driving a jeep on an interstate highway?

Mr. GOLEMBIESKI. We realize there are differences in the demands that are made on a man on active duty. Frequently, as a result of training, maintaining military proficiency, maintaining our Nation's military posture, the serviceman is called on to do things that were not in being some years ago in peacetime service and for this reason the American Legion favors it, because a man does not have a choice as to where he is going to serve. He is told where he is going to serve. If the accidental death results from the direct performance of active duty, then the double indemnity, if he has that provision in his policy, should be payable.

Senator TALMADGE. Do you favor Senator Long's bill to establish a new GI program for Vietnam era veterans?

Mr. GOLEMBIESKI. Yes, sir; we do and our statement speaks favorably to that.

We did not have a statement on dismemberment. We have not discussed that in our commission. We will at the next meeting of the commission, which will meet in March of next year.

(Mr. Golembieski's prepared statement with attachments follow:)

STATEMENT OF E. H. GOLEMBIESKI, DIRECTOR, NATIONAL REHABILITATION
COMMISSION, THE AMERICAN LEGION

Mr. Chairman and Members of the Subcommittee: the American Legion is thankful for the opportunity given us to appear and to present the organization's views on the five measures scheduled for your consideration following these hearings. Before proceeding with our statement, we wish to express appreciation for your concern for the dependent survivors of those who served in the Nation's Armed Forces as manifested by your assignment, in this session, of top priority to those bills designed to increase monthly payments of dependency and indemnity compensation, and to increase the maximum face amount of Servicemen's Group life insurance that may be purchased by each member of the uniformed services and without regard to grade or rank.

I would like now, Mr. Chairman, to direct my statement to each of the bills listed for consideration at this time.

S. 1471, a bill to amend 38 USC, chapter 13, to increase dependency and indemnity compensation for widows and children, and for other purposes

As a career incentive, and to provide for equitable treatment of survivors, House of Representatives Resolution 35 of the 82nd Congress authorized a full and complete investigation and study of the benefits provided under Federal law

for the survivors of deceased members and former members of the Armed Forces where death is related to such service, and authorized the committee, on the basis of such investigation and study, to make such recommendations as it deemed advisable, and to prepare such legislation as it considered appropriate to carry out such recommendations.

These investigations and studies conducted in 1955 resulted in the passage of H.R. 7089, and approval on August 1, 1956 of Public Law 84-881, an Act cited as the Servicemen's and Veterans' Survivor Benefits Act.

One of the Act's complex and interlocking provisions established, in lieu of fixed death compensation rates unrelated to rank or grade, a program of dependency and indemnity compensation for widows based on a formula related to rank or grade; that is, \$112 plus 12 percent of basic pay received by a serviceman whose rank and length of service are the same as her deceased spouse's.

Under this Act, specific rates of dependency and indemnity compensation were made payable to children of a serviceman or veteran where there was no widow entitled to dependency and indemnity compensation, as well as supplemental rates of DIC to surviving children of servicemen and veterans under varying circumstances of helplessness and because of dependency while attending a course of instruction at an educational institution approved by the Administrator of Veterans' Affairs in accordance with the requirement of 38 USC 104.

In devising the formula relating the widow's monthly DIC rate to her spouse's basic military pay, Congress intended that the monthly rates would rise as the servicemen's basic pay was increased, to provide incentives to make the Armed Forces a career, and to meet the rising costs of living.

Unfortunately, this has not been the case. Since enactment of PL 84-881, eight pay increases have been granted the Armed Forces. On analysis of these increases, although granted in the main to meet the rising costs of living, we find that the percentages of increase in dependency and indemnity compensation have not been uniform. In addition, under the base rate plus 12 percent of basic pay formula, the widow's rate is increased by only 12 percent of the full cost-of-living increase granted members of the Armed Forces--for each \$8.33 increase in basic pay, the widow's dependency and indemnity compensation goes up \$1.00.

In 1963, in an effort to correct this disparity in DIC rates for widows, the Congress enacted PL 88-132. This Act revised the formula to set the base rate at \$120 in lieu of the \$112 rate. It was explained that this offset the cost-of-living increase which had occurred since 1956. A 10 percent increase in the rates payable to children and dependent parents was authorized by PL 88-21, approved May 15, 1963.

Mr. Chairman, all the economic indicators establish beyond a doubt that increases must be made in rates of dependency and indemnity compensation for widows and children if this benefit is to help them meet their economic needs. From 1956 through May 1969, the Consumer Price Indices (1957-1959 Index) advanced from 98.0 to 126.8. In the Monthly Labor Review, April 1969, based on Bureau of Labor statistics, cost estimates for the Spring of 1967 of living expenses of a single person under 35 years of age were \$1700 for a lower budget, \$2530 for a moderate budget, and \$3490 for a higher budget. Since the Spring of 1967 the Consumer Price Index has advanced about 10 percent.

A review of the legislative history of the Servicemen's and Veterans' Survivor Benefits Act will disclose that The American Legion accepted with reluctance the provision of the Act which failed to provide a specific rate of dependency and indemnity compensation to the widow for each child of the veteran. Although unsuccessfully, from time to time we have petitioned the Congress to amend the DIC provisions so as to provide that a specific rate is payable to the widow for each child of the veteran in her custody.

We are delighted and encouraged, Mr. Chairman, with the language of section 1 of this bill because of the fundamental approach it makes to the economic needs of widows in providing--

- (1) a revised DIC formula of \$130 plus 12 percent
- (2) a minimum DIC payment of \$165, and
- (3) for those with children under 18, an additional payment of \$20 DIC for each child in addition to her rate of DIC.

Although we are in agreement with the provision of section 1 which would make available an additional rate of dependency and indemnity compensation to those widows who are in need of regular aid and attendance, we are not in agreement with the rate proposed.

Traditionally, the Federal Government has been more generous in providing benefits to the survivors of those whose death is causally related to their service in the Armed Forces. Public Law 90-77 for the first time authorized an additional rate of \$50 to widows entitled to death pension, a nonservice-connected benefit. In view of the distinction between eligibility or dependency and indemnity compensation and death pension, we recommend, Mr. Chairman, that the increased rate for widows entitled to DIC who are in need of regular aid and attendance be set at \$75 and not \$50 as proposed in section 1(c).

We support, too, Mr. Chairman, the increased DIC rates of payment to children as proposed in sections 2 and 3 of the bill.

At this time, we urge your consideration of the revision of 38 USC, chapter 13, so as to provide that an automatic increase be authorized in dependency and indemnity compensation payments to widows, children and dependent parents when the cost of living in any one calendar year advances 2 percent or more.

Section 4 of this bill would authorize dependency and indemnity compensation payments to widows, children, and parents of any veteran who dies after December 31, 1956 while in receipt of or while entitled to receive compensation for a service-connected disability.

Under current regulation, there is provision for determining entitlement to dependency and indemnity compensation where it is established that the service-connected disability materially or substantially contributed to the cause of death.

Disability compensation authorized under 38 USC 314(a) to (j) (10 percent to 100 percent) is based on ratings of reduction in earning capacity from specific injuries or combination of injuries. As far as practicable, these ratings shall be based upon the average impairments of earning capacity resulting from such injuries in civil occupations.

No consideration is given in the Veterans' Administration Schedule for Rating Disabilities to such factors as reduced life expectancy, loss of income to the family unit, loss of insurability, etc. In view of these factors, we urge enactment of the amendment proposed by section 4.

Before departing from the subject of dependency and indemnity compensation, Mr. Chairman, I respectfully direct your attention to the inequitable restrictions of subsection (a) of section 417 of title 38, United States Code. This subsection states that no dependency and indemnity compensation shall be paid to the widow, children, or parents of any veteran dying after April 30, 1957, having in effect at time of death a policy of United States Government life insurance or National Service life insurance under section 724 of this title, unless waiver of premium on such policy was granted. Where DIC is not payable by reason of this provision, that subsection provides that death compensation may be paid. Under section 321, the rate of death compensation to a widow on a wartime service-connection is \$87, and 80 percent of this amount where death is determined to be due to peacetime service. Because of the hardship imposed on the survivors of those servicemen who chose to retain the waiver of premiums on their Government life insurance, it is urged that subsection (a) of section 417 of title 38, United States Code, be repealed.

S. 1479, a bill to amend 38 USC, chapter 19, in order to increase from \$10,000 to \$15,000 the amount of Servicemen's Group life insurance for members of the uniformed services

As we review the origin of insurance coverage of members of the uniformed services, we note that the War Risk Insurance Act as amended by the Act of October 6, 1917 established a program of Government insurance for those serving in the Armed Forces of the United States. Maximum coverage authorized under this Act was \$10,000 for any one policyholder. Subsequent coverage of uniformed services members under the National Service Life Insurance Act, and the Servicemen's Group life insurance program under subchapter III of chapter 19 of title 38, United States Code, as established by PL 80-214, continued to limit the maximum life insurance coverage to \$10,000 per insured.

The American Legion believes that members of the Armed Forces should be provided with a program of insurance that meets, to some degree, the insured's obligations in the event of his death. A comparison of the purchasing power of today with that during and following World War I indicates that the \$10,000 maximum Servicemen's Group life insurance coverage no longer is sufficient to meet the immediate needs of survivors on the death of the insured member.

The American Legion urges that chapter 19 of title 38, United States Code, be amended so as to increase to \$30,000 the amount of Servicemen's Group life insurance which may be carried by any member of the uniformed services.

S. 1650, a bill to amend 38 USC, chapter 19, to provide double indemnity coverage for members of the uniformed services assigned to duty in a combat zone

Although The American Legion does not, in its portfolio of legislative mandates, have a position on providing double indemnity coverage under the Servicemen's Group life insurance program against death resulting from injury or disease, the amendment proposed tends to be in accord with our position to improve the program by increasing maximum coverage to \$30,000.

According to the bill, double indemnity coverage would be restricted to those assigned to duty in a combat zone. If such coverage is to be added to the Servicemen's Group life insurance program, The American Legion believes that it should be made available to all members of the uniformed services. Personnel of the Armed Forces rarely have a voice in choosing their duty assignments. Not infrequently, accidental death results in the course of routine duty, training and maintaining proficiency, and in maintaining the Nation's military posture and preparedness under hazardous conditions.

From an actuarial approach, there could be a reduction in double indemnity premiums if such coverage were made available to all members of the uniformed services.

We suggest that double indemnity offers an inexpensive means by which the insured serviceman may afford an additional measure of protection to his survivors.

S. 2003, a bill to provide a special Government life insurance program for veterans of the Vietnam Era

Mr. Chairman, The American Legion wholeheartedly supports the purpose of this measure - to provide veterans of the Vietnam Era with a program of Government life insurance comparable to that which had been provided veterans of our earlier World Wars and of the Korean Conflict.

It would provide a contract of low-cost life insurance under one of several permanent plans. Because of its favorable cost in comparison to permanent plans of commercial insurance, it would encourage the purchase of protection by those veterans returning to the civilian economy at a time when they are concerned with schooling and training, and at a time when their income is insufficient to meet the higher costs of commercial coverage.

We support the concept that some form of contractual Government life insurance be made available without regard to conditions of health upon application to the Veterans Administration within 120 days after separation from the active service. We support, too, the provision that this insurance program would be administered without cost to the Federal Government through the addition of a premium to cover such costs.

With respect to competition with the commercial industry, the industry was the first to admit that the World War II National Service life insurance program made a great segment of the veteran population conscious of the fact that added protection was needed as their responsibilities increased and economic status improved. There is reason to believe that the Vietnam Era veteran, because of the in-service group insurance program, will also follow the pattern of the World War II veteran in providing economic security for his dependents.

S. 2186, a bill to amend 38 USC, chapter 19, so as to provide dismemberment insurance coverage under the Servicemen's Group life insurance program

Because of the fact that this bill was introduced after the May 1969 meeting of our National Rehabilitation Commission, we have not had an opportunity to present it to them for study and recommendation.

The purpose of this bill will be given them for consideration at the Fall 1969 meeting.

There is the possibility that the matter may come before the Convention Committee on Rehabilitation at our National Convention in Atlanta, Georgia, in late August 1969.

Mr. Chairman, we realize that *S. 2504* is not on your announcement of bills on which testimony would be heard. We would, though, with your permission, like to comment briefly on the purpose of this bill, to amend 38 USC 315 so as to provide that veterans with disability rated less than 50 percent shall receive additional compensation for dependents.

Prior to July 2, 1948, veterans law did not provide for payment of additional compensation for dependents in the class of a wife, child, or parent. Compensation payments were based on the percentage of disability.

Approval of Public Law 80-877 on July 2, 1948 authorized, for the first time since the World War Veterans Act of 1924, payments of additional compensation because of dependents, in the class of a wife, child, or dependent parent, to those veterans entitled to disability compensation of 60 percent or higher. Public Law 81-339 authorized these additional payments of compensation for those whose disabilities were rated 50 percent or higher.

Originally, these acts limited the number of dependent children to three, but the Act of June 8, 1960, PL 86-400, extended the increased compensation to include each child of the veteran.

38 USC 315 provides that if and while rated less than 100 percent, the amount payable because of a wife, child, or dependent parent shall bear the same ratio to the amounts specified as the disability ratio bears to 100 percent.

The American Legion perceives no valid reason for denying the additional payment to those veterans rate less than 50 percent with dependents within the permitted class.

A good example of the problem presented is that of two veterans, each with a wife and three children; the one is rated 50 percent, the other 40 percent. Under current rates of wartime disability compensation, the veteran with 50 percent disability receives compensation of \$156, and the one with 40 percent disability, \$89—a difference of \$67 monthly for a difference of 10 percent disability. Significantly, the difference in disability compensation where no dependents are involved is \$33. Emphasis, under the existing provisions, appears to be placed on number of dependents rather than on percentage of disability.

We support the purpose of S. 2504; that is, to provide that if and while disabled, the additional compensation for dependents shall be in an amount having the same ratio to the amounts specified in 38 USC 315 as the degree of disability bears to total disability.

This concludes our statement, Mr. Chairman. I attach, and ask that they be included in the record, the following resolutions which set forth the position of The American Legion on the subjects discussed: Nos. 56, 248, 275 and 300 of the 1968 National Convention; Nos. 19, 27 and 29 of the May 1969 meeting of the National Executive Committee.

Again, thank you for providing the opportunity for The American Legion to express its views on these bills.

**FIFTIETH ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION,
NEW ORLEANS, LA., SEPTEMBER 10, 11, 12, 1968**

Resolution: No. 248 (Ohio)

Committee: Rehabilitation

Subject: Sponsor and support legislation to increase a widow's rate of dependency and indemnity compensation by \$30 for each child

Whereas, under the provisions of 38 USC 411 the dependency and indemnity compensation payable to a widow with one child is the same as if she had no child; and

Whereas, a widow with two or more children who is entitled to dependency and indemnity compensation would receive a greater award of death compensation but for 38 USC 417(b) which precludes an election of such benefits; and

Whereas, Public Law 87-268 amended 38 USC 412(b) to permit a widow with five or more children to receive dependency and indemnity compensation in an amount equal to the amount of pension she would receive had the veteran's death occurred under circumstances establishing her entitlement to death pension; and

Whereas, a widow with five or more children who elects to receive the greater benefit provided by PL 87-268 must meet the death pension income and corpus of estate provisions of 38 USC 541 and 543; and

Whereas, The American Legion is opposed to this provision of law which establishes an equality, under certain conditions of need, between benefits flowing from a death not due to military service with a death after service resulting from a disease or injury incurred in military service: Now, therefore, be it

Resolved by The American Legion in National Convention assembled in New Orleans, Louisiana, September 10, 11, 12, 1968, That The American Legion seek a return to the historically based concept of the Federal Government's responsibility of caring for a widow with a child or children by sponsoring and supporting legislation to amend 38 USC 411 to provide that the monthly rate of dependency

and indemnity compensation payable to a widow shall be increased by \$30 for each child.

Approved.

FIFTIETH ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, NEW ORLEANS, LOUISIANA, SEPTEMBER 10, 11, 12, 1968

Resolution: No. 275

Committee: Rehabilitation

Subject: Sponsor and support legislation to amend 38 USC, Chapter 13, to provide that any widow entitled to dependency and indemnity compensation and who is in need of the regular aid and attendance of another person shall have her monthly rate of DIC increased by \$75.

Whereas, 38 USC 544 provides that widows of war veterans entitled to death pension under subchapter III of this title who are in need of regular aid and attendance shall have their monthly rate of pension increased by \$50; and

Whereas, there is no such provision for widows entitled to dependency and indemnity compensation based on the service-connected death of the veteran spouse; and

Whereas, in view of the Nation's obligation to those who die as a result of service in its uniformed services, The American Legion believes that it is just and equitable that a similar benefit be made available to those widows entitled to dependency and indemnity compensation who are in need of regular aid and attendance: Now, therefore, be it

Resolved by The American Legion in National Convention assembled in New Orleans, Louisiana, September 10, 11, 12, 1968, That The American Legion shall sponsor and support legislation to amend 38 USC, Chapter 13, to provide that any widow entitled to dependency and indemnity compensation under this chapter and who is in need of the regular aid and attendance of another person shall have her monthly rate of DIC increased by \$75.

Approved.

FIFTIETH ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, NEW ORLEANS, LOUISIANA, SEPTEMBER 10, 11, 12, 1968

Resolution: No. 309 (Illinois)

Committee: Rehabilitation

Subject: Seek legislation to provide for the equalization of monthly rates of disability compensation so that they are proportionate to the percentage of disability and to provide additional monthly compensation for those veterans rated less than 50 percent who have dependents

Whereas, disability compensation payments are based on a schedule of ratings of reductions in earning capacity from injury or disease; and

Whereas, since the 82nd Congress the monthly rates of compensation ranging from 10 to 90 percent no longer bear the same ratio to that payable for 100 percent as the percentage of disability bears to 100 percent; and

Whereas, 38 USC 315 provides additional monthly compensation payments for those veterans rated 50 percent or higher and who have dependents; and

Whereas, those veterans rated less than 50 percent disabled are not entitled to this additional monthly compensation; and

Whereas, to The American Legion it is unfair to arbitrarily discriminate between those with dependents on the basis of percentage of disability: Now, therefore, be it

Resolved, by The American Legion in National Convention assembled in New Orleans, Louisiana, September 10-12, 1968, That The American Legion sponsor and support legislation to amend 38 USC 314 to provide that the monthly rates of disability compensation shall bear the same ratio to that payable for total disability as the percentage of disability bears to 100 percent; and be it further

Resolved, That The American Legion sponsor and support legislation to amend 38 USC 315 to provide that those veterans rated less than 50 percent for compensation purposes be entitled to additional compensation for dependents on the same basis as now authorized for those rates 50 percent or above.

Approved.

NATIONAL EXECUTIVE COMMITTEE MEETING OF THE AMERICAN LEGION, MAY 8-9,
1969

Resolution No. 19

Commission: Rehabilitation

Subject: Support legislation to amend 38 USC, chapter 19, so as to provide a Special Government life insurance program for Vietnam Era veterans

Whereas, The American Legion has approved in principle that veterans of the Vietnam Era (those with service after August 4, 1964) be provided with a program of benefits comparable to that provided veterans of World Wars I, II, and Korea; and

Whereas, veterans of World Wars I, II, and Korea, were provided with a program of low-cost government life insurance under the administration of the Administrator of Veterans Affairs; and

Whereas, The American Legion recognizes that the Vietnam Era veteran who leaves active duty in good health does not benefit from the Servicemen's Group life insurance presently authorized; and

Whereas, legislation has been introduced in the 91st Congress of the United States to provide low-cost GI insurance for Vietnam Era veterans upon their separation from active duty: Now, therefore, be it

Resolved by the National Executive Committee of The American Legion in regular meeting assembled in St. Louis, Missouri, May 8-9, 1969, That The American Legion support legislation to amend 38 USC, chapter 19, so as to provide a special government life insurance program for Vietnam Era veterans.

NATIONAL EXECUTIVE COMMITTEE MEETING OF THE AMERICAN LEGION, MAY 8-9,
1969

Resolution No. 27

Commission: Rehabilitation

Subject: Sponsor and support legislation to amend 38 USC, chapter 13, so as to increase the dependency and indemnity compensation payable to widows and children to a rate commensurate with the current cost of living

Whereas, the Servicemen's and Veterans' Survivor Benefits Act, approved August 1, 1956, authorized payment of dependency and indemnity compensation to widows, children, and dependent parents of veterans who die of service-connected causes; and

Whereas, the monthly rates of dependency and indemnity compensation payable to widows and children were last increased in 1963; and

Whereas, the cost of living has increased by about 27 percent since 1963: Now, therefore, be it

Resolved by the National Executive Committee of The American Legion, assembled in St. Louis, Missouri, May 8-9, 1969, That The American Legion sponsor and support legislation to amend 38 USC, chapter 13, so as to increase the dependency and indemnity compensation payable to widows and children to a rate commensurate with the current cost of living.

NATIONAL EXECUTIVE COMMITTEE MEETINGS OF THE AMERICAN LEGION, MAY 8, 9,
1969

Resolution No. 29

Commission: Rehabilitation

Subject: Sponsor and support legislation to amend title 38, USC 321, to provide a statutory presumption of service-connected death of any veteran who has been rated totally disabled by reason of service-connected disability for 20 or more years

Whereas dependency and indemnity compensation is payable to the surviving widow, children, and dependent parents of any veteran who dies from a service-connected or compensable disability; and

Whereas Veterans Administration regulations do provide that service connection may be granted where it is established that a nonservice-connected condition was the principal cause of death but that a service-connected condition contributed substantially or materially; and

Whereas no consideration in these determinations is given to the fact that severe chronic disabilities materially shorten the life expectancy of these veterans; and

Whereas the dependents of these veterans, because of this reduction in life expectancy, are denied the economic support of the veteran by reason of reduced earning capacity and economic security: Now, therefore, be it

Resolved by the National Executive Committee of The American Legion in regular meeting assembled in St. Louis, Missouri, May 8-9, 1969. That The American Legion sponsor and support legislation to amend 38 USC, chapter 13, so as to provide that the widow, children and dependent parents of any person who died after a service-connected disability had been rated total and permanent for 20 years shall be entitled to dependency and indemnity compensation.

Senator TALMADGE. Senator Miller.

Senator MILLER. Thank you, Mr. Chairman.

Your position is that no differentiation should be made with respect to the veteran's widow and dependents' benefits according to whether or not the deceased was engaged in combat as distinguished from stateside service? That is your position?

Mr. GOLEMBIESKI. That is correct.

Senator MILLER. Is this premised upon the philosophy that if there is to be any differential it should show up in such things as extra hazardous duty pay or tax benefits rather than to translate it into the area of widows and dependents benefits?

Mr. GOLEMBIESKI. Yes, sir.

Senator TALMADGE. Senator Bennett?

Senator BENNETT. I have no questions.

Senator TALMADGE. Thank you.

We appreciate your appearing before us.

Mr. GOLEMBIESKI. Thank you, Senator.

Senator TALMADGE. We will next hear from Mr. Francis W. Stover, director, national legislative service, Veterans of Foreign Wars of the United States.

Please summarize your statement; we will insert it in full in the record.

STATEMENT OF FRANCIS W. STOVER, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES, ACCOMPANIED BY NORMAN E. JONES, DIRECTOR, NATIONAL REHABILITATION SERVICE; AND COOPER T. HOLT, EXECUTIVE DIRECTOR, WASHINGTON OFFICE, VETERANS OF FOREIGN WARS

Mr. STOVER. Thank you, Mr. Chairman. With me on my immediate left is Mr. Norman E. Jones, national director of our national rehabilitation service, and at my far left, Mr. Cooper T. Holt, executive director of the Washington office of the Veterans of Foreign Wars.

Mr. Chairman, and members of the subcommittee, the Veterans of Foreign Wars is very delighted that you are holding these hearings, that you have introduced this legislation which is designed to help the survivors of those who have made the supreme sacrifice.

As I point out in my statement, back in 1956 we were quite disturbed that the element or factor of rank was made a requirement in the formula for entitlement to the dependency and indemnity compensation payment and, as previous witnesses have pointed out, this is the only

veterans program in which this is a factor, and our organization took some strong stands against that—against that provision back in 1956.

So, accordingly, since your bill in effect eliminates the rank factor for those who are in the lower enlisted grades by providing a basic or minimum payment up through, I believe it would include about, the first five grades, we are very delighted that you have made this part of your bill, and we are very much in favor of that provision.

(Mr. Stover's statement follows:)

STATEMENT OF FRANCIS W. STOVER, DIRECTOR, NATIONAL LEGISLATIVE SERVICE,
VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity and privilege to appear before this Subcommittee to present the views of the Veterans of Foreign Wars of the United States respecting this most important legislation.

My name is Francis W. Stover and my title is Director of the National Legislative Service of the Veterans of Foreign Wars.

Presently the membership of the Veterans of Foreign Wars is approximately 1,500,000. Our members meet annually in National Convention during which time the delegates approve resolutions on a wide range of programs dealing with veterans rights and benefits. Down through the years these resolutions reflect the intense concern of our membership with respect to the service connected disabled and the survivors of those who have been killed in combat or died of service connected causes.

It is noted that several of these bills before this Subcommittee are in this category, with S. 1471 addressing itself directly to increasing monthly benefits to widows and children of the survivors of servicemen who have made the supreme sacrifice in Vietnam.

Similarly the Veterans of Foreign Wars has consistently down through the years favored the reopening of the National Service Life Insurance program for veterans of World War II and the Korean conflict. The principal advocate of this position in the Congress was Senator Long of Louisiana, the distinguished Chairman of this Committee, whose bills reflected the position of the Veterans of Foreign Wars in this regard. We were delighted when a limited reopening of the NSLI program for certain disabled veterans was finally approved by the Congress a number of years ago.

Our interest and concern in insurance, however, for veterans and active duty servicemen has not diminished. Emphasis is now on the younger veteran, who does not have the same rights and privileges with respect to insurance as was provided for World War II and World War I veterans. It is noted that S. 2003, introduced by Senator Long, would establish a new GI insurance program for Vietnam veterans.

It is realized that a veteran in good health, upon returning to civil life, can purchase commercial insurance through the Servicemen's Group Life Insurance program. The veteran, however, who takes advantage of this program is in no better position than a non-veteran. He just buys commercial life insurance at ordinary commercial rates.

S. 2003 would not interfere with this program in any way. It would be in addition to the present program and would be of benefit to the majority of veterans who return to civil life in good health. They would be given the opportunity to apply for insurance from the Veterans Administration at reasonable premium rates as part of the overall insurance program provided by the VA. This program will also contain other features, such as total disability insurance.

As indicated, the V.F.W. has long favored life insurance for veterans similar to the protection which was provided to them while on active duty in the military service. We now have a new and younger group of veterans who are returning to civil life at the rate of more than 70,000 a month. This is the time for these veterans to purchase life insurance for the protection they will need in the years ahead. S. 2003 carries out a long-standing V.F.W. goal, and the V.F.W. strongly indorses this proposal.

Two other bills relating to the Servicemen's Group Life Insurance program are also favored by the Veterans of Foreign Wars. S. 1479, introduced by Senator Talmadge, the Chairman of this Subcommittee, would increase SGLI for service-

men on active duty from the present \$10,000 to \$15,000. Our organization addressed itself to this proposition when in National Convention it approved a resolution, identified as No. 43, which calls for increasing the minimum National Service Life Insurance to \$25,000. A copy of that resolution is attached to this statement, and it would be appreciated if it is made a part of the record.

The Veterans of Foreign Wars supports S. 1650 which would offer an additional feature to life insurance policies presently provided to active duty servicemen. This provision is especially attractive to the Veterans of Foreign Wars, since it is restricted to those servicemen who are on active duty in combat areas. This bill carries out our philosophy that there should be extra consideration given to those who make the greater sacrifice in the national interest. S. 1650, by providing double indemnity, carries out this principle. The Veterans of Foreign Wars strongly believes S. 1650 is another necessary step in providing full insurance coverage to those who are called upon to serve in combat areas.

Another insurance bill is S. 2186, which would offer dismemberment insurance in S.G.L.I. policies. Again, the veterans insurance program has never had this feature as part of the protection available to those who are doing the fighting and dying. This type of protection has become quite widespread and commonplace with commercial insurance companies, and it is only reasonable that such insurance protection should be extended to those who are in the Armed Forces. The Veterans of Foreign Wars has long advocated maximum protection at minimum cost for the active duty serviceman. S. 2186 would extend additional protection to certain veterans who may incur very serious disabilities. It is noted that the bill does not include the paraplegic and paralyzed serviceman but that the author of the bill, Senator Long, has indicated his intention to amend his bill to include this group.

This bill, S. 2186, will afford an opportunity to the more than three million servicemen who are on active duty all over the world to have the fullest protection against serious disabilities at the lowest possible cost.

The Veterans of Foreign Wars favors S. 1471 which will raise DIC benefits, which are presently provided to the widows of men who are killed in the service or who have died of service connected causes.

The Veterans of Foreign Wars was disappointed with one feature of the DIC program when it was approved by the Congress back in 1956. This was the so-called rank factor, which determines to a great extent the monthly payment which is paid to the widow of a veteran who dies on active duty.

It is realized, however, that this program was designed, in part, to provide survivorship benefits for those who make the military service a career. Unfortunately in 1956 the Vietnam conflict was not anticipated, and I am sure that the Congress did not envision that the Armed Forces would have as many casualties as we have had in this war.

As with most wars, the fighting is performed and the casualties are sustained in great part by citizen soldiers who volunteer or are drafted for service during a time of peril. The Vietnam era conflict is no different than any other war. It has been pointed out that five-sixths of all the deaths suffered in Vietnam are servicemen in the first five pay grades and, unfortunately, under the present formula the widows of these veterans are not being adequately provided for and protected.

Your bill, Mr. Chairman, would go a long way toward eliminating the rank factor by guaranteeing a minimum DIC benefit for widows of \$165 a month.

At the same time the present formula of \$120 will be increased to \$130 plus 12% of basic pay. This will insure that the benefits for widows of higher ranking enlisted men and officers will keep pace with the increased cost of living.

It is also noted that you have recognized the inadequacies and inequities of the present system in the DIC program which relates to children. Your proposal to provide an additional \$20 a month DIC benefit for each child of a deceased serviceman will correct an inadequacy in the present formula. Without going into all the details of this rather complicated formula, it is believed that your proposal of an additional \$20 a month for each child will more than take care of the situation and eliminate the present inequity. It is also noted that your bill includes a 10% increase in DIC payments to orphans, where there is no widow entitled to any payment. This will keep payments to orphans in line with the cost of living increase, since DIC benefits were last increased in January, 1967.

The Veterans of Foreign Wars has long advocated and supported legislation to help veterans who have serious health problems. In this category are the veterans receiving additional assistance because of being so helpless they need the aid and

attendance of another person or are permanently housebound. Recently the Congress expanded this concept to widows of veterans who are receiving pensions or are in a nursing home by paying them an additional \$50 a month. Through an inadvertence the widows of service connected veterans were not included in this legislation. It is most pleasing to the Veterans of Foreign Wars, therefore, that you have incorporated in S. 1471 a provision for an additional \$50 a month allowance to widows who are receiving DIC and are in need of regular aid and attendance.

Over the years the Veterans of Foreign Wars has sponsored and supported legislation to provide for the payment of service connected death compensation or dependency and indemnity compensation to survivors of veterans with serious disabilities which have persisted for 20 years or longer. It is very difficult to determine all the contributing causes of death in many cases. While medically it cannot be established that a veteran's service connected disability was the proximate cause of his death, nevertheless there is much certainty and conviction in the minds of many that the veteran's service connected disability was a contributing, if not the determining factor. Consequently, the provision in S.1471 which will provide a statutory presumption of death in the case of a veteran who was totally disabled from service connected causes for 20 or more years meets with the full approval of the Veterans of Foreign Wars. We believe that this is a very meritorious and worthwhile provision and will extend DIC payments to a very limited group who have suffered total disability because of their war service for much of their adult life. The providing of a statutory presumption of service-connected death for these totally disabled veterans is in line with Congressional policy of providing the highest consideration for the service connected disabled.

In summary, the Veterans of Foreign Wars supports the bills before the Subcommittee. S. 1471, in particular, should be promptly considered and reported to the full Committee, with the hope that it will be enacted into law before this first session of the 91st Congress adjourns. The large number of casualties in Vietnam has created a large number of widows with young children, who are not being adequately provided for under the present DIC program.

In the same vein the Servicemen's Group Life Insurance program can be brought up to date and expanded to provide full and more realistic protection, and this should be done as soon as possible.

The Veterans of Foreign Wars commends this Subcommittee for holding these hearings and the distinguished Chairman of the Subcommittee for introducing this most important legislation for the survivors of veterans being killed in Vietnam. We also want to commend the Chairman of the full Committee for his continuing interest and support of all veterans legislation and particularly for introduction of legislation to provide greater insurance protection to servicemen on active duty and veterans returning to civil life.

Thank you for the privilege to appear here today.

Senator TALMADGE. Do you support the bill as written, or do you have any suggested amendments?

Mr. STOVER. Well, the only suggested amendment we have is, and you already have alluded to it and that is, there ought to be an increase—there was an increase in DIC payments July 1 and, as I understand it, there is an intention to amend your bill to reflect this DIC increase of July 1.

Senator TALMADGE. You heard the testimony of the former Administrator of Veterans' Affairs, Mr. Driver. Do you think his approach is better than the one that we incorporated in the bill that I offered?

Mr. STOVER. I am sorry but I was not listening when he gave his statement on that particular point. Did you hear, Norman, what Mr. Driver said on that?

Senator TALMADGE. I think that his approach would cost the Government more money than the approach we have incorporated in our bill.

Mr. STOVER. I am sorry but I did not hear Mr. Driver's proposal in detail and I cannot comment on it.

Senator TALMADGE. What are your views about the various life insurance bills that have been offered?

Mr. STOVER. Well, the life insurance bills, particularly the one on double indemnity, is right down our alley. We have been supporting bills for more life insurance and had resolutions approved by the delegation of our national convention calling for more life insurance. After all the National Life Insurance Act was passed in 1910 and provided for \$10,000 maximum coverage. That is still the coverage today, and is the maximum amount under the SGLI program that this subcommittee, and you in particular, Mr. Chairman, pushed through the Senate. We feel this maximum coverage of \$10,000 is inadequate in light of present social and economic conditions. Therefore, the double indemnity would be an approach, another approach, to increasing this maximum amount at least for those who are in combat zones. The Veterans of Foreign Wars has always held that those who make the greatest contribution should have the highest consideration and this bill carries out that proposition.

Senator TALMADGE. Some of the witnesses testified that double indemnity insurance should be offered all servicemen regardless of duty station. Do you agree that a man who falls as a result of an enemy shell is entitled to preferential treatment over one who gets killed in an automobile accident driving a jeep?

Mr. STOVER. Yes, we have had resolutions calling for additional compensation or pension payments for those who served overseas or in combat, and this is right in line with that philosophy.

Senator TALMADGE. Senator Bennett.

Senator BENNETT. No questions.

Senator TALMADGE. Senator Miller.

Senator MILLER. On that last point, do you have any position as to whether it would be preferable to give recognition to this extrahazardous duty such as combat, service in a combat area, by giving additional pay or by giving income tax benefits as distinguished from widows benefits?

Mr. STOVER. Now you are talking about—

Senator MILLER. In other words, treat all widows the same whether a widow lost her husband due to an auto accident on a base or whether he happened to be killed in combat but make up the differential in combat pay as distinguished from regular pay and/or income tax benefits which the stateside service does not provide?

Mr. STOVER. We have not had, I do not think, a position on that. Would you care to comment on that.

Mr. JONES. I think we must remember that the increased compensation which would be provided for men in service because of those conditions provided for only a limited period of time, perhaps not more than 2 years, we are talking about basically 2-year enlistees or inductees.

Senator MILLER. In the present state of affairs it would be 1 year.

Mr. JONES. It could be, yes, but not more than two in lots of cases anyway.

Senator MILLER. Well, of course, it would depend on whether or not they would volunteer for another tour in Vietnam.

Mr. JONES. But that does not seem to be an adequate method of compensating the family for the fact that the young man loses life in a

combat area, for had he been returned from the area he might still be alive, might have completed his years of service and might be alive and contributed to that family over a period of as much as 45 years. So I do not believe the one, no matter how worthy of increasing the pay while the man himself is serving, is a substitute for the double indemnity for the man whose life is taken by extra special hazards or by service in the combat area.

Senator MILLER. What difference does it make with respect to the two widows? They are both bereaved, they both have children and they both need benefits. One's husband may have served in a combat zone but he is back on stateside service and he happened to be killed in an automobile accident, and the other has lost her husband in combat in Vietnam. With respect to those two families, it seems to me they are up against the gun equally, and I am just wondering if we ought to differentiate between that or we ought to differentiate between the husbands by making a differential in their pay, differential in their income tax treatment.

Mr. STOVER. I think there is an alternate proposal. We are talking now about double indemnity which could be \$30,000 if the increase in the maximum was also passed as is proposed, so we are talking about \$30,000 if the payment is based on double indemnity, based on service in combat area or extra hazardous if the bill is amended. It might solve the problem satisfactorily to increase the maximum amount for all to \$30,000. But if there is going to be a difference then we surely think double indemnity should be paid for deaths in a combat area, not combat cause of death necessarily but death while serving in a combat area. To define combat—

Senator MILLER. How would you define combat area? Would you include service as a member of a port company at Cam Ranh Bay? Would you put that in the same category as, let's say, an adjutant—

Mr. STOVER. I would think that would be included.

Senator MILLER. Would a supply sergeant serving at Cam Ranh Bay be in the same category as an infantry rifleman serving out in the rice paddies?

Mr. STOVER. I think when you talk about combat area you would include all in the area entitled to a badge or battle ribbon.

Senator BENNETT. Would the Senator yield? I think there is a legal definition of "combat area," and unless we are prepared to open that up I do not think that is part of our problem here.

Mr. STOVER. It is much easier to adhere to that definition as defined by the Defense Department than it is to base it on an actual combat-caused death per se on an individual basis. That terminology has more difficult administrative problems in it.

Senator MILLER. I have no further questions. Thank you.

Senator TALMADGE. Thank you very much. I appreciate your appearing with us.

We will next hear from Mr. Charles L. Huber, national director of legislation of Disabled American Veterans.

Mr. Huber, we are very happy to have you and your associates with us this morning. We ask that you insert your statement in the record in full and tell us briefly what your recommendations are on the bills that are pending before this subcommittee.

STATEMENT OF CHARLES L. HUBER, NATIONAL DIRECTOR OF LEGISLATION, DISABLED AMERICAN VETERANS, ACCOMPANIED BY WILLIAM FLAHERTY, ASSISTANT DIRECTOR OF LEGISLATION; AND WILLIAM GARDINER, ASSISTANT DIRECTOR FOR LEGISLATIVE RESEARCH, DISABLED AMERICAN VETERANS

Mr. HUBER. Thank you, sir.

On my left is William Flaherty, assistant director of legislation, and on my right is William Gardiner our assistant director for legislative research.

At the outset, Mr. Chairman, I would like to express our grateful appreciation for your decision to hold hearings on these very important proposals affecting two of the major benefit programs for veterans and their survivors.

I also want to take this occasion on behalf of the DAV to express our heartiest congratulations on your appointment as chairman of this subcommittee. It is our wish that you will enjoy many happy and rewarding years of leadership on this very distinguished panel.

In regard to the DIC program in the bill before us we wholeheartedly support the entire provisions of the bill. We are particularly pleased that you include the \$165 per month minimum. It is our feeling that the enactment of the minimum payment provision dissipates much of the criticism of that part of the present law which gears the widows benefit payments to her deceased husband's military rank, and it will be a first step in the direction of equalization of survivor's benefits.

We are also particularly pleased that you included the 20-year provision which would make possible statutory DIC benefits to widows of veterans who have been permanently and totally disabled for 20 or more years because of service-connected disabilities. This has been one of our major objectives for many years and we think it is in an area that has been indeed overlooked.

In regard to the insurance program we are in support of all the bills but we would suggest two amendments to S. 2186, which is the dismemberment insurance bill.

We would suggest to the subcommittee that, paragraph (1) of subsection (c) of the bill be amended so that the benefit is made payable to any insured who suffers the "anatomical loss or permanent loss of use" of one hand or one foot or the permanent loss of sight in an eye. This would also pertain to the double losses, loss or loss of use.

We would also suggest to the subcommittee that S. 2186 be further amended by striking the sentence beginning with the word "dismemberment" on line 3 and ending with the word "insured" on line 7, page 2. This would eliminate the requirement that the dismemberment must occur within 90 days after a bodily injury has been suffered by the insured.

Adoption of this proposed amendment would, for example, avoid an injustice which could occur in the case of a serviceman who suffers a leg injury in combat and is hospitalized for a period of more than 90 days before an amputation of the injury extremity becomes necessary.

We feel these bills are reasonable, desirable and beneficial and merit

the full support of the subcommittee and we urge their passage and, Mr. Chairman, I want to express again our grateful appreciation to you for holding these hearings at this time.

(Mr. Huber's prepared statement follows:)

STATEMENT OF CHARLES L. HUBER, NATIONAL DIRECTOR OF LEGISLATION, DISABLED AMERICAN VETERANS

Mr. Chairman and members of the subcommittee, the Disabled American Veterans is most pleased to appear here today and present our views in connection with the legislation now before you for consideration.

At the outset, Mr. Chairman, I would like to express our grateful appreciation for your decision to hold hearings on these very important proposals affecting two of the major benefit programs for veterans and their survivors.

I also want to take this occasion, on behalf of the DAV, to express our heartiest congratulations on your appointment as Chairman of the Veterans' Subcommittee. It is our wish that you will enjoy many happy and rewarding years of leadership on this very distinguished panel.

Before proceeding to the substance of our statement, Mr. Chairman, I should emphasize that the DAV, during the 49 years of its existence, has held to the principle that our nation's first duty to veterans is the rehabilitation of those who are honorably discharged during a period of war and who were wounded, injured, or otherwise disabled by reason of such service. Our concern for the welfare of disabled veterans centers with equal force upon the wives, widows, children and dependent parents of those who die from service-connected causes.

The proposals now pending before the Subcommittee would, if enacted, significantly modify existing survivors' benefits programs or would establish new ones.

S. 1471

The first bill which I shall discuss is S. 1471. Introduced by the respected Chairman of this Subcommittee—and wholeheartedly supported by the DAV—the bill offers four basic proposals. It would (1) provide an increase in the monthly rates of Dependency and Indemnity Compensation payable to eligible widows and children of veterans who died from service-connected causes; (2) provide an increase of \$50 in the monthly rate of Dependency and Indemnity Compensation for widows who are in need of regular Aid and Attendance; (3) authorize payment of Dependency and Indemnity Compensation to the widow, children and dependent parents of any veteran who, at the time of death, was entitled to receive compensation for a service-connected disability which had been rated permanently and totally disabling for 20 years or more; and (4) would provide a 10-percent increase in DIC payments to children of a deceased veteran "whenever there is no widow". Finally, the bill provides that if there is a widow and one or more children below the age of 18 of a deceased veteran, the Dependency and Indemnity Compensation paid monthly to the widow shall be increased by \$20 for each such child.

As you know, Mr. Chairman, under present law, Dependency and Indemnity Compensation is payable to an eligible widow at the monthly rate of \$120, plus 12-percent of the basic pay of her deceased husband. The law does not provide any additional DIC payments to a widow for the veterans' children. S. 1471 would increase the \$120 factor to \$130 plus 12-percent of the basic pay of her deceased husband or at a monthly rate of \$165, whichever is greater.

In urging approval of these provisions, Mr. Chairman, we would point out that over 80-percent of the servicemen killed in Viet-Nam were serving in the first five pay grades. This fact clearly demonstrates the need for improvements in the benefits paid to the survivors of non-career military personnel. It is estimated that the proposed \$165 minimum rate would benefit approximately 50-percent of the widows now on the VA compensation rolls. This guaranteed minimum payment would be roughly equivalent to the service-connected death benefits now paid to the widow of a sergeant with four years of active military service.

Enactment of the minimum payment provision would serve to dissipate much of the criticism of that part of the present law which gears the widow's benefit payment to her deceased husband's military rank. It would be a first step in the direction of equalization of survivors' benefits; and we commend the Chairman

of this Subcommittee for his foresight in including this provision to make certain that the widows of lower ranking enlisted men are adequately protected.

We know that the members of the Subcommittee—like the DAV—are deeply concerned about the continued erosion of the monthly DIC payments received by widows of war veterans.

Prices for goods and services continue to rise sharply, and as a result the present DIC payments are totally inadequate. They do not provide the place in our society which should be appropriate to the widows of men who were either killed in action, or have subsequently died of wounds or illnesses directly resulting from their service in our Armed Forces.

The increases proposed in S. 1471 will help restore the purchasing value of the war widow's compensation and provide a substantial up-lift in her living standards.

With respect to the provision for payment of \$20 monthly for each child—present law, as you are aware, authorizes no additional VA payment to a widow on account of children of the veteran. This feature of the law was based upon the proposition that additional benefits for children would come from the social security program. The law provides that if there is a widow with two or more children below age 18 years, and the social security payment to which the widow and children are entitled is less than the monthly social security payment they would receive—if the veteran's "average monthly wage" was less than \$160—then the VA is authorized to make a supplemental payment for each child in excess of one. Under this formula, a widow with two children may receive at most an additional \$28. If there are three or more children, the payment is \$53. No additional payments are provided for the first child nor for any children in excess of three.

Approval of the additional \$20 monthly payment for each child of the deceased veteran would rectify one of the most criticized, confusing features of the law and would do much to improve the existing DIC program.

Section 411(c) of the bill would correct an inequity which came about through enactment of Public Law 90-77. This law increased by \$50 the monthly rate of non-service-connected death pension payable to a widow who, because of serious illness, is in need of regular Aid and Attendance. This created a situation in which a widow whose husband has died as a direct result of service incurred disability is not furnished an important financial benefit which is by law available to a widow whose husband's death was in no way connected with the performance of military service. Enactment of section 411(c) of the bill will correct this discriminatory feature of the law.

In this same connection, Mr. Chairman, there is a group of widows who we feel are deserving of Dependency and Indemnity Compensation benefits, but because of special circumstances are denied such benefits. This brings us to section 4(a) of the bill, which would authorize entitlement to Dependency and Indemnity Compensation for widows, children, and parents of any deceased veteran who was receiving compensation for a service-connected disability which was permanently and totally disabling for 20 years or longer.

Under present law some of these widows are denied DIC benefits on the premise that there is no "causal relationship" between the veterans' service-connected total disability and the disease which caused his death. In this case, the widow is debarred from DIC, even though she may have cared for and waited upon her very severely disabled war veteran husband over a period of many years. It is for this category of widow that we believe special provision should be made by an award of Dependency and Indemnity Compensation.

In assessing the merits of this proposal, Mr. Chairman, we think it entirely reasonable to say that a veteran who has suffered the distress and debilitating effects of a service-connected total disability for 20 years should, thereafter, have statutory assurance that upon his death, his widow will be provided for by payment of Dependency and Indemnity Compensation.

It should be recalled that these cases do not result from the normal rigors of life. The exceptional degree of protracted nursing care (which the widow had to devote to her totally disabled husband) resulted directly from the husband's service in our nation's Armed Forces. In view of this, we feel that the nation itself should be willing to make special provisions for these widows when, despite everything, the "causal relationship" factor cannot be established.

In the majority of these cases, the totally disabled veteran is unable to follow a gainful occupation. He, very definitely, had no possible opportunity to make adequate provision for his survivors.

We think the government has a responsibility, in this instance, which has so far been overlooked. We therefore respectfully urge that the Subcommittee give favorable consideration to this section of the bill.

INSURANCE

Mr. Chairman, there are four bills pending before the Subcommittee pertaining to insurance programs administered by the Veterans' Administration. Three of the bills would amend the Servicemen's Group Life Insurance Program, while the other would establish a new Special Government Life Insurance Program for veterans of the Viet-Nam Era.

S. 1479 would increase from \$10,000 to \$15,000 the amount of servicemen's group life insurance for members of the uniformed services.

The justification for approval of this proposal, we think, is obvious. The \$10,000 maximum protection under all GI Life Insurance Programs was established in the year 1917 when the War Risk Insurance Act was approved. At that time, the \$10,000 coverage represented a reasonable amount of financial security for a veteran's survivors.

By today's economic standards, it requires nearly \$275 to purchase what could be bought for \$100 in 1917. Because the purchasing value of money has decreased to such a degree, the present \$10,000 maximum protection provides only a minimal amount of financial security for the veteran's survivors. The increase in coverage proposed by S. 1479 is needed to assure our servicemen that the insurance protection extended by a grateful government is compatible with the needs of their dependents in today's economy.

S. 1650 would provide double indemnity coverage under Servicemen's Group Life Insurance for members of the uniformed services assigned to duty in a combat zone.

It is the feeling of the DAV that double indemnity coverage for servicemen assigned to duty in a combat zone is warranted by reason of the extra-hazards imposed by this type of service.

The delegates in attendance at our most recent National Convention demonstrated their concern about current deficiencies in the VA insurance programs by adopting a resolution urging that the maximum face value of government life insurance policies be increased to \$30,000.

Enactment of the double indemnity provision proposed in S. 1650 in combination with the \$15,000 insurance coverage provided by S. 1479, would result in total payments of this amount (\$30,000) to the survivors of veterans who die from disease, or injury incurred while serving in a combat zone. We wholeheartedly support both of these measures and we urge their early approval.

Another bill on the subject of Servicemen's Group Life Insurance, S. 2186, would, if enacted, provide lump sum payments to servicemen who suffer bodily injury resulting in the loss of eyesight or the loss of a limb.

The indemnity payments, in the form of dismemberment insurance, would equal one-half of the face value of the policy for the loss of a hand, a foot, or an eye. If the serviceman should incur more than one such loss, an amount equal to the full face value of his Serviceman's Group Life Insurance would be payable.

It is our understanding that a similar dismemberment feature is provided by present law for Civil Service Employees under the Federal Employees' Group Life Insurance Program.

We agree with the distinguished Chairman of the full Committee that our servicemen—who face a much greater risk of dismemberment—deserve the same consideration and protection from our government.

We would, however, respectfully suggest to the members of the Subcommittee that paragraph (1) of subsection (c) of S. 2186 be amended so that, for the purposes of the bill, the benefit be made payable to any insured who suffers the "anatomical" loss or "permanent loss of use" of one hand or one foot, or the permanent loss of sight in one eye.

We would also suggest to the Subcommittee that S. 2186 be further amended by striking the sentence beginning with the word "dismemberment" on line 3 and ending with the word "insured" on line 7 of page 2.

This would eliminate the requirement that the dismemberment must occur within 90 days after a bodily injury has been suffered by the insured.

Adoption of this proposed amendment would, for example, avoid an injustice which could occur in the case of a serviceman who suffers a leg injury in combat and is hospitalized for a period of more than 90 days before an amputation of the injured extremity becomes necessary.

Your thoughtful consideration and approval of this bill with the amendments here proposed will be greatly appreciated.

The final bill pending before the Subcommittee, S. 2003, would establish a special low cost government life insurance program for veterans of the Viet-Nam Conflict, following their discharge from active duty.

As you know, Mr. Chairman, members of the Armed Forces are currently offered the opportunity of purchasing up to \$10,000 of Servicemen's Group Life Insurance. This plan provides good low cost protection for servicemen while on active duty, but it is of little benefit following their return to civil life. The veteran can only purchase commercial insurance at the ordinary commercial rate.

Maximum coverage under the new Viet-Nam Veterans' Insurance Plan would be the same as for the Servicemen's Group Life Insurance Program and we think it important to point out that as the new plan would be for veterans only, it would be on a participating basis with dividends applied toward payment of the next year's premium, unless the veteran requests payment in cash.

Non term insurance would be provided; but an inexpensive policy may be issued on a modified life plan which could be converted to any other type of permanent insurance whenever the veteran so desires.

Other important features of the bill which are particularly attractive to the DAV would authorize the purchase of disability insurance which would pay the veteran \$10.00 per month for every \$1,000 of insurance in force and provide for a waiver of premium in the event the veteran becomes totally disabled.

Additionally, a Viet-Nam serviceman who becomes totally disabled while on active military duty would be eligible for Government Life Insurance on a waiver of premium basis after his discharge.

In short, Mr. Chairman, S. 2003 proposes a sound and valid program of GI Life Insurance for Viet-Nam veterans which is comparable in every respect to the insurance benefits provided veterans of other wars. The DAV believes our government's obligation to these veterans is no less than the obligation owed to their counterparts of World War II and the Korean Conflict.

It is a reasonable, desirable and beneficial bill, which merits the favorable support of the Subcommittee, and we urge its passage.

In closing, Mr. Chairman, I want to express again our grateful appreciation to you for holding hearings at this time and for having introduced these important legislative bills. It is, we think, a demonstration of the Subcommittees' deep and genuine concern for the needs and interest of our nation's veterans, their dependents and survivors.

Thank you.

Senator TALMADGE. Senator Bennett?

Senator BENNETT. No questions.

Senator TALMADGE. Senator Miller.

Senator MILLER. No questions.

Senator TALMADGE. Thank you very much, Mr. Huber, we appreciate your appearing before us.

Our next witness was to have been Mr. Victor V. Miller, National Commander of Veterans of World War I.

Mr. Miller had to leave, but his statement will appear at this point in the record.

(Mr. Miller's prepared statement follows:)

STATEMENT OF VICTOR V. MILLER, NATIONAL COMMANDER, VETERANS OF WORLD WAR I, U.S.A., INC.

Mr. Chairman and members of this distinguished Subcommittee, my name is Victor Miller and as the National Commander of the Veterans of World War I, U.S.A., Inc., I want to express our appreciation for the privilege to appear before you today for the purpose of expressing our views on S. 1471, and I wish to also add, Mr. Chairman, our strong support and hopes that this bill will receive your early and favorable consideration.

This bill contains six very worthwhile and needed provisions which we believe represent the most important additions to the Dependency and Indemnity Compensation Program for widows since its inception in 1957. It proposes to in-

crease the basic D.I.C. monthly rate for widows from the present \$120 plus 12 percent of the veteran's basic military pay to \$130 plus 12 percent of the basic military pay. It establishes a minimum monthly D.I.C. rate of \$165. Provides an additional \$20 for each child, as well as increasing the rates payable for children where there is no widow receiving benefits. Creates a new \$50 monthly aid-and-attendance allowance for eligible widows in receipt of D.I.C. payments. Last, but by no means least, Mr. Chairman, it provides that D.I.C. benefits shall be paid to the dependents of a veteran who has had a total service-connected disability rating for 20 or more years unless death is due to accidental causes having no relationship to his service-connected disability.

When the widow's Dependency and Indemnity Compensation Program became effective on January 1, 1957, it provided a basic monthly rate of \$112 plus 12 per cent of the veteran's basic military pay. Public Law 88-134 increased the \$112 basic rates to \$120 effective October 1, 1963, and this rate has not been increased since that date. During the 90th Congress, Mr. Chairman, V.A. educational training allowances, service-connected compensation rates, pension rates, social security benefits, military pay, Federal employees' pay, in fact I suppose the pay for every person receiving benefits from the Federal Government was increased—except the basic \$120 monthly rate payable to widows receiving D.I.C. benefits. Therefore, Mr. Chairman, it is obvious that not only is an increase for these widows warranted but long over due.

Although the \$120 basic rate has not been increased since October 1, 1963, we are aware that some widows, mostly those whose husbands were in the higher ranks, have received small monthly increases when military pay has been increased. Unfortunately, though, the widow of the private and others in the lower ranks have usually received nothing or at the most one or two dollars a month when military pay has been increased. So, in view of the small increased benefits these widows have received since January 1, 1957, and with the large increase in the cost of living since that date, it is obvious that merely increasing the basic \$120 monthly rate to \$130 will not nearly be enough to enable these widows to retain the purchasing power their D.I.C. payments have lost since 1957. Therefore, Mr. Chairman, we are most pleased that this bill contains the provision to establish a minimum payment of \$165 per month. This will be most beneficial to the widow who receives the lowest rate, and obviously the one in the greater need of assistance.

With the passage of Public Law 90-77, Congress created effective October 1, 1967, a special aid-and-attendance allowance for widows in receipt of a non-service-connected death pension and whose disabilities were of such severity that they required the constant care of another person in all of their normal day activities or were patients in a nursing home. This has proven to be one of the most helpful pieces of legislation that has been enacted for the welfare of the seriously disabled widows, and Mr. Chairman, on behalf of the membership of our organization I wish to take this opportunity to express our most grateful appreciation to the members of the Congress for their foresightedness in creating this aid-and-attendance allowance for widows. We are, therefore, extremely pleased that you have placed a provision in S. 1471 to extend this \$50 additional aid-and-attendance allowances to eligible widows in receipt of D.I.C.

Although it may affect only a few dependents of World War I veterans, we strongly support the provisions of the bill relating to increased benefits for children as we believe these proposals to be most deserving.

Mr. Chairman, it is difficult for us to comprehend that, when a veteran who has been rated by the Veterans' Administration as totally disabled as the result of service-incurred disabilities for a period of 20 years or longer, such disabilities did not in a substantial way hasten or contribute to the cause of his death unless, of course, it was caused by some unrelated accident. There are such cases, though, Mr. Chairman, where the V.A. has denied D.I.C. benefits to the widows. We were therefore most pleased when we learned that S. 1471 contained a provision to provide the granting of D.I.C. benefits to the widows of such seriously disabled veterans.

In closing, we wish to take this opportunity to express our deep appreciation to the distinguished Chairman of this Subcommittee, Senator Talmadge, for having introduced a bill which contains so many needed and worthwhile features as does S. 1471.

Thank you.

Senator TALMADGE. We will now hear from Mr. Irvin P. Schloss, national president of the Blinded Veterans Association.

Mr. Schloss, your statement will appear in full in the record. We ask that you summarize briefly your position on the six bills pending before the subcommittee.

**STATEMENT OF IRVIN P. SCHLOSS, NATIONAL PRESIDENT,
BLINDED VETERANS ASSOCIATION**

Mr. SCHLOSS. Thank you, Mr. Chairman. I will be glad to do that.

The Blinded Veterans Association endorses S. 1471. We believe this is urgently needed legislation at this time, and we would hope that the committee would take action on it.

We would like to recommend three modifications to the bill which we believe would make it more equitable.

The first of these would be to provide for an optional method of determining the amount of DIC that a widow would receive by allowing her the option of receiving 12 percent of military base pay or 12 percent of the disability compensation her deceased husband was receiving at the time of death.

There is precedent for this in the fact that individuals in the Armed Forces who are disabled have the option of either accepting disability retired pay from the Armed Forces or disability compensation, whichever is the higher amount.

A second recommendation that we would make would be a modification in the provision that would cover widows of permanently and totally service-connected disabled veterans for DIC benefits.

We certainly welcome this provision. We believe it is justified in that the effects of various prolonged stresses, of physical inactivity, or decreased physical activity have profound long-term effects on the life span and general health of a veteran so disabled. And we, as I indicated, welcome coverage of these widows and dependent children for survivors benefits in the DIC program.

We would recommend though that the 20-year criterion of eligibility be eliminated. There are many situations where this would create a hardship, where the veteran might die after 10, 15, 16, or 19 years from cardiovascular conditions which we believe could have resulted from the stresses of living with a total and permanent service-connected disability.

Similarly, we would recommend the provisions regarding accidental death not related to the service-connected disability be eliminated. This creates a gray area which we believe would be difficult to administer. If an individual is blind or in a wheelchair or on crutches and cannot run from a hazard, the burden of proof is going to be on his widow that it was on account of his service-connected disability that he could not escape the hazard. We think it would be fairer and would not create administrative problems if that provision were eliminated.

In the provision of disability compensation over the years the Veterans' Administration and the Armed Forces too have been liberal in their awards for situations that were not clearly line of duty: accidents, hunting accidents, automobile accidents. Those individuals who were disabled usually were granted service connection even though these may have occurred on furloughs.

I think it would be of interest to the committee to know that the Canadian death pension structure covers widows of veterans who had a 50-percent service-connected disability. The widow of a 100-percent disabled Canadian veteran would be entitled to receive a flat death pension of \$200 a month regardless of the cause of the veteran's death, regardless of his rank when he was in the Canadian Armed Forces, and without regard to her financial resources.

In addition, the allowances for dependents of such service-connected disabled Canadian veterans are doubled to the widow so that the widow of a 100-percent blinded Canadian veteran with three children would receive approximately \$368 a month.

In talking about the factor of including the option of a percentage of disability compensation in contrast to a percentage of military base pay, the cost factor for the most seriously disabled veteran would not be that serious a problem under the provisions of the present bill with this suggested modification. The widow of a permanently and totally disabled veteran who is receiving the highest possible disability compensation would be entitled to receive \$250 a month.

We, too, Mr. Chairman, welcome the floor of \$165 a month and think this is a highly desirable feature.

In conclusion, we would hope that this committee would see fit to take early favorable action on S. 1471, hopefully with the modifications we are suggesting, as a means of permitting widows receiving DIC to meet more nearly the higher living costs that we are faced with today.

Thank you.

(Mr. Schloss' prepared statement follows:)

**STATEMENT OF IRVIN P. SCHLOSS, NATIONAL PRESIDENT, BLINDED
VETERANS ASSOCIATION**

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to present the views of the Blinded Veterans Association on S. 1471, a bill designed to improve benefits under the dependency and indemnity compensation program for the widows and children of certain deceased veterans.

The Blinded Veterans Association was founded in March 1945 as a membership organization of veterans who lost their sight as a result of their service in the armed forces of the United States. It was incorporated under the laws of the State of New York in 1947 and was chartered by Act of Congress in 1958. Its members include blinded veterans of World War I, World War II, the Korean Conflict, and the Viet Nam Era.

Fortunately, the number of living veterans with service-connected blindness is relatively small—approximately 5,000. However, the problems of the individual blinded veteran and his family in adjusting to a new way of life can be great. Therefore, the Blinded Veterans Association has concentrated its efforts since its inception in assuring the maintenance of high quality rehabilitative services by the Veterans Administration and in motivating and assisting the blinded veteran to take advantage of these services. Our goal, in effect, is to assist each other to lead as normal a life as possible as productive citizens in our home communities. Needless to say, this goal would be virtually impossible to attain without the aid of the excellent benefit structure provided by the Congress and administered by the Veterans Administration.

From time to time, certain specific needs requiring additional legislative authority become apparent. One of these is the need of a veteran with a permanent and total service-connected disability to provide financial security for his survivors despite inability to obtain adequate insurance and adequate employment, the normal means of creating a suitable estate.

We believe that S. 1471 meets this vital need, and we recommend favorable action with certain modifications we feel will make it more equitable.

For those presently eligible for dependency and indemnity compensation, the increased benefits provided by S. 1471 will be most welcome. As you know, the Consumer Price Index has increased by 10.7 percentage points during the last three calendar years alone; and the cost of living is still continuing to rise at a rapid rate. It is superfluous for me to tell the members of this Committee of the problems of people who have to live on fixed incomes under these circumstances. However, I would like to state that the Blinded Veterans Association believes that the benefit structure for disabled veterans and their families should take into account generally improved living standards as well as increased living costs. From this standpoint, the increases provided in S. 1471 may be considered quite modest.

Existing law permits the payment of DIC to survivors of veterans who died from service-connected causes. As you know, the amount of dependency and indemnity compensation is determined by the rank the deceased veteran held while in the armed forces since part of it is a percentage of his basic pay. The apparent rationale for this was undoubtedly to allow survivors an income more closely related to their accustomed family income. In the interest of equity, we believe that the survivors of veterans who die while receiving disability compensation be given the option of having their dependency and indemnity compensation related to armed forces basic pay or veterans disability compensation, whichever is higher. We therefore, recommend that S. 1471 be amended to permit this option by inserting

or twelve per centum of the disability compensation under Section 314 of this Title which the veteran was receiving at the time of his death . . .

in the appropriate place in Section 411(a) as amended by this bill.

The maximum amount under this proposed option would go to a widow of a veteran who was so severely disabled that he was receiving \$700 monthly compensation under Section 314(o) or (p) plus \$300 a month for regular aid and attendance under Section 314(r). Her DIC under the provisions of S. 1471 with the amendment we are suggesting would be \$250 a month (\$130 plus \$120), the amount a widow of a lieutenant colonel would be entitled to receive.

The widow of a veteran receiving \$400 a month under Section 314(j) for a permanent and total disability would be entitled to monthly DIC of \$178, which is only \$13 a month more than the minimum specified in S. 1471. We endorse the establishment of this minimum monthly DIC award of \$165 to a widow as highly desirable. We understand that it closely approximates the award to which the widow of a corporal would be entitled.

The Blinded Veterans Association strongly endorses provisions of S. 1471 which would entitle survivors of veterans who are permanently and totally disabled from service-connected conditions to dependency and indemnity compensation regardless of the cause of death. In many instances, it would be difficult to accurately evaluate the impact of a permanent and total disability on the death of the veteran. For example, can anyone authoritatively say that the prolonged stress caused by attempting to function with a permanent and total disability is not an important factor in the etiology of cardio-vascular disease such as hypertension, coronary heart disease, and stroke? What is the effect of prolonged emotional stress or of physical stress induced in body parts at the time the disability was incurred in the etiology of malignancies? What is the effect of prolonged physical inactivity or decreased physical activity resulting from a permanent and total disability? What imbalances in body function with what long term effects were induced by injury to body parts? These are some of the questions which should be considered in determining eligibility for dependency and indemnity compensation, and I do not believe that any of them can be answered unequivocally in the light of present knowledge. We believe that it would be more equitable to extend eligibility for DIC to the survivors of veterans with permanent and total service-connected disabilities regardless of the apparent cause of death.

There are other factors which should also be considered. Frequently, the permanently and totally disabled veteran is unable to create a reasonably adequate estate for his survivors because of unemployment or underemployment. Therefore, survivors benefits under the Social Security Act would generally be nominal. Frequently, because of the service-connected disability, adequate insurance is either unavailable or available only at prohibitive rates.

There are clear precedents for the extension of eligibility for DIC to the survivors of veterans with permanent and total service-connected disabilities. The

benefits of the War Orphans Educational Assistance Act and admission to the service academies have both been extended to the children of such veterans. Also, the 90th Congress authorized educational benefits for the widows and wives of veterans so disabled.

At this point, Mr. Chairman, I would like to recommend that the Subcommittee amend S. 1471 to eliminate the requirement that a veteran must be permanently and totally disabled for at least 20 years in order for his survivors to be eligible for DIC. A similar requirement is not present in any of the legislation we have just cited as precedents, and it would create undue and unnecessary hardship. We believe that entitlement to DIC for the survivors of a veteran who has a permanent and total service-connected disability is justified on the basis of the profound effect such a severe disability must inevitably have had on his general health and well-being. We cannot believe that the disability has had a less profound effect if the veteran dies less than 20 years after the original disability was incurred! In addition, his family would have undoubtedly endured greater financial deprivation if death occurred a short time after the disability.

Similarly, we would urge elimination from S. 1471 of the provision precluding eligibility in the event of accidental death not related to the service-connected disability. For the relatively small number of accidental death cases involved, the administrative problems and possible litigation would far outweigh the savings which might result from retention of the provision. Traditionally, the armed forces and the Veterans Administration have been liberal in allowing service-connection for disability and death not the result of wilful misconduct but not incurred in the line of duty as long as the individual was a member of the armed forces. Automobile and hunting accidents occurring while the individual was off duty or on furlough are examples. We believe the same yardstick should be applied for permanently and totally disabled veterans whose survivors would be covered by the bill. It is conceivable that the veteran would not have been in the circumstances in which the accident occurred were it not for the disability. Also, the veteran and his family were still subject to the same problems in creating an adequate estate whether his death was accidental or not.

This Subcommittee will be interested to know that Canada provides death pension to the survivors of veterans rated 50% or more disabled from service-connected causes without any means test and without distinction as to the cause of death. Canada also grants the surviving widow of such a veteran the full amount of his disability compensation for one year after his death as a means of assisting her to adjust to new financial circumstances. The widow of a Canadian veteran who is rated as 100% disabled for service-connected blindness receives a widow's pension of \$200 a month. Also, the veterans allowances for dependent children of \$34 for the first child, \$26 for the second child, and \$20 for the third and subsequent children are doubled to the widow on the veteran's death. Thus, the widow of a Canadian blinded veteran with three dependent children would receive \$360 a month. This amount is not related to the veteran's rank while in the Canadian armed forces, the cause of his death, nor his widow's financial resources. The sole criterion for eligibility for these benefits is the veteran's permanent and total service-connected disability.

In conclusion, Mr. Chairman, I would like to express the deep appreciation of the members of the Blinded Veterans Association to the Committee on Finance for the sympathetic role it has played in the development of needed veterans legislation over the years. We sincerely hope that the Committee will act favorably on S. 1471 with the changes we have recommended. This legislation is urgently needed at this time, and we believe that our suggested changes will strengthen it and make the dependency and indemnity compensation program more equitable and easier to administer.

SUMMARY

The Blinded Veterans Association strongly endorses S. 1471 with certain changes as urgently needed legislation to improve the dependency and indemnity compensation program. We welcome increases provided by the bill for widows and children, establishment of a minimum monthly payment of \$165 to a widow, and extension of benefits to the survivors of veterans with permanent and total service-connected disabilities whose deaths may not be readily attributable to the disability.

The changes we recommend in the bill are designed to make the DIC program more equitable and easier to administer. They are as follows:

1. Allow a widow the option of basing her DIC payment on 12 percent of the disability compensation her husband was receiving at the time of his death if this would result in a higher benefit than the computation using basic pay according to rank in the armed forces.

2. Eliminate the requirement that a permanent and total disability must have been in effect for 20 years for the new group to be covered for DIC, since this would work an undue hardship on equally justifiable cases.

3. Eliminate the restriction in eligibility in the event of accidental death of veterans in the newly covered group, since this departs from traditional liberality in such cases, works hardship, and would create administrative problems in determining whether the accidental death was in any way related to the service-connected disability.

There is precedent for extension of DIC benefits to survivors of veterans with permanent and total service-connected disabilities regardless of the cause of death or duration of the disability for a specific period of time. Widows and children of such veterans who are deceased are eligible for educational benefits, including admission to the service academies for the children. Wives and children of such disabled veterans are eligible for identical educational benefits while the veteran is still alive.

The Canadian pension program for survivors of veterans with a service-connected disability rated 50% or more is cited for the information of the Committee. Although Canada is a much smaller country, its benefits for the survivors of disabled veterans are more liberal. A widow of a Canadian veteran rated 100% disabled from service-connected causes receives a pension of \$200 a month regardless of the cause of death or her financial resources. She also receives double the dependency allowances for dependent children, amounting to a pension of \$360 for a widow with three children.

Senator TALMADGE. Senator Bennett?

Senator BENNETT. No questions.

Senator TALMADGE. Senator Miller?

Senator MILLER. No questions.

Senator TALMADGE. Thank you very much. We certainly appreciate your appearing before us, Mr. Schloss.

Mr. SCHLOSS. Thank you.

Senator TALMADGE. We will now hear from Col. James Chapman, Retired Officers Association.

Mr. Chapman, we will insert your statement in the record in full at this point. Please summarize it briefly and give us the benefit of your views on the six bills pending before the committee.

STATEMENT OF COL. JAMES W. CHAPMAN, LEGISLATIVE COUNSEL, RETIRED OFFICERS ASSOCIATION

Colonel CHAPMAN. Thank you, Mr. Chairman.

The Retired Officers Association is an organization of the seven uniformed services of retired officers, Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, which is now called ESSA, and Public Health Service. The members are, of course, veterans and, of course, we are quite interested in the legislation proposed here in these various bills and I am appearing here on behalf of our membership to endorse the bills which are under consideration today.

Our particular interest is in those which relate to the rights of widows because this is a matter that we are very concerned with at all times, and we are delighted to see the proposals that are here before the committee which will deal with that problem.

In particular, S. 1471 we feel is a very desirable piece of legislation

and we are delighted to see that it does bring up the lower grades to a more equitable figure.

I have one proposal, Mr. Chairman, which I deal with at some length in my statement, and that is that I would like to point out and ask the committee to consider the plight of the widows of retirees.

Now, there is a DIC which takes care of the active duty force, and which the committee is now considering liberalizing. Other than that although you might spend a complete career in the service and retire for physical disability or for years of service, there is no program really except a very unsatisfactory one called the retired serviceman's family protection plan which does nothing for the widows, and I would urge the committee consider the problem. We have found in some surveys that the widows of military retirees who die from non-service-connected causes are in very desperate situations in many, many cases. I urge this for the consideration of the committee.

(Mr. Chapman's prepared statement follows:)

STATEMENT OF THE RETIRED OFFICERS ASSOCIATION, PRESENTED BY COL. JAMES W. CHAPMAN, U.S. AIR FORCE, RETIRED, LEGISLATIVE COUNSEL, RETIRED OFFICERS ASSOCIATION

Mr. Chairman and Members of the Committee, I am Colonel James W. Chapman, United States Air Force (Retired), the Legislative Counsel of the Retired Officers Association, which has its national headquarters here in Washington at 1625 Eye Street, Northwest.

The Retired Officers Association has been in existence for over forty years—having been established in 1929. Its present membership includes 114,000 retired officers of the seven uniformed services—the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey (now called ESSA—the Environmental Science Services Administration) and the Public Health Service.

All of our members are veterans—many are veterans of several wars and extensive peacetime service in both "hot" and "cold" war situations—and, as such, are vitally interested in the bills under consideration today.

I appreciate the opportunity of appearing before this Committee to express the views of the Retired Officers Association on the five major bills under consideration which would benefit survivors of servicemen and veterans.

S. 1471 (introduced by Senator Herman E. Talmadge, D-Ga.) would liberalize Dependency and Indemnity Compensation payments to widows and orphans, with a minimum monthly benefit of \$165 to a widow and an additional allowance of \$20 monthly for each child:

S. 1479 (introduced by Senator Talmadge) would increase Servicemen's Group Life Insurance from the present \$10,000 to \$15,000;

S. 1650 (introduced by Senator Russell B. Long (D-La.)) would provide double indemnity benefit under Servicemen's Group Life Insurance for servicemen on active duty in combat areas:

S. 2003 (introduced by Senator Long) would establish a new GI insurance program for Vietnam era veterans; and

S. 2186 (introduced by Senator Long) would provide dismemberment insurance under Servicemen's Group Life Insurance.

The Retired Officers Association has studied the five bills in depth and is happy to endorse all of them. The first three of the bills (S. 1471, S. 1479 and S. 1650) are of particular interest to us because in our work on behalf of uniformed services retirees, we have become so aware of the problems of military widows, and these bills are designed to deal with that particular problem.

For that reason, the Retired Officers Association strongly endorses S. 1471, which would reasonably increase payments under the Dependency and Indemnity Compensation Act, benefiting all widows of persons dying while in the active force or from a service connected cause after retirement.

Also, Mr. Chairman, in connection with this program, we wish to invite the Committee's attention to the total lack of any adequate plan for compensation

for the widows and other surviving dependents of military retirees who die from non-service connected causes, a situation of serious concern to our Association and, we believe, to the Congress.

Many aged widows of retirees of all grades are struggling to exist on practically no income, following the deaths of their husbands and the resultant stoppage of retired pay. Most of these women, who shared the trials and hardships and often the dangers of their husband's active military life and who reared their families during the long absences of their husband while they were at sea, in isolated assignments, or on actual combat missions, are in an age bracket which prevents them from earning money by gainful employment. Many of them are not acceptable for entrance into desirable nursing homes because of their lack of income coupled with lack of property holdings. Unless they have relatives who can come to their assistance they are forced to exist upon a pension of \$74 or less provided by the Veterans Administration for the widows of all veterans who have less than \$300 income per year from all other sources.

This harsh prospect for the dependents of most military retirees is in marked contrast to the situation as regards the dependents of persons who die while in active military service, or who die after retirement from a cause which is determined to be service connected. Such dependents are entitled to benefits under the Dependency and Indemnity Compensation Act, liberalization of which is now being considered by this Committee.

However, if the serviceman has retired, and the death cannot be traced directly to a service connected cause, then the surviving dependent receives no assistance at all. Thus the active serviceman knows that his widow will become entitled to a substantial benefit if he dies while still in the active service, and that she may become entitled to the benefit if he dies after retirement. But he cannot determine if she actually will receive the benefit. And if in fact she does not, it is too late for the now deceased retiree to make other provision for her. Thus it is apparent that reliable estate planning is almost impossible.

Far too many servicemen rely upon the Dependency and Indemnity Compensation Act for protection of their families during their active service careers. At retirement, they find that the purchase of adequate insurance at their more advanced age, at the very time that the family income is drastically reduced, is not feasible and their survivors are left without insurance protection.

Recognizing the requirement for a practicable system of providing for the survivors of retirees, the Department of Defense in 1947 forwarded a proposal to Congress which became the Contingency Option Act of 1953 (now the Retired Serviceman's Family Protection Plan), but the prohibitive costs and the extremely tight restrictions of the Act make it unacceptable to more than 80% of all retirees, and the problem of lack of protection for survivors remains as a major problem of career compensation.

The requirement for some adequate legislation to fill this gap is apparent. We urge this Committee to give this problem its most earnest consideration. An equitable resolution of this serious problem could be had by adding a provision to S. 1471 which would extend the coverage of the Dependency and Indemnity Compensation Act to all retirees with at least 20 years of service or 50% physical disability. By so doing, the Subcommittee would win the undying gratitude of the thousands of service widows who are today existing upon a very penurious standard.

Mr. Chairman, this concludes our statement. I wish to thank you and the members of the Committee for the opportunity to present our views.

Senator TALMADGE. Colonel, we certainly appreciate your testifying here, and we particularly appreciate the support of the Retired Officers Association for the bills that I have introduced, and for the other bills that are before the subcommittee.

I want to point out that the problem that you stress in connection with the widows of retired military career men is within the jurisdiction of the Armed Services Committee. I am going to send a copy of your testimony to Senator Stennis, the chairman of that committee, so that his committee may look into the problem that you raise.

I have heard from many widows of retired officers within my own State, and some of them are having extreme difficulty in trying to get

along on very low retirement benefits that were authorized by the Congress many years ago.

Senator BENNETT?

Senator BENNETT. I have no questions.

Senator TALMADGE. Senator Miller?

Senator MILLER. Thank you. No questions.

Senator TALMADGE. Thank you very much, Colonel, for appearing before us.

The subcommittee will adjourn at this point, subject to the call of the Chair.

(Whereupon at 11:40 a.m., the hearing was adjourned, to reconvene subject to the call of the Chair.)

(By direction of the chairman, the following communications are made a part of the printed record:)

DISABLED AMERICAN VETERANS,
Washington, D.C., July 18, 1969.

Hon. HERMAN E. TALMADGE,
*Chairman, Subcommittee on Veterans' Legislation, Committee on Finance,
U.S. Senate, Washington, D.C.*

DEAR SENATOR TALMADGE: In your press release of June 26, 1969 concerning hearings on the Survivors Benefits Program, you graciously welcomed written comments on any matter pending before the Subcommittee on Veterans' Legislation.

Attached herewith is a statement covering legislative matters over which your Subcommittee has proper jurisdiction.

Thanking you so much for your interest and concern in the affairs of our nation's veterans and their dependents.

Sincerely,

CHARLES L. HUBER,
National Director of Legislation.

SUPPLEMENTAL STATEMENT OF THE DISABLED AMERICAN VETERANS

Mr. Chairman and members of the subcommittee, in response to the invitation expressed in your Press Release of June 25, 1969, to submit written comments on other matters pending before the Subcommittee, Mr. Chairman, the Disabled American Veterans is pleased to offer the following remarks in support of the bills described below:

S. 357—a bill to provide a long-delayed and long-deserved increase to service connected disabled veterans entitled to the statutory awards payable under subparagraph (k) of section 314, title 38, United States Code, for the loss or loss of use of a single extremity or body organ.

Although the basic rates of disability compensation have been increased several times over the past few years, the \$17 monthly payments for these statutory awards have not been increased since July 1, 1952, at which time there was granted an increase of \$5.00 per month over the rate prevailing since September 1, 1946.

The conditions which are the basis for these special monthly payments include disabilities that can never be adequately compensated for in terms of monetary benefits alone. Not only is physical stability impaired, but the loss or loss of use of an extremity or an organ often has a lasting adverse effect upon the individual's social and economic well-being.

Since the cost of living has risen substantially during the 1952-1969 period, we believe a generous increase in the statutory payments for these disabilities is justifiable. We urge the Subcommittee's favorable consideration of this bill.

S. 2053—A bill to amend Chapter 11 of title 38, United States Code, to provide full wartime benefits for extra-hazardous duty. Enactment of the cold war GI bill in 1966 and the Veterans' Pension and Readjustment Assistance Act in 1967 have done much to provide a generous measure of wartime benefits to those veterans who have served in time of peace, but under wartime conditions.

There are, however, a group of approximately 6,000 peacetime veterans who are entitled to the wartime rates of disability compensation because they were disabled in the performance of extra-hazardous duty. Nevertheless, these veterans are not entitled to the full range of wartime benefits. For example, the 1,071 veterans who were wounded in action in Viet-Nam between January 1, 1961, and August 5, 1964, are not presently eligible for benefits under the non-service-connected disability pension program.

These men demonstrated the same skill and courage and made the same sacrifices as the troops who served on or after August 5, 1964. In view of this, it is the considered judgment of the DAV that any veteran who became disabled due to the performance of extra-hazardous duty while serving under wartime conditions, should be entitled to the full range of wartime benefits.

S. 2504—To extend eligibility for dependency allowance to all eligible veterans with compensable service-connected disabilities.

Under existing law, a veteran with a service-connected disability ratable at 50-percent or more is entitled to additional compensation for his wife, his children and his dependent parents.

Veterans rated 10 through 40-percent disabled are not presently entitled to these additional payments. For example, a veteran with a 50-percent rating who has a wife and three children receives \$156 per month while a veteran with a 40-percent disability and the same number of dependents receives only \$89 per month.

This seems highly unreasonable since many of the disabilities rated less than 50-percent, for compensation purposes, reflect a high degree of industrial impairment. These disabilities include amputations, blindness in one eye, extensive muscle damage and severe symptoms associated with diseases covering all systems of the body.

The Disabled American Veterans believes that the extension of dependency allowance payments to all veterans with compensable disabilities is both equitable and proper, and we urge the Subcommittee's favorable consideration of this proposal.

S. 2505—A bill to amend title 38 of the United States Code, to authorize an annual clothing allowance of \$300 to veterans who, because of service-connected disabilities, are constrained to wear prosthetic appliances which tend to wear out or tear their clothing.

The proposal expressed in this bill is a matter of special importance for veterans who suffer with limb amputations. It is a fact that the necessary prosthetic appliances hasten the wearing out process of items of clothing. Trousers and sleeves of jackets are subject to tearing or wearing out very quickly.

We think it most fair and reasonable that these veterans be compensated with an allowance, and we urge the Subcommittee's approval of this most deserving and appealing relief measure.

S. 2533—to standardize the computation of countable income received by dependent parents in determining their entitlement to dependency and indemnity compensation.

Under present law, the parents of a serviceman who dies while on active duty or of a veteran who dies as the result of service-connected disability are required to meet an extremely strict test of financial need.

While it might be said that the present income limits are reasonable, inasmuch as they compare with the non-service-connected death pension program, the DAV believes that the dependent parents of a veteran who dies from service-connected causes should be entitled to greater consideration.

We therefore support the enactment of legislation to provide that for the purpose of DIC benefits, dependency should be held to exist when the surviving parents do not have income sufficient to provide reasonable maintenance for themselves and members of their family. We believe that reasonable maintenance should include not only the necessities of life, but such other items required to provide conveniences and comforts consistent with an adequate mode of living.

S. 2534—to liberalize the service-connected disabled benefits program by amending section 3104 of title 38, United States Code, to provide for the concurrent payment of disability compensation and pension.

Enactment of this legislation would allow certain permanently and totally disabled veterans to receive their full rate of disability compensation for service-connected disabilities and also to receive a proportionate amount of non-service-connected pension in accordance with a specified formula.

The DAV believes that the modifications of existing law proposed by this legislation is sound and desirable. Non-service-connected pensions are paid to veterans who were discharged under other than dishonorable conditions after completing 90 or more days of active wartime service, and who are permanently and totally disabled from causes not traceable to such service.

Disability compensation is payable for personal injuries suffered or diseases in line of military duty. There is no similarity between the two benefits. They are separate, distinct and unrelated.

The bill does not propose that the totally disabled veteran be given the full amounts of both compensation and pension. Nor does it provide that the veteran be paid twice for the same disability. Enactment of this measure would simply permit the service-connected disabled veteran, who is drawing compensation, to participate in the non-service-connected pension program.

S. 2535—to provide for the payment of Aid and Attendance benefits to service-connected totally disabled veterans who are patients in nursing homes.

The bill is designed to correct an obvious inequity in existing law which came about as the result of the enactment of P.L. 90-77. This law expanded the veterans' pension program by adding a new concept with regard to the payment of Aid and Attendance allowance to totally disabled pensioners who are patients in nursing homes.

Section 521(d) of title 38, United States Code, as amended by P.L. 90-77, provides that the monthly rate of pension payable to a veteran who is a patient in a nursing home shall be increased by \$100. It is therefore apparent that there exists in this instance a situation in which some veterans who are totally disabled as the direct result of the performance of military duty are not furnished an important financial benefit—a benefit which is nevertheless payable to certain veterans whose disabilities were in no way connected with their military service.

Enactment of S. 2535 would rectify this discriminatory feature of the law, and would re-emphasize the nation's obligation to those who suffered disability in the service of our country.

Mr. Chairman, with respect to dependency and indemnity compensation, we think it appropriate that attention should be called to the program as it relates to dependent parents.

Currently, a parent who has lost a son in the Military cannot qualify for dependency and indemnity compensation unless he or she meets some excessively strict income limitations.

Although the inflationary trend to the nation's economy has continued its upward spiral over the past several years, the basic DIC payments to dependent parents have been increased only twice since the program was first established, by enactment January 1, 1957 of P.L. 88-1, 84th Congress.

The first increase in the amount of 10-percent occurred July 1, 1963, by passage of P.L. 88-21. The second increase of approximately four percent was granted on January 1, 1967, by P.L. 89-730. Each of these increases was based upon the rise in the cost of living. In the period from January 1, 1967 to January 1, 1969, the cost of goods and services, as measured by the Consumer Price Index, had increased by 7.8%. Conversely, the purchasing power of the DIC dollar was decreased by the same amount.

These deserving beneficiaries, who had previously sacrificed a son to the service of their country, were required to make another sacrifice in their standard of living.

It should be recalled that the non-service-connected pension rates and the disability compensation rates have been increased to offset the rise in the cost of living occurring since the last DIC increase in 1967.

We think it is a well-established fact, Mr. Chairman, that this Subcommittee is bending every effort to produce a vast amount of important and meaningful legislation in the interest of veterans and their survivors.

The people (dependent parents) we are talking about here have raised sons whose lives have been claimed by the Military in time of extreme peril. We know that your Subcommittee will demonstrate the considered judgment and compassionate understanding you have displaced on previous occasions, and that you will bring forth a legislative measure which will extend to dependent parents a fair degree of economic security.

In closing, Mr. Chairman, I want to express appreciation for the opportunity afforded us to present the views of the DAV in these vital matters.

AMVETS NATIONAL HEADQUARTERS,
Washington, D.C., July 9, 1969.

Senator HERMAN E. TALMADGE,

Chairman, Subcommittee on Veterans Legislation, Committee on Finance, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR TALMADGE: AMVETS appreciates this opportunity to present to you, for your Committee's consideration, our comments on what we genuinely believe to be an important, indeed vital, issue at the moment. We subscribe wholeheartedly to your press release of June 25, 1969 and feel, as you do, that the dependency and indemnity compensation and insurance program deserve priority.

On February 25, 1969 our National Commander Joseph V. Ferrino appeared before the full House Committee on Veterans Affairs to present the AMVETS 1969 Legislative Program. In his testimony, the Commander outlined six priorities, one of which reads as follows: "adequate compensation payments for those disabled in service and the survivors of those who died as the result of service connected causes with periodic increases commensurate with the cost of living fluctuation."

In this regard, we support S. 1471, introduced by you, which would liberalize Dependency and Indemnity Compensation payments to widows and orphans, with a minimum monthly benefit of \$165 to a widow and an additional allowance of \$20 monthly for each child. However, we would like to see the \$20 monthly allowance for each child be raised to \$25.

We also support S. 1479, introduced by you, which would increase the Servicemen's Group Life Insurance (for servicemen on active duty) from the present \$10,000 to \$15,000. We would like to see an added proviso which would give the option to purchase up to \$30,000 if desired. Further, we would like to see the present 120 day limitation be extended to six months and coverage be continued on a waiver basis automatically for those who are and remain totally disabled from date of separation from service.

We support S. 1650, introduced by Senator Russell B. Long of Louisiana, which would provide double indemnity benefits under Servicemen's Group Life Insurance for servicemen on active duty in combat areas.

We also support S. 2186, introduced by Senator Long, which would provide dismemberment insurance under Servicemen's Group Life Insurance.

AMVETS hopes that your Committee will consider legislation that will reopen the National Service Life Insurance program, so that qualified veterans may reinstate their National Service Life Insurance.

AMVETS assures you of its sincere cooperation and hopes that your leadership and initiative will provide the impetus so necessary to enact legislation that is so desperately needed.

Most sincerely yours,

RALPH J. ROSSIGNUOLO,
National Legislative Director.

STATEMENT OF THE GALLANT VETERANS OF THE AMERICAN EXPEDITIONARY FORCES,
SUBMITTED BY JOHN L. HOFFMAN, NATIONAL SENIOR COMMANDER

We are submitting here, today, before the Senate Subcommittee on Veterans' Legislation, to humbly beg and plead to you Honorable Senators to report favorably the pension bill that we are supporting for the members that served in the American Expeditionary Forces, in the first World War One, starting on April 6, 1917, after a Declaration of War by the United States Congress, and signed by the then President of the United States of America, the Honorable Woodrow Wilson.

It was May 18, 1917 that the Selective Draft Law was enacted that called for all men between the ages of 21 and 31 years to register on June 5th for service in the Armed Forces, to fight the enemy, the Imperial German Army. Today those who were drafted are between the age of 73 to 83 years old. Many of the Regular Army and the State Militia are above the 83 year mark, while the young volunteers are between 67 and 73 years with the exception of two veterans that are still in the 66 year class.

It was more than fifty years ago that the so-called-great war ended with an Armistice, on November 11, 1918 at eleven o'clock in the morning. That day brought an end to a war that people at home sang songs with a patriotic tune, in an effort to keep-up a cheerful spirit, and to encourage others to assist in this

struggle. For the sailors at sea and the soldiers of the Combat Divisions, it was an ugly and terrible struggle in the muddy earth, that was our home for many for some long seven months with out any rest. There were shot and shell, gas and barb-wire, cold and rain, and lack of a warm meal or a dry bed to sleep upon.

We had to kill the human beings that were the enemy, for they were subject to the same rules of warfare, kill or be killed. This war and the conditions that we Combat Troops were fighting under, was not our doings, but were caused by the Congress of the United States and the President Woodrow Wilson, to make the "World Safe for Democracy," and to "End all Wars". There are not too many alive today that remember the hardships that the brave soldiers had to endure to bring a victory to the United States of America. A private's pay was \$30 per month.

"We veterans of the American Expeditionary Forces of 1917-18-19, wish to call attention to the overseas pay that our Combat Soldiers received during the first World War One, it was just 10 cents per day or \$3.00 per month. This was rather a low compensation for the privates, who were called upon to do the killing of the enemy, and at the risk of being killed or wounded or taken prisoner. The hostile fire is not restricted just to the Infantryman, but the Service of Supplies, were also under the dangers of the artillery fire and the bomb that were dropped from the enemy airplanes every night."

When the Combat Soldier, is committed to action in the front lines, he knows that he will be there until the battle is decided one way or another or until he is killed, seriously wounded, or breaks mentally from the tension or strain. Casualty data indicates that at the end of the first 100 days in combat--not necessarily in action every minute, that half of his comrades of his squad will be missing. They will be either dead, in a hospital from wounds, disease, a prisoner, fatigued or just unaccounted for, for reasons not known. The longer the stay at the front battle lines, the more comrades will be missing. For all practical purposes, 200 days and nights in front line combat duty amounts to either a death sentence, or a future as a mentally or physically handicapped soldier. To any man that has lived during a normal person, a religious church going attendant or otherwise is mild in nature, can never forget the horror of warfare. The killing of human beings, can never be wiped away from his mind, nor can medical science ever, erase the violent screaming scene when an infantryman forced his bayonet into the enemy's body. The "Holy and Good Lord," that created a human being, has made that arrangement in the mind as a punishment, and it remains until death to torture a combat veteran. We members of the A.E.F. realize that Congress has been treating us unfairly as American victorious fighting men, by not granting to us Combat veterans of the first World War, the traditional pension, after more than fifty years, we will soon all be dead, time of our life on this earth is but a few short years.

The United States Navy, cleared the Atlantic Ocean of the German submarines and made possible the transporting of the two million A.E.F. into France. The preparation for the transport of some four million troops in 1919 was already in the plans of the Military Authorities, for the experts expected several more years of fighting. The quick and brilliant Army victories at the Marne River, Chateau-Thierry, Aisne-Soissons the Queuo and Vesle Rivers, and St Mihiel and the Argonne-Forest and the final struggle at Sedan, changed all this when the runner called out cease hostilities at eleven o'clock, an Armistice has been signed. It was a great victory in the "War Game," as played by the United States of America.

There were more than 630,000 unformed Americans engaged in this final battle and this was the largest U.S. Army engaged in a single battle under an American General. The losses in killed, wounded and missing were reported as over 117,000 Americans, not an excessive number considering the numbers engaged, the 47 days of the engagement and the character of the country where the fighting was held from the start on September 26 and ending November 11, 1918. The Army had taken more than 20,000 prisoners, 847 cannons, 3000 machine guns and large quantities of war material, and had driven the German Armies across the Meuse River and into the City of Sedan.

While the Government has granted pensions to the realistic needy World War One veterans, that ranges up to \$3,200, there are many single veterans between the \$2,000 to \$3,200 level and those who are not on the needy pension rolls that are paying personal income taxes to the U.S. Internal Revenue Service each year and all who are receiving pensions on the realistic needy rolls are subject to the personal income revenue tax that have incomes over the \$1,200 per year for single and the \$2,400 for married. It is our opinion that the U.S. Government should not

assess personal incomes of any veteran that is also receiving the realistic needy pension. This is unjust to veterans that served in World War One, when they are over 65 years of age and retired from Labor, and trying to exist on a fixed income during these years of high cost of living and inflation.

Two notable facts were clearly apparent in the World War I, Army Machines, as exerting a powerful influence on the conduct of military operations. To build a vast interlocking organization necessary to create a fighting Army. First, in 1917 it was shown that the time required to train and make an efficient soldier out of an ordinary citizen was less than previously had been supposed, and secondly that with the progress of civilization the organization and administration of an army was a matter of considerable and ever increasing complexity, requiring machinery, spirited men, apparently unrelated to actual combat, yet upon whose proper action of fighting strength and ability were absolute dependent, on the men not only on the front lines but also the Service of Supplies.

In short the Service of Supply was an Army in itself and the rank and organization of its officers and men stood for responsibility and discipline no less than in front line trenches. In many of its offices, shops and stores could be seen the motto, "All the fighting is not done at the front." and if fighting is the overcoming of difficulties this evidently true. Even in numbers here was an Army. On the day of the Armistice there were reported in the Service of Supply of the A.E.F. some 386,000 soldiers, in addition to 31,000 German prisoners and thousands of civilian laborers. A maximum strength of the A.E.F. reaching 2,073,877, the actual number of the Services of Supply personnel totaled 668,312 including 23,772 civilian employees on November 11, 1918.

Port facilities had to be developed requiring the construction of docks, railroads and buildings. Therefore, to all practical purposes the base of the United States Army was the American continent. An American combat Division required the equivalent of 25 French railway carloads of supplies daily delivered at a point within reach of motor or horse drawn transportation. In returning, in the opposite direction these facilities were employed to remove the wounded from the battlezones, and, when conditions permitted, material to be salvaged. Port facilities were provided for the arrival of 4,000,000 troops to arrive during 1919 for front line combat duty.

The Epidemic of influenza, during the final three months of the first World War I, raced through the camps in the United States, where a total of 1,300,000, had recently been drafted and started training for War Duty. On arrival at the various training camps, the men were immediately placed under a rigid discipline that involved long hours of drilling. Field maneuvers, were carried out in all kinds of weather, in executing the requirements of battle-field movements. In addition to this exposure, they were subjected to one of the worst epidemics of influenza, in addition to all other diseases and infections and disorders that is prevalent in any overcrowded camp.

The influenza started in Camp Devens, Massachusetts, said Dr. Irwin Ross, when on September 7th, 1918, reported to the regimental infirmary with a sore throat, fever and severe pains in his back. He was admitted to the base Hospital for further observation. The following morning a dozen more soldiers from the same regiment reported with similar symptoms. Within a week 37 men from Company D, 42nd Infantry, were transferred to the base Hospital. Reports were then announced that some of these enlisted men had died. By then the disease had been diagnosed as influenza and was spreading rapidly throughout the cantonment. A few days later some 600 men were sent to bed, and the dead were piling up in neatly stacked coffins in the care of the Quartermaster's buildings. Before the end of September, the medical officers and the country knew they had a real epidemic and that trouble was at hand for over 1,500 new cases were under medical treatment in Camp Devens. Reports began to come in from all over the Country and civilians became afflicted with the disease.

Such was the start in the United States of the most savage epidemic this Nation has ever known. Every Army Camp reported many cases affected with influenza and it was stated before it ran its course that it had brought death to 548,452 soldiers and civilians in the United States.

Pathologists called it pandemic influenza. In all recorded History, the influenza pandemic of 1918 has only two rivals. One was the plague of 542 A.D.; the other the Black Death of the 14th century. Human efforts could do nothing to curb the epidemics. They ran their course, immune to the incantations of magicians and witch-brews of physicians. It was much the same in 1918; the enlightened medicine of the 20th century failed tragically to make any headway

against the modern plague. It came without warning and killed suddenly. It spread explosively, then just as quickly, it vanished.

It may seem odd that at the time this most terrible epidemic of modern times received so little attention in the press, and there is only fleeting mention of it, in history books and in many nothing at all. In a way, however this is not surprising; the disease reached its peak in September to November 1918 when, after four years of war, the U.S. Army were driving the last German strong hold, in the Argonne Forest, and driving the Germans back across the Sedan River, in the greatest battle of the War. Every issue of the papers brought big, black headlines telling about the "Lost Battalion," Sergeant York's capture of 132 Germans, and then on November 11, 1918 the fighting ceased. At that time there was no interest in anything but the news from the front lines and the climax of the Greatest Victory.

But among the civilians and especially the Congress and the White House, the influenza was the main alarmed conversation. Nobody knew where the disease came from, or how it was communicated. Mystery breeds fear, and here was the mystery of the century. Propagandists, who had been busy reporting about the War and often the lies of the German Horror stories, now hinted at a hideous new thing called bacteriological warfare. Stories were circulated that the FLU germs had been brought to America by agents put ashore from German submarines along the coast line. These agents were suspected of spreading the germs in the U.S. Camps and their vicinity. No medical authority has to this date been able to pin point where the plague or how it originated except in Camp Devens. No one knew what to do, as medical men everywhere were trying pills, powders and ancient remedies. There were none of the present-day vaccines and wonder drugs to combat the illness. There was no place in the Camps for the soldiers to hide, just to Pray "God have mercy upon us."

STATEMENT BY MIKE DWYER, NATIONAL LEGISLATIVE DIRECTOR, GALLANT VETERANS OF THE AMERICAN EXPEDITIONARY FORCES OF 1917-19

We want to thank the Chairman and the Members of this Subcommittee on Veterans' Legislation for this opportunity to present this statement in an appeal for this Honorable Committee to report to the Senate Floor, a suitable bill for the traditional pension that this Government has granted to all veterans of previous Wars that this Congress has declared since the Revolutionary War, at the start of this Nation in its initial veterans pensions awards, for the service rendered. Our War started with the Declaration of War, by Congress on April 6, 1917 and ended when hostilities ceased with the signing of an Armistice on November 11, 1918. The vote was for a Declaration of War on April 4, 1917, the Senate passed it by 82 to 6. The House passed it on April 6, 1917 by a vote of 373 to 50. President Woodrow Wilson signed the Document at once, and was transmitted to the World.

President Wilson in his address to Congress in joint session on April 2, 1917, said, "Property, can be paid for, the lives of peaceful and innocent people can not;" "The World must be made safe for democracy;" To such a task we can dedicate our lives and our fortunes, everything that we are and everything that we have, with the pride of those who know that the day has come when America is privileged to spend her blood and her might for the principles that gave her birth and happiness and the peace which she has treasured. God, helping her, she can do no other."

In June 1918 Marshal Foch requested General Pershing to ask President Wilson, for a total of 100 American Divisions, all to be in France by April 1919. Realizing that French morale was dangerously low, General Pershing, reluctantly signed a joint Cable with Marshal Foch, asking for 100 Divisions, telling Sec. Newton Baker he wanted 80 in France by April 1919; 3,200,000 Americans in Combat lines, with about half that many more 1,600,000 more in France to keep them supplied with food and ammunition. The Secretary could have until July 1919 to supply the other 20 Divisions. The conference was unusual in that there were no quarrels, but these were perilous hours.

We members of the American Expeditionary Force in the first World War, moved forward, were aggressive and being an untrained group in military action, drove the enemy back so fast that to save the destruction of their country cried out for an Armistice, which was granted on November 11, 1918. This action

saved the United States billions of dollars and the 100 Divisions requested for April 1919, were saved from the trip to the battle-scarred French land of battle. A brilliant victory was won within seven months of fighting on land and the Navy had cleared the Atlantic Ocean of the submarines in like fashion.

We are asking this Honorable Committee to grant our request for a service rendered pension, as veterans pensions in old age is considered delayed pay for excellent and victorious service in time of any Declaration of War by the Congress and it's President. We as honorable discharged war veterans, have a record of service to the Nation that entitles us to something in case of adversity that is a step above what is awarded to the needy without regard to any services they ever rendered or to any debt of their society to them. Insurance policies, savings deposits and Government bonds are being drained from the life savings of those who had practiced thrift and prudence. The lifelong restraint on which they are based are being turned into paupers by the high cost of living during retirement and advanced age. Those who had gambled and squandered and borrowed and lived beyond their means are better taken care of and better treated than the thrifty living, so-called middle class.

Many veterans of World War One cannot prove service-connected disabilities despite being in the front lines for seven months without relief. There were no records kept at the combat lines. No sick calls, no reporting to medical officers for attention; no medical supply or material along the front lines of combat. The conditions of suffering, the hardships and the exhaustion of night and day fighting for weeks at a time on the battlefields were never recorded on the soldiers service record. He believed the promise of his Country, that whatever happened, he would be the Nation's first concern and care. He wonders if these pledges are to be honored.

FACTS ON COST OF WORLD WAR I—1917-18-19

Direct cost was over \$22 billion or equal to the entire cost to run the U.S. Government from 1791 up to the outbreak of the first World War One. Our expenditures in WW1 were sufficient to have carried on the Revolutionary War, continuously for more than 1000 years at the rate of expenditures which that War actually involved.

In addition to this huge expenditure Congress authorized to be loaned to Allies Ten Billion Dollars by the United States, and this enormous sum has never been repaid.

The Army expenditures was over 14 billions or nearly two-thirds of our total War costs, which was over 22 billion dollars.

During the first three months our War expenditures were at the rate of two million dollars per day. During the next year they averaged more than 22 million dollars a day. The final ten months, the daily average was the enormous sum of 44 million dollars.

Two out of every three U.S. soldiers who reached France, took part in Battle. The number who reached France was 2,034,000 and of these 1,390,000 saw active service in the front lines. Reported 50,280 killed; 205,690 wounded. During the year 1918 about 30 percent of all our battle casualties were due to gas. It is evident that gas was a powerful weapon. During the entire war to May 1, 1919 a total of only 2,328 cases of typhoid fever had been reported and only 227 deaths from this cause.

Moreover, the records of desertions from the Army shows that the total was smaller than in previous wars, and a smaller percentage occurred among drafted men than among those who had volunteered.

There were 481,175 original disability awards to June 30, 1929.

The first registration for draft, June 5, 1917, covered the ages 21 to 31 on that date, and the second drafted was a year later for those that reached 21 years during the year to June 5, 1918. A total of 2,666,867 were inducted into service as able body men from the two drafts. The third draft effective after Gen. Pershing's cablegram for more men inducted 120,157, with 23,272 from islands, for a total 2,810,296.

TRUE FACTS AND FIGURES ON THE COST OF THE ADJUSTED CERTIFICATE PAYMENT TO VETERANS, OF WORLD WAR I

This was a salary adjustment entered into by Secretary of the U.S. Treasury, William Gibbs McAdoo and Congress at a Congressional Hearing on the question of salary for the fighting forces, held in August 1917.

After the hostilities ceased, the U.S. Congress refused to abide by this agreement. A bitter fight resulted before the veterans won with the enactment of Public Law No. 120, approved by the 68th Congress, May 19, 1924. It was passed over the President's veto. The certificates dated January 1, 1925, to be due and payable after twenty years. The \$60 handed to the soldiers upon discharge to buy civilian clothes was deducted from the certificates. The veterans that participated in the "Bonus March" of 1932, and had due to Resolutions passed by Congress in July 1932, and accept money for their transportation home had this amount also deducted from the Certificates when they were paid. The soldiers did not receive any credit or interest due on the back pay due from April 6, 1917 to January 1, 1925, as generally due in legal proceedings.

Total amount issued : \$3,875,674,000.

Cost to veterans on interest on loans and other savings gained by the Government.

Interest 7 percent paid by veterans.....	\$1, 538, 880, 479
Interest paid bank loans.....	60, 000, 000
Amortization fund savings.....	550, 000, 000
Deduction of \$60 discharge money.....	240, 000, 000
7 years' interest United States saved on backpay.....	1, 899, 150, 260
Total loss to veterans.....	4, 288, 030, 739
Cost to Government.....	3, 875, 674, 000
U.S. Government gain.....	412, 356, 739

The average received by the veterans of World War One in 1935 was just \$188 per veteran. There were 154,065 veterans paid \$5,202,373 in cash owing to the fact that their adjusted service credits were less than \$50.00 the amount of each certificate. By June 30, 1933, 753,326 veterans had failed to apply for any payment of certificates.

We Gallant Veterans of the American Expeditionary Forces of 1917-18-19, support and plead with this Committee to act favorable on H.R. 892 as introduced by the Honorable John P. Saylor, of Pennsylvania, to provide a special pension for veterans of World War I and their widows, on January 3, 1969. This bill would provide an award of \$5 per month for service within the United States, and \$10 per month for service outside of the continental limits of the United States. It also sets a limit of \$150 for service for eligibility \$15,000 net worth.

Facts, that have considerable importance, is the recognition of the type of and length of service. The awards will benefit those of overseas duty on both land and sea as combat troops. When the Armistice was signed there were on November 11, 1918, 1,663,000 in U.S. Army Camps, 300,000 in Naval Camps and 150,000 in Military Offices and other land establishments for a total of 2,129,000. Overseas were 1,971,000, Combat Troops, and in the Service of supplies, 300,000 Navy personnel on vessels at sea, on transports and on shore duty stations a total of 2,271,000, that included every service.

The death rate among the WW1 veterans is growing higher each year, with every one that participated in World War I, except two over 67 years of age. There are just two that reach 66 years this next month. Those drafted into the Armed Forces on registration of June 5, 1917 were in the 21 to 31 group, they are now 73 to 83 years of age, with other veterans over the 83 year mark. Death is closing in on our American Expeditionary Force of 1917-18-19.

The cost of this honorable pension under H.R. 892 will not be large and will be reduced every day after enactment with the death rate. It has been figured that by the time of enactment of this type of bill, with it's thousands who would remain under the provisions of the present system where they would receive a larger award as per P.L. 90-275, and with thousands declared ineligible, the first year cost would be less than \$900,000,000, for all living veterans of WW1.

STATEMENT FROM GOLD STAR WIVES OF AMERICA, INC. CONCERNING S. 1471—
PRESENTED BY MRS. EDITH V. KNOWLES, NATIONAL LEGISLATIVE CHAIRMAN,
JULY 5, 1969

Gold Star Wives of America, Inc. is very pleased with the legislation introduced by Senator Herman Talmadge, Chairman of the Sub-Committee on Veterans' Affairs of the Senate Finance Committee in Senate Bill 1471, which is scheduled for hearings on July 10, 1969.

For many years we have recognized that the widows of servicemen with less than two years of service have been discriminated against because of the two-year stipulation for increases in salary. Inasmuch as this salary is as meager as it is, the 12 per cent of this amount gives this widow very little above the base DIC payment, many times not getting even a \$1 increase when the salaries of the military have been increased.

Although Gold Star Wives of America would prefer to be granted the \$150 base pay suggested to the Veterans Advisory Commission in 1967 as an amount more in line with the rising cost of living, we do recognize that the \$10 increase included in S. 1471, with a minimum payment of \$165 per month is the first step toward correction of the inadequacy of the present structure of compensation. Gold Star Wives of America, Inc. meeting in their 24th Annual National Convention in Atlanta, Georgia July 4-6, 1969, adopted the following resolution:

Be it resolved: That for compensation purposes, Gold Star Wives of America, Inc. urge favorable action on Senate Bill S-1471.

SOCIETY OF MILITARY WIDOWS,
Coronado, Calif., March 29, 1969.

Senator HERMAN E. TALMADGE,
Chairman, Subcommittee on Veterans Affairs, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR TALMADGE: On behalf of the members of the Society of Military Widows I wish to file the following statement concerning your bill, S. 1471, to increase the base amount of the dependency and indemnity compensation formula for unremarried widows of military personnel, and for other purposes.

In your address to the Rehabilitation Conference of the American Legion, published in the Congressional Record on March 13, 1969, you reviewed S. 1471 and stated that a 20-year old unremarried, childless widow of a Private killed in World War II received \$34,000 death compensation during her lifetime. You contrasted this benefit with an estimated \$90,000 in dependency and indemnity compensation that a 20-year old unremarried, childless widow of a Private killed in the Vietnam War would receive. Further, you stated that S. 1471 proposes to offset the 27 percent increase in the cost of living by increasing the base amount of the dependency and indemnity compensation formula for widows from the present \$120 to \$130 a month. Further, S. 1471 proposes that the minimum amount of death compensation for an unremarried, childless widow shall not be less than \$165 a month.

By coincidence, after the proposed July 1969 Federal classified employees' pay increase becomes effective, \$165 is the minimum amount of monthly death compensation payable under the Federal Employees' Compensation Act; namely, 45 percent of the \$365 monthly salary for Grade GS-2, longevity step 1. The maximum amount payable monthly under the Federal Employees' Compensation Act to an unremarried widow without dependent children is \$865; namely 45 percent of \$1,922, the July 1969 proposed monthly new salary for Grade GS-15, longevity step 10. The maximum amount of death compensation payable under the dependency and indemnity compensation program to a widow of a Grade O-5 military officer (equivalent to Grade GS-15 by the Hubbell Pay Study Group's evaluation) is \$336 a month, based on the July 1969 proposed monthly FULL pay of \$1,919 a month. The difference between the proposed minimum amount of death compensation under the dependency and indemnity compensation formula and the Federal Employees' Compensation Act formula is "nil". The difference between the maximum amount is \$529 a month, namely \$865 FECA versus \$336 DIC a month.

Correction of the discriminatory dependency and indemnity compensation formula used in the Servicemen's and Veterans' Survivor Benefits Act should receive the highest priority on the Senate's agenda for widows' legislation. In 1917 the death compensation formula for survivors of military personnel was changed from the previous one-half of full salary to "an equal amount for each widow", regardless of the service member's salary at the time of death. This departure from the accepted standard formula for Federal civil service laws was based on the false theory that "in death all men are equal" and, for this reason it would be undemocratic to continue to reflect the salary of the deceased military men in the death compensation formula for surviving widows. Therefore, for over one-half century, under the above mentioned "Democracy of

the Grave" theory, the widows of military personnel have consistently received far less death compensation than is awarded under the Federal Employees' Compensation Act and under the Civil Service Retirement Act for widows of civilian employees of the Government.

The same 1917 "Democracy of the Grave" false theory continues to be reflected in the \$120 portion of the dependency and indemnity compensation formula. This \$120 base amount is the same for every widow, irrespective of the salary of the deceased serviceman at the time of death. Therefore, as a result of this discriminatory feature in the dependency and indemnity compensation formula, the longer a man serves in the armed forces, and the higher is his attained rate or rank, the greater is the decrease in the accustomed living standard his family is caused to suffer following his death.

Members of the armed forces are federal employees. For this reason the equitable standard of the formula used in the Federal Employees' Compensation Act for deaths and injuries resulting from the performance of assigned duties; and the equitable standard of the annuity formula used in the Federal Civil Service Retirement Act for deaths that occur while in Government service and following retirement, should be used as a guide in writing laws for members of the armed forces. The formulas used in laws that apply to Federal civilian employees should be supplemented by additional emoluments to offset exigencies peculiar to military service.

Military retirement money has always been retained by the Government from military salary appropriations. However, Congress has failed to require the Defense Department to fund this retained retirement money for military personnel in the same manner Congress requires the Civil Service Commission to fund money deducted from Federal civilian employees' pay for retirement purposes. Therefore, under present laws, when deaths occur during military service or following retirement, the deceased husband's full salary is not reflected in the widow's death compensation; nor is his earned retirement annuity reflected in the widow's survivor annuity, as is the case in laws governing survivors of civilian Federal employees.

Your bill S. 1471 proposes an inadequate and far too long overdue increase in the \$120 base amount of the dependency and indemnity compensation formula. Further, it fails to abolish the 1917 discriminatory features in the laws governing survivors of deceased military personnel. In addition, it fails to substitute the percentage of salary concept contained in the 1916 Federal Employees' Compensation Act, as amended; and the percentage of earned retirement annuity concept contained in the 1920 Civil Service Retirement Act, as amended. The provisions of both of these laws are applicable to Members of Congress and a majority of all Federal civilian employees. Military personnel are a part of Uncle Sam's family of employees. Therefore, this untenable and discriminatory situation—which has been on the statute books for over 50 years—should be abolished, without further delay, rather than amended as S. 1471 proposes. New legislation should be written that reflects the American "Equal Justice Under Law" principle for whose preservation members of the armed forces must die, if need be, whenever our way of life is threatened in treaty committed nations around the globe.

Because the above mentioned glaring inequities have been allowed to remain on the statute books by the Veterans Administration and by members of standing committees heretofore responsible for death compensation legislation for survivors of military personnel, it is the recommendation of the Society of Military Widows that all legislation pertaining to death benefits for dependent survivors of members of the armed forces shall be directed to a subcommittee of the Armed Services standing committees in both Houses of Congress. This change would reduce the heavy workload in the committees which receive all proposed veterans' legislation. Further, death compensation bills for military men's families would be more in line with the work of the standing committees having jurisdiction of, and responsibility for, the morale of members of the armed forces and the attainment of a voluntary military force such as existed prior to World War I, when widows' death compensation was one-half of servicemen's pay.

Discrimination in military pay, career insecurity due to involuntary early retirement, and discriminatory survivor benefits are some of the most prevalent reasons why men of high caliber no longer choose military service as a career. These inequities have necessitated the prolongation of the Selective Service Act which, in turn, is the cause of the excessive and costly personnel turnover in

the armed forces. If the aforementioned inequities are not abolished they may result in a military force whose ability to defend our freedoms and maintain the security of our great country is dangerously impaired.

In view of the above, the Society of Military Widows has submitted to the Honorable Bob Wilson of the House Armed Services Committee its proposed "Omnibus Bill for Equity in the Armed Forces". We believe it will correct long standing wrongs in certain laws governing military personnel and their dependents. After its introduction in the House, we will ask that identical legislation be introduced in the Senate and hope many Senators will want to cosponsor the measure.

Please make this statement part of the public record on S. 1471 hearings. I regret that inadequate death compensation precludes my appearance before your subcommittee. However, I shall be happy to answer by mail questions you or the members of your subcommittee may have regarding our views on inequities in present death compensation and pension laws for widows of servicemen who died either while on active duty or following their retirement from military service.

Sincerely yours,

TERESA E. ALEXANDER,
President.

SOCIETY OF MILITARY WIDOWS,
Coronado, Calif. July 7, 1969.

SENATOR HERMAN E. TALMADGE,
Chairman, Subcommittee on Veterans Legislation, Committee on Finance, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for sending me a copy of your June 25th press release announcing that on Thursday, July 10, 1969 your Subcommittee will hold public hearing on S. 1471 which would liberalize dependency and indemnity compensation payments to widows and orphans, with a minimum monthly benefit of \$165 to a widow and an additional allowance of \$20 monthly for each child.

We wish to elaborate on the statement of the Society of Military Widows contained in our letter of March 29, 1969. Since that time the Honorable Bob Wilson of the House Armed Services Committee has informed us that the complexity of the laws and regulations for the various military services which have evolved over the past quarter century would make the introduction of the Society's "Omnibus Bill for Equity in the Armed Forces" in the foreseeable future an impossibility. Due to this disappointing turn of events, we are most appreciative of this opportunity to supplement our previous statement and further point out the inequities in the present formula for computing dependency and indemnity compensation for widows.

The membership of the Society of Military Widows is composed of widows of military men in all branches of the armed forces who died either while on active duty, of a service connected disability, or of non-service connected causes following retirement with pay. We unreservedly maintain that the members of the armed forces are employees of the Federal government. Therefore, under the edict of equal justice, we resolutely affirm that laws governing salaries, career security, retirement, annuities, death compensation, and benefits for the general welfare of military men and their dependent survivors shall not be economically at a disadvantage with laws governing Federal civil servants and their dependent survivors, the complexity of present laws and regulations governing military services notwithstanding.

Consistent with this belief, we wish to state that S. 1471 does not correct the inequitable and inconsistent death compensation formula used to compute dependency and indemnity compensation for eligible widows of military personnel. Based on legislation passed in 1956 this law formerly provided \$112 plus 12 percent of basic pay. Since 1963 the formula provides \$120 plus 12 percent of basic pay. S. 1471 proposes to increase death compensation by revising the formula to \$130 plus 12 percent of basic pay and providing a minimum compensation of \$165 a month. We believe the compensation formula has always been "weighted" so that the longer a man serves in the armed forces, and the higher his salary and sacrifice, the greater is the reduction in his family's living standard when he dies. Laws governing death benefits for widows of Federal civil service personnel do not reflect such gross inequities. This fact is revealed in enclosure (1), "Military Estate Program and Civil Service Survivor Annuities," which is Table IX-6 taken from the Hubbell Pay Study Group's report, Appendix IX, Volume II.

Although the report uses the October 1967 pay schedules for military personnel as well as for Federal civil service employees, the differences in death compensation, based on length of service are still applicable today because the dependency and indemnity compensation formula has not changed. Under "Military Benefits", when death occurs while on active duty, or as the result of a service-connected disability following release or retirement with pay, enclosure (1) shows that:

a. The widow, without minor children, of a Corporal or Petty Officer, Pay Grade E-4, who had four years of military service at the time of his death, received dependency and indemnity compensation equivalent to 33 percent of her husband's October 1967 full, or parity, pay. On the other hand, the widow, without minor children, of a senior enlisted member, Pay Grade E-9, who had 24 years of military service at the time of his death, received dependency and indemnity compensation equivalent to only 20 percent of her husband's October 1967 full, or parity, pay. This 13 percent reduction in death compensation is made despite the fact that the E-9 had twenty additional years of service to his credit and most likely served in three wars, namely, World War II, the Korean War, and the present Vietnam War.

b. The widow, without minor children, of a First Lieutenant or Lieutenant (junior grade), Pay Grade O-2, who had one year of military service to his credit at the time of his death, received dependency and indemnity compensation equivalent to 28 percent of her husband's full pay, based on October 1967 pay schedules. The widow of a Brigadier General or Rear Admiral (lower half), with 30 years of service at the time of death, received 14 percent of her husband's October 1967 full, or parity, pay as dependency and indemnity compensation. This great difference in percentage of dependency and indemnity compensation as related to the full pay of the service member is due to the fact that the \$120 portion of the compensation formula is not related to the service member's pay and years of service. Further, it should be noted that dependency and indemnity compensation payments apply to all deaths, whether or not the deceased was a career or non-career military serviceman, and whether or not the cause of death was due to the performance of assigned duties.

By referring to the information under the heading of "Civil Service Benefits" in enclosure (1), it will be noted that in Federal Civil Service, when death is due to the performance of assigned duties, the compensation formula in the Federal Employees' Compensation Act is used. However, when death of the civil service employee is not due to the performance of assigned duties, the formula prescribed in the Civil Service Retirement Act applies. For example:

a. In the case of a civil service employee who dies as the direct result of performing his assigned duty, the widow, if she does not have minor children, would receive 45 percent of her husband's full pay. The Act further provides that the minimum amount of death compensation shall be based on the salary of Pay Grade GS-2, longevity step 1; and the maximum amount on the salary of a GS-15, longevity step 10, both under the Classification Act of 1949, as amended. In the event the civil service employee's death is not the result of performing his assigned duty, and he has not attained career civil service status, the widow is not eligible for survivor benefits provided under the Civil Service Retirement Act. By comparison, under similar circumstances, the military man whose death is, or is not, related to the performance of his assigned duty; whether he is, or is not, a career service member, under S. 1471 his widow would receive \$130 plus 12 percent of basic pay, but not less than \$165 a month. This reflects the "weighted" part of the dependency and indemnity compensation formula as it applies to non-carrier military men whose death is not related to assigned duties and may have occurred while away from his duty station on a highway or at home.

b. The Widow of a civil service employee who attained 24 years of career service, and whose death was the result of performing his assigned duty, would receive 45 percent of her husband's full pay if she does not have minor children, as provided in the Federal Employees' Compensation Act. In the event the career service employee's death is not related to his assigned duties, under the Civil Service Retirement Act's family protection plan, the widow would receive an annuity equal to 55 percent of the retirement money her husband earned during his 24 years of Federal civil service. Under the same circumstances, S. 1471 would provide the widow of a military man with dependency and indemnity compensation amounting to \$130 plus 12 percent of the husband's basic pay. In most cases—after 24 years of career military service—this amount is less than one-half of the death compensation provided under the 45 percent of full pay formula used in the Federal Employees' Compensation Act, and much less than 55 percent

of her husband's earned retirement pay shown in enclosure (2). "Monthly Amount of Retired Pay for Non Disability Retirements", prepared by the Department of Defense. This comparison reflects the "weighted" part of the dependency and indemnity compensation formula as it applies to the career military man.

To correct the aforementioned inequities between military and civilian employees of the Federal government, whose root causes stem from the complexity of the laws and regulations for the various military services which have evolved over the past century, the "Omnibus Bill for Equity in the Armed Forces" was mandated by our members. It applies to members of the armed forces the same uncomplicated and well-defined standards that have been written into laws governing Federal civil service personnel. These standards have stood the test of time and have been amended, based on employee-management collaborations, to keep them abreast of modern social trends. Unfortunately President Kennedy's 1962 Executive Order 10988 does not include members of the armed forces. For this reason employee-management relations have never been established in the armed forces. As a result, for far too many years, military salaries have been fixed by the Department of Defense and Congress at rates far below Federal civil service and private industry pay standards for duties of similar skill, hazard, and responsibility. Under present laws, the Government neither contributes to or funds the money it retains from military salary appropriations—an estimated 7.1 percent—to finance the military retirement system. In the military retirement law there is no semblance of career security. Career military officers, who have excellent military qualifications, are retired for age-in-grade because the established organizational pyramid does not allow room for their advancement. Despite this mid-career-cut-off, the various services do not provide opportunities for such officers to transfer to Federal civilian agencies, in lieu of retirement, so that they may have an opportunity to continue their Federal career, without penalty, throughout their normal work-span years.

In addition to these unprecedented inequities in pay, retirement, and career security between Federal military and Federal civil service, the laws administered by the Veterans Administration, pertinent to the survivor benefits for the families of career military personnel, are not realistic in the light of modern social legislation and most untenable when compared with the provisions of the Federal Employees' Compensation Act, signed into law in 1916, and the Federal Civil Service Retirement System, enacted in 1920.

The Hubbell Pay Study Group attempted to correct the complexity reflected in the laws governing military pay, retirement, and survivor benefits. Its recommendations were scheduled to be sent to Congress during the latter part of 1968 or the early part of 1969. However, due to the change in administrations, the Hubbell recommendations have been sent to a private consulting firm, apparently for quiet burial. This makes it self evident that Congress does not wish to change the "status quo" of the inequities and discriminations suffered by career military personnel and their dependent survivors.

S. 1471 does not correct the inequities in the basic dependency and indemnity compensation. It merely condones the inequities that have been part and parcel of laws governing death benefits for widows of military personnel since 1917. These inequities are highly irregular and owe their existence to discrimination based on organized employee-management bargaining, a privilege denied to members of the armed forces. Congress is the law-making body of our Government. It has the responsibility to repeal laws that are inconsistent with the principles of equal justice and which impose discriminatory inequities on certain segments of citizens who are wholeheartedly dedicated to the preservation of the American way of life, the principles of equal justice and opportunity, as stated in the Constitution and Bill of Rights, and as interpreted by the United States Supreme Court.

If the recommendations of the Hubbell Pay Study Group and the recommendations contained in the Society of Military Widows' "Omnibus Bill for Equity in the Armed Forces" requires the full time services of the Legislative Council for Members of Congress and a bill the size of the novel "Gone With the Wind", nevertheless it is a legislative matter that must be accomplished. It is the responsibility of Congress to introduce corrective legislation, not bills that will condone and prolong long standing inequities and unjust discrimination.

Thank you very much for the opportunity of expressing our views and we hope they will be helpful to the members of your Subcommittee in their deliberations on the merits of S. 1471.

Sincerely yours,

THERESA E. ALEXANDER,
President, Society of Military Widows.

MILITARY ESTATE PROGRAM AND CIVIL SERVICE SURVIVOR ANNUITIES (DEATH BEFORE RETIREMENT--WIDOW AND CHILDREN)

Grade	Length of service (years)	Dependent children	Military benefits			Civil service benefits				
			DIC ¹	OASDI ²	Total	Total benefit as a percent of Oct. 1, 1967, parity salary	FECA ³	FECA percent of Oct. 1, 1967, salary	CSR ⁴	CSR percent of Oct. 1, 1967, salary
E-4.....	4	0	\$1,888	None	\$1,888	33	\$2,571	45	None	None
E-5.....	6	2	1,878	\$2,772	4,650	75	4,048	65	\$1,517	24
E-6.....	12	2	1,958	3,288	5,246	73	4,642	65	1,995	28
E-7.....	18	2	2,100	3,467	5,567	67	5,376	65	2,667	32
E-9.....	24	0	2,351	None	2,351	20	5,175	45	2,798	24
O-2.....	1	0	1,978	None	1,978	28	3,915	45	None	None
O-3.....	6	2	2,369	4,416	6,785	60	7,346	65	1,775	16
O-4.....	12	2	2,565	3,876	6,441	46	9,154	65	2,769	20
O-5.....	18	2	2,855	3,648	6,503	37	11,417	65	4,316	25
O-6.....	24	0	3,145	None	3,145	14	9,845	45	5,325	24
O-7.....	30	0	3,546	None	3,546	14	11,445	45	7,867	21

¹ Dependency and indemnity compensation (DIC).

² Social security survivor benefits.

³ Federal Employees Compensation Act payable when death occurs in performance of assigned duty.

⁴ Payable from funded retirement plan after 5 years of service when death occurs while employed by Federal civil service, but cause of death is not connected with the performance of assigned duty.

Note: DIC, FECA, and CSR annuities based on salaries that will result from the proposed (Oct. 1, 1967) military and Federal civil service pay tables.

Source: Table IX 6, app. IX, vol. II, Department of Defense, Modernizing Military Pay (Hubbell Pay Study Group).

MONTHLY AMOUNT OF RETIRED PAY FOR NONDISABILITY RETIREMENTS (EFFECTIVE APR. 1, 1968, FOR PERSONS RETIRED ON OR AFTER OCT. 1, 1967)

Pay grade	Title	Years of service										
		20	21	22	23	24	25	26	27	28	29	30
COMMISSIONED OFFICERS												
0-10	Chief of Staff	\$1,189.82	\$1,249.31	\$1,308.80	\$1,368.29	\$1,427.78	\$1,487.28	\$1,546.77	\$1,606.26	\$1,665.75	\$1,725.24	\$1,784.73
0-10	General-admiral	1,014.79	1,065.53	1,116.27	1,167.01	1,217.75	1,268.49	1,401.80	1,455.71	1,509.63	1,563.54	1,617.46
0-9	Lieutenant general-vice admiral	887.92	932.32	976.71	1,021.11	1,065.50	1,109.90	1,236.87	1,284.44	1,332.01	1,379.58	1,427.15
0-7	Major general-rear admiral (upper half)	824.57	865.30	943.65	986.54	1,029.43	1,072.33	1,115.22	1,158.11	1,201.00	1,243.90	1,286.79
0-7	Brigadier general-rear admiral (lower half)	746.02	783.32	820.62	857.92	895.23	932.53	969.83	1,007.13	1,044.43	1,081.73	1,119.03
0-6	Colonel-captain	570.99	599.54	664.53	694.74	724.95	755.15	851.96	884.73	917.50	950.26	983.03
0-5	Lieutenant colonel-commander	516.36	542.18	588.09	614.82	641.55	668.28	695.02	721.75	748.48	775.21	801.94
0-4	Major-lieutenant commander	447.03	469.38	49.173	514.09	536.44	558.79	581.14	603.49	625.84	648.20	670.55
COMMISSIONED OFFICERS WITH LESS THAN 4 YEARS OF ACTIVE SERVICE AS AN ENLISTED MEMBER												
0-3	Captain-lieutenant	386.59	405.92	425.25	444.57	463.90	483.23	502.56	521.89	541.22	560.55	579.88
0-2	1st lieutenant-lieutenant (junior grade)	286.87	301.21	315.56	329.90	344.24	358.59	372.93	387.27	401.62	415.96	430.30
0-1	2d lieutenant-ensign	226.42	237.75	249.07	260.39	271.71	283.03	294.35	305.67	316.99	328.32	339.64
COMMISSIONED OFFICERS WITH MORE THAN 4 YEARS OF ACTIVE SERVICE AS AN ENLISTED MEMBER												
0-3	Captain-lieutenant	392.57	412.19	431.82	451.45	471.08	490.71	510.34	529.96	549.59	569.22	588.85
0-2	1st lieutenant-lieutenant (junior grade)	332.28	348.90	365.51	382.13	398.74	415.35	431.97	448.58	465.20	481.81	498.43
0-1	2d lieutenant-ensign	280.89	294.93	308.98	323.02	337.07	351.11	365.16	379.20	393.25	407.29	421.33
WARRANT OFFICERS												
W-4	Chief warrant officer-commissioned warrant	371.39	389.96	422.05	441.23	460.41	479.60	537.65	558.33	579.01	599.69	620.36
W-3	do	326.30	342.62	372.09	389.00	405.92	422.83	455.50	473.02	490.54	508.06	525.58
W-2	do	292.85	307.49	335.29	350.53	365.77	381.01	396.25	411.49	426.73	441.97	457.21
W-1	do	271.84	285.43	299.02	312.61	326.21	339.80	353.39	366.98	380.57	394.17	407.76
ENLISTED MEMBERS												
E-9	Senior enlisted member	427.59	448.97	470.35	491.73	513.10	534.49	555.86	577.25	598.62	620.01	641.38
E-9	Sergeant major-master chief petty officer	306.75	322.09	355.02	371.16	387.30	403.44	460.33	478.04	495.74	513.45	531.15
E-8	Master sergeant-senior chief petty officer	268.93	282.38	313.25	327.48	341.72	355.96	411.17	426.98	442.80	458.61	474.43
E-7	Sergeant 1st class-chief petty officer	237.25	249.12	278.40	291.06	303.51	316.36	370.20	384.44	398.68	412.91	427.15
E-6	Staff sergeant-petty officer, 1st class	208.81	219.25	229.69	240.13	250.00	261.01	271.45	281.89	292.33	302.77	313.21
E-4	Sergeant-petty officer, 2d class	177.13	185.99	194.84	203.70	212.00	221.41	230.27	239.13	247.98	256.84	265.70
E-4	Corporal-petty officer, 3d class	136.08	142.85	149.69	156.49	163.00	170.10	176.91	183.71	190.51	197.32	204.12
E-3	Private 1st class-seaman	104.40	109.62	114.84	120.06	125.09	130.51	135.73	140.95	146.17	151.39	156.61
E-2	Private-seaman apprentice	75.96	79.76	83.56	87.35	91.15	94.95	98.75	102.55	106.34	110.14	113.94
E-1	Private-seaman recruit	69.50	72.97	76.44	79.92	83.39	86.87	90.34	93.82	97.29	100.77	104.24

Note: Effective Apr. 1, 1968, these rates will apply to persons retired on or after July 1, 1966, except for E-9 senior enlisted member, where the rates shown are effective only for retirements on or after Oct. 1, 1967.

NORTH ROYALTON, OHIO.

Mr. THOMAS VAIL,
Chief Counsel on Finance,
New Senate Building, Washington, D.C.

SIR: According to an article which appeared in the National Tribune Thursday, April 17, 1969 from which I quote:

"Senator Talmadge stated that interested groups wishing to testify on these bills, or on any other matters related to survivor benefits, should make their request to Tom Vail, chief counsel, Committee on Finance, 2227 New Senate Office Building, no later than Friday, April 18. Senator Talmadge said that the subcommittee would welcome written comments on any other matter pending before the subcommittee; five copies of these comments should be sent to Mr. Vail by the close of business, Friday, April 25."

Therefore you will find my enclosed 5 copies which I am submitting to the subcommittee for their consideration.

Respectfully yours,

HARVEY R. BURNS,
Founder of World War I Veterans.

SIR: I respectfully appeal to you to bear in mind my enclosed recommendations of assistance for the older veterans and their widows who are in one way or the other in poor health. Our ranks are growing thin very fast.

My suggestion is, a veteran upon attaining the age of 70 years shall receive a pension of not less than \$125 per month and not be encumbered with income limitations from any source. A widow upon attaining the age 60 years shall receive her widows pension and not be encumbered with income limitations from any source.

Respectfully yours,

HARVEY R. BURNS.

NORTH ROYALTON, OHIO, *February 11, 1967.*

SIR: I hereby appeal to you for a change in the old Veterans Pension Law No. 86-28 and the new Veterans Pension Law No. 86-211 as is written to be amended as follows:

A Veteran upon reaching the age of 70 years should receive a pension of not less than \$125.00 per month. This pension should not be encumbered with limitations of income from any source, also that both pension laws be amended to cover said Veteran of 70 years and/or his spouse upon the death of one or the other and/or Veterans' widows who are 60 years or over shall receive their widow pensions with no limitations of income from any source.

I beg of you to take immediate action on this humane issue because the older veterans are running out of time and it is a must for them to survive today's high cost of living and maintain their dignity in their declining years.

I respectfully request an answer to this appeal.

Respectfully yours,

HARVEY R. BURNS,
Founder of World War One Veterans, 1949 in Cleveland, Ohio.

Author of the Bill which became a law of the State of Ohio providing of continuous pensions for mentally retarded, physically impaired and idiotic orphan of Policemen and Firemen of the State of Ohio.

N.B. A copy of the above appeal has been sent to The President, Vice-President and all senators and Congressmen of the United States of America.

SIR: I sincerely believe my personal action in this matter DID stop the march on OUR Washington, D.C. Furthermore, I believe if such a march had taken place their ranks could have been infiltrated with communists and other subversive groups which would have embarrassed our present military and veterans of all wars.

Respectfully yours,

HARVEY R. BURNS.

Have Your Letters Do Your Marching

HAVE YOUR LETTERS DO YOUR MARCHING ON WASHINGTON, D.C.

N. ROYALTON, OHIO, *February 11, 1967.*

VETERANS: It has been brought to my attention from an article which I read in the Cleveland Press that some of the World War I Veterans are anticipating a march on Washington, D.C. on or about April 6, 1967. I think that this would be very unwise and undignified for these older veterans to start out on such a venture: many of them would not make it. This is the reason that induced me to write a letter of appeal to the President, Vice-President, all Senators, and Congressmen of the United States of America to amend the Veterans Pension laws as written in my enclosed letter.

This Amendment will benefit all Veterans and their widows of all wars.

I respectfully request that you notify all members of your organization to write their respective Senators and Congressmen appealing to them to make such Amendment. Letters must be mailed in as soon as possible.

Have Your Letters . . . Do Your Marching . . .

HARVEY R. BURNS,

Founder World War I Veterans, October 13, 1949, Cleveland, Ohio.

Enclosure.

The following is the list of the Organizations that received the information similar to what you have received. I do not think it too advisable to have too much publicity such as daily papers, television, and radio, as this issue concerns Veterans only. However, an article in your national paper would help.

Annett Van Duzer
Sec. Treasurer
Nat. Aux. Vet. of WWI
415 Empire Bldg.
Rockford, Ill.

Mrs. Alex Miller
Ladies Aux. V.F.W.
Kansas City, Mo. Zone 11

Mary Tisi
National Sec.
Ladies Aux.
Catholic War Veterans
1411 K St., N.W.
Washington, D.C.

Norma A. McDonald
Natl. Exec. Sec.
Widows of World War I
920 Front St., N.W. Rm. 603
Washington, D.C. Zone 4

National Commander
AmVets
1710 Rhode Island Ave., N.W.
Washington 6, D.C.

Julian Dickenson
Adj. General V.F.W.
V.F.W. Bldg.
Kansas City, Mo. Zone 11

James W. Hafey
Catholic War Veterans
1411 K St., N.W.
Washington, D.C.

Letitia DeSouza Exec. Sec.
Women World War Veterans
237 Madison Ave.
New York 16, New York

Jane Gould Mayer
National Sec.
American Legion Auxiliary
777 N. Meridian St.
Indianapolis 7, Indiana

Jewel Fifski
Executive Sec.
AmVets Auxiliary
4758 Milwaukee Ave.
Chicago, Ill.

P. D. Brubaker
Executive Sec.
Supreme Pup Tent M.O.C.
Box 627
Fostoria, Ohio

National Executive Director
Jewish War Veterans
1712 New Hampshire Ave., N.W.
Washington, D.C. 20009

National Comm.
Veterans of W.W.I.
40 G. St.
Washington 2, D.C.

Whereas, Harvey R. Burns, Retired member of the Cleveland Fire Dept. and of Local #93, has recently called to our attention House Bills HR 3987 and HR 725, now before Congress; and

Whereas, These bills, if enacted, would amend Veterans Pension Laws 86-28 and 86-211 to remove present restrictions within these laws which are denying pension payments to many of the aged war veterans and would grant pension payments to all veterans when they reach 70 years of age, regardless of other income; and

Whereas, A number of retired members of Local #93 would benefit immediately by such an amendment while many other retired and active members of Local #93 would benefit in the future, and

Whereas, These amendments would also benefit thousands of members of other crafts and Unions: Therefore, be it

Resolved, That Local #93, Association of Cleveland Fire Fighters, go on record as heartily endorsing the adoption of House Bills HR 3987 and HR 725, and that our Congressmen and Senators be sent letters apprizing them of this action; and be it further

Resolved, That our delegates to the Cleveland Federaton of Labor and CIO, be instructed to cause an article to appear in the Cleveland Citizen which would urge all members of affiliated Unions in the AFL-CIO to write their Congressmen and urge support of these bills; and be it further

Resolved, A copy of this resolution be sent our International Headquarters in Washington, D.C., urging that our International Officers actively support these measures before Congress, and that a copy of this resolution be inserted in the International Magazine; and be it finally

Resolved, That a copy of this resolution be sent to Retired Member Harvey R. Burns, 5980 Bunker Rd., N. Royalton, Ohio 44133.

Submitted by

IRWIN V. BALLASCH,
Member, Local #93.

HAVE YOUR LETTERS DO YOUR MARCHING

NORTH ROYALTON, OHIO.

SIR: I respectfully ask your help and members of your department who are veterans in getting the contents of the enclosed appeal to as many veterans and veterans widows of your state as possible.

I have mailed similar letters to all Fire Chiefs of all 50 State Capitols. It has been brought to my attention in a letter which I have received from a Senator that the Members of the House of Ways and Means Committee should also receive letters. Listed below are the Members of the Ways and Means Committee.

I would respectfully appreciate an answer. Thank you.

HARVEY R. BURNS,
Founder of World War I Veterans.

Remarks: I retired from the Cleveland Fire Department June 18, 1952, 28½ years of service.

NORTH ROYALTON, OHIO. April 7, 1967.

Hon. RUSSELL LONG,
Senator of Louisiana,
Chairman, Senate Committee on Finance,
Washington, D.C.

SIR: Whereas, the present limitations on Veteran's pensions are in the 1930 bracket of cost of living and wages, which both have since tripled, and due to this low income limitation, Veterans fear the losing of their pensions when given a small raise in Social Security benefits. And

Whereas, a Veteran who is the top quality citizen of our great country is not being measured by his worth in dollars or social standing, but by the service he has rendered his country. He should not be denied but favorably considered. And

Whereas, many Veterans are in a high bracket of income and do not need this pension money. This is true. However, they too are Veterans, Taxpayers, and Citizens. But they must apply for this pension if they so desire to receive it. Furthermore they are in the vast minority and the less fortunate Veteran must not be denied his just dues due to this circumstance. And

Whereas, it seems money is the standard of success, fame, and social standing in the world of today. Yes, I am asking for money, not for these purposes but for the purpose of an existence for the Veteran and Veteran's widows who are in my age group. And

Whereas, many of us are parents and grandparents of the young men and women who are patriotically serving our country in Viet-Nam and other parts of the world. The enactment of this appeal would uplift their spirits knowing that the older Veterans and widows are receiving livable benefits long past due them and eventually these benefits will be inherited by our future Veterans.

Therefore, I respectfully request of you as chairman of the Senate Finance Committee to write or cause to be written into a bill and introduced to your Committee for their consideration the following:

A Veteran upon attaining the age of Seventy (70) years shall receive a pension of not less than \$125.00 per month and not be encumbered with income limitations from any source.

A widow upon attaining the age of Sixty (60) years shall receive her widow's pension and not be encumbered with income limitations from any source.

Remarks: I am a diabetic and have diabetic neuritis and it is very hard for me to get around, especially in cold weather. I cut corners on my pension check for three (3) months to finance this program. I sincerely believe that what I am doing is right. I hope that your sentiments are the same as mine.

Respectfully yours,

HARVEY R. BURNS,
Founder of World War I Veterans.

NORTH ROYALTON, OHIO.

SIR: Enclosed is a copy of my appeal for a change in the Veterans Pension Laws expressing my views to the Honorable Russell Long, Senator of Louisiana, Chairman of the Senate Finance Committee.

I hope that you will bear in mind my recommendations when and if my views should come before your committee for consideration during this, the Ninetieth Congress.

Respectfully yours,

HARVEY R. BURNS,
Founder, World War I Veterans.

N.B. A copy of this letter has been mailed to all Senators of the Finance Committee and all Congressmen of the Veterans Affairs Committee.

STATEMENT BY THE AMERICAN LIFE CONVENTION LIFE INSURANCE ASSOCIATION OF AMERICA AND LIFE INSURERS CONFERENCE ON S. 2003—SUBMITTED BY AMERICAN LIFE CONVENTION, RICHARD E. VERNOR, ASSOCIATE GENERAL COUNSEL; LIFE INSURANCE ASSOCIATION OF AMERICA, RALPH J. MCNAIR, VICE PRESIDENT; LIFE INSURERS CONFERENCE, G. MASON CONNELL, JR., EXECUTIVE VICE PRESIDENT & TREASURER

This statement is being submitted on behalf of the American Life Convention, the Life Insurance Association of America, and the Life Insurers Conference, which associations have a combined membership of 405 legal reserve life insurance companies representing over 94 percent of the life insurance in force in the United States.

Your subcommittee presently has under consideration five bills dealing with the compensation and insurance programs for servicemen and veterans. One bill (S. 1471) would liberalize the benefits under the present dependency and indemnity program. Three bills (S. 1479, S. 1650, and S. 2186) would liberalize the benefits under the Servicemen's Group Life Insurance program. The fifth bill (S. 2003) would establish a new post-service government insurance program for veterans of the Vietnam hostilities. This statement is directed only to S. 2003 to which we are opposed.

We did not request an opportunity to appear on S. 2003 at the July 10 hearing inasmuch as we have appeared on prior occasions before the Senate Finance Committee on similar proposals for the establishment or renewal of a post-service

government insurance program for veterans. We believe that the views of the two associations with regard to such programs are known to the Subcommittee. However, for the record, we wish to re-emphasize the following points.

As the situation now stands, men serving in Vietnam are eligible under the Servicemen's Group Life Insurance program which provides up to \$10,000 coverage at rates commensurate with those under civilian group life insurance programs. The Government assumes the cost of the extra hazards of active military service. This program was instituted with the full cooperation and support of the life insurance companies and is presently operated through a pooling arrangement in which 586 companies participate. Since inception in 1965, over \$580 million has been paid to the beneficiaries of 59,000 servicemen. \$36.8 billion of life insurance is currently in force on 3,700,000 servicemen. (This includes those separated from active service for less than 120 days.)

Upon discharge, most servicemen desiring insurance coverage qualify as regular applicants for new policies with life insurance companies. However, if a serviceman's insurability has become impaired, he can obtain up to \$10,000 of permanent life insurance at standard rates from any of 586 converting companies under SGLI. In addition to this conversion right, a serviceman suffering a service-connected impairment of his insurability is eligible for a \$10,000 policy under a special insurance program administered by the Veterans Administration.

Contrary to the foregoing pattern of post-service coverage, S. 2003 would, among other things, make all able-bodied Vietnam veterans eligible for an additional \$10,000 coverage under a new government program. Our opposition to a proposal of this nature stems from a fundamental conviction that it would represent unnecessary and unjustifiable competition with private insurance. Enactment of S. 2003 cannot be urged on the basis that veterans are unable to secure good and reasonable insurance coverage. The companies are eminently able to meet the insurance needs of all healthy veterans and, as noted above, doubtless are already serving a large number of the very veterans who would be made eligible under the new program. Veterans should be encouraged to build a permanent insurance program through the private companies.

S. 2003 purports to charge back the administrative costs of the coverage to the veteran. This approach does not remove the element of unfair government competition. The first question raised is whether the costs of administering such a program within a multi-purpose government agency can be determined with sufficient precision to make such costs comparable to those encountered by a private insuring organization. Beyond this question lies the fact that the Federal Government is not subject to certain costs to which private insurer are subject. Among such costs are state and federal taxes as well as the cost of maintaining the agency system. In terms of business costs, exemption from these taxes and agency expenses is tantamount to a subsidy. The life insurance companies can provide better service, suited to individual needs, but cannot and should not be required to compete with government insurance which is not subject to many of the usual and necessary costs which private companies must bear.

Enactment of S. 2003 would run counter to a consistent historical pattern of consideration and rejection of post-service insurance on unimpaired lives by both Congress and the Executive. Following lengthy studies in 1950, the issuance of permanent National Service Life Insurance was terminated and a gratuitous indemnity program was instituted. In 1956, following a careful review of the whole question of survivors' benefits, Congress discarded the gratuitous indemnity, merging the various programs into a single system of dependency and indemnity compensation with substantial benefits. At that time, the post-service insurance rights of all veterans, except those with service-connected impairment, were terminated. Finally, in 1965, at the inception of the Servicemen's Group Life Insurance program, Congress decided to rely on the private insurers for the post-service insurance of veterans.

For the foregoing reasons, we respectfully urge that you withhold favorable action on S. 2003.

STATEMENT OF FRANK RIDGE, CIU, ON BEHALF OF THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS, REGARDING S. 2003

The National Association of Life Underwriters (NALU) is a trade association composed of 949 state and local life underwriters associations representing a membership of over 100,000 life insurance agents, general agents and managers residing and doing business in virtually every locality in the United States.

Although we note with interest that numerous measures affecting veterans and servicemen are currently pending before your Subcommittee, we would like to restrict our remarks to S. 2003. As we basically understand it, this bill would create a Vietnam era veterans' government life insurance program in which policies are to be issued upon the same terms and conditions as was National Service Life Insurance, exclusive of a number of specified exceptions.

The National Association of Life Underwriters would like to express its sincere concern over a measure of this kind. It would appear that the purpose of the bill is to provide government life insurance to discharged veterans of the Vietnam era regardless of any demonstrated need for the availability of such coverage. In truth, the practical effects of enactment of such a measure would be to place the Federal Government into unfair, unwarranted and unnecessary competition with the private life insurance industry.

Were there a void to be filled or a genuine need neglected, our Association would in no manner oppose reform. We have never objected and do not now object to the Federal Government's existing programs to provide necessary and reasonable life insurance coverage for veterans whose insurability has been impaired by reason of service-connected disabilities. We supported in the past the concept of legislation that would make National Service Life Insurance available to such veterans and have never opposed and do not now oppose the Service-Disabled program (SDVI) currently administered by the Veterans Administration. Since 1965 and the inception of the Servicemen's Group Life Insurance programs, these disabled veterans may now obtain up to \$20,000 of coverage at standard rates of premium.

We would, however, draw the Subcommittee's attention to the fact that there are in excess of 1700 legal reserve life insurance companies with approximately 220,000 full-time agents who are ready, willing, able and eager to satisfy the life insurance needs of the vast majority of veterans at completely reasonable and competitive prices. These companies paid a total of \$1.8 billion in taxes, licenses and fees to the Federal, state and local governments during the year 1967. Almost three-fifths of this total was for Federal income taxes, based on the companies' investment earnings and on their general operations. Out of every dollar expended during 1967, 4.2 cents was used for taxes, not including taxes directly connected with investments such as real estate taxes. More than half of this total was set aside for Federal income taxes.

This source of tax revenues is far from inconsequential. In a time of increasing tax difficulties for all levels of government, to the extent that the creation of any governmental insurance program results in veterans purchasing such insurance in lieu of private insurance, the Federal, state and local governments forfeit the tax revenues which they would have received from the private companies with respect to this lost business. In addition, there is the prospective loss of income tax revenue that otherwise would have been derived from the commissions which life insurance agents might receive on this same business.

A government insurance program as proposed will not pay taxes. This tax-exempt status gives it an indirect but highly substantial subsidy and a decidedly unfair competitive advantage over private insurers which, when coupled with the above-mentioned and concomitant tax revenue loss, presents a serious objection to its passage as clearly inconsistent with sound fiscal policy.

Although there has been no detailed comparison between the cost of the proposed Vietnam era veterans life insurance program and the cost of similar private life insurance, if any meaningful comparison could be made, it is our belief that the cost of private ordinary insurance would compare quite favorably with the cost of the proposed program over relatively long periods of time which is, after all, the proper perspective since life insurance should be viewed as a long-term arrangement. Consequently, there has been no economic justification for establishing a program as the one proposed by S. 2003 and no real proof that such insurance would be appreciably cheaper over the year.

In conclusion, we feel certain that the Subcommittee will agree that any government insurance program of this type for veterans would be not only unnecessary and unwarranted but would place the Federal Government into unfair and inequitable competition with the private life insurance business. There has been no demonstrated need that such a program is even desirable much less necessary. There is no more justification for the government to compete with the private life insurance industry in selling life insurance to these veterans than there is for the government to compete with other segments of private industry by selling

these same veterans clothing, foods, autos, home freezers or other needed products. There has been no allegation made and, indeed, none can be made, to the effect that private insurers have failed to provide at reasonable rates sufficient coverage to meet the veterans' insurance needs while simultaneously making available the necessary counseling to assure that an adequate and complete insurance program is established for the veteran.

Private insurance companies have laudably fulfilled this obligation while bearing their fair share of the tax burden on all levels of government. Because of this record and the absence of a demonstrated need for such a program, we respectfully request that the Subcommittee reject S. 2003.

We very much appreciate having had the opportunity to make our Association's views known and hope that, if the Subcommittee desires any further information regarding our position, it will feel free to contact our office at its convenience.

