

S Vol 865-4
ALLOWANCES FOR DEPENDENTS

HEARING
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTIETH CONGRESS

SECOND SESSION

ON

S. 2125

**A BILL TO PROVIDE ALLOWANCES FOR DEPENDENTS OF
VETERANS OF WORLD WAR I AND WORLD WAR II WITH
SERVICE-CONNECTED DISABILITIES**

S. 2562

**A BILL TO PROVIDE INCREASES OF COMPENSATION FOR
CERTAIN VETERANS OF WORLD WAR I AND WORLD WAR II
WITH SERVICE-CONNECTED DISABILITIES
WHO HAVE DEPENDENTS**

S. 2660

**A BILL TO PROVIDE COMPENSATION FOR CERTAIN VETERANS
WITH SERVICE-CONNECTED DISABILITIES
WHO HAVE DEPENDENTS**

MAY 25, 1948

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ALLOWANCES FOR DEPENDENTS

TUESDAY, MAY 25, 1948

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to call, at 2:20 p. m., in room 312, Senate Office Building, Senator Eugene D. Millikin (Chairman) presiding.

Present: Senators Millikin, Butler, Martin, George, Barkley, and Johnson of Colorado.

The CHAIRMAN. The hearing will come to order, please.

We will now hear S. 2125, S. 2562, and S. 2660, all three Senate bills, (S. 2125, S. 2562, and S. 2660 are as follows:)

[S. 2125, 80th Cong., 2d sess.]

A BILL To provide allowances for dependents of veterans of World War I and World War II with service-connected disabilities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any person entitled, under any law administered by the Veterans' Administration, to compensation at wartime rates for disability incurred in or aggravated by active service in either World War I or World War II as defined in Veterans Regulation Numbered 10, as amended, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

(a) has a wife but no child living, \$30;

(b) has a wife and one child living, \$50;

(c) has a wife and two children living, \$65 plus \$15 for each additional child;

(d) has no wife but one child living, \$20;

(e) has no wife but two children living, \$35 and \$15 for each additional child; and

(f) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$25 for each parent so dependent.

(2) If and while rated partially disabled, in an amount having same ratio to the amount specified in subsection (1) hereof as the degree of his disability bears to the total disability.

SEC. 2. No person shall receive additional compensation for dependents under any other law administered by the Veterans' Administration during the same period that any additional compensation, as provided by this Act, is paid.

SEC. 3. The administrative, defaultive, and penal provisions of Public Law Numbered 2, Seventy-third Congress, and veterans regulations thereunder, as amended, shall be for application under this Act.

SEC. 4. This Act shall take effect on the first day of the second calendar month next succeeding its enactment.

[S. 2562, 80th Cong., 2d sess.]

A BILL To provide increases of compensation for certain veterans of World War I and World War II with service-connected disabilities who have dependents

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any person entitled, under any law administered by the Veterans' Administration, to compensation at wartime rates for disability incurred in or aggravated by active service in either World War I or World War II as defined in Veterans Regulation Numbered 10, as amended, and whose disability is rated not less than 60 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

- (1) If and while rated totally disabled and—
 - (a) has a wife but no child living, \$30;
 - (b) has a wife and one child living, \$50;
 - (c) has a wife and two children living, \$65, plus \$15 for each additional child;
 - (d) has no wife but one child living, \$20;
 - (e) has no wife but two children living, \$35 and \$15 for each additional child;
 - (f) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$25 for each parent so dependent.

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

SEC. 2. No person shall receive additional compensation for dependents under any other law administered by the Veterans' Administration during the same period that any additional compensation, as provided by this Act, is paid.

SEC. 3. The administrative, definitive, and penal provisions of Public Law Numbered 2, Seventy-third Congress, and Veterans Regulations thereunder, as amended, shall be for application under this Act.

SEC. 4. This Act shall take effect on the first day of the second calendar month next succeeding its enactment.

[S. 2660, 80th Cong., 2d sess.]

A BILL To provide increases of compensation for certain veterans with service-connected disabilities who have dependents

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

- (1) If and while rated totally disabled and—
 - (a) has a wife but no child living, \$30;
 - (b) has a wife and one child living, \$50;
 - (c) has a wife and two children living, \$65;
 - (d) has a wife and three or more children living, \$80;
 - (e) has no wife but one child living, \$20;
 - (f) has no wife but two children living, \$35;
 - (g) has no wife but three or more children living, \$50;
 - (h) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$25 for each parent so dependent.

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

SEC. 2. The additional compensation for a dependent or dependents provided by this Act shall not be payable to any veteran during any period he is in receipt of an increased rate of compensation or of subsistence allowance on account of a dependent or dependents under any other law administered by the Veterans' Administration: *Provided,* That he may elect to receive whichever is the greater.

SEC. 3. The administrative, definitive, and penal provisions of Public Law Numbered 2, Seventy-third Congress, and Veterans Regulations thereunder, as amended, shall be for application under this Act.

Sec. 4. This Act shall take effect on the first day of the second calendar month next succeeding its enactment.

The **CHAIRMAN.** Mr. Tate is the first witness.

STATEMENT OF WILLIAM E. TATE, NATIONAL DIRECTOR FOR CLAIMS, DISABLED AMERICAN VETERANS, WASHINGTON, D. C.

Mr. TATE. Mr. Chairman and gentlemen of the committee, there are three bills before your committee pertaining to the subject of allowances for the dependents of the more seriously disabled service-connected veterans. They are S. 2125 introduced by Senators McFarland and Johnson, S. 2562 by Senator Brooks, and S. 2660 by Senator Johnson. The Johnson bill, S. 2660, is a companion to H. R. 5588, now on the House Calendar, and is the proposal the four major veteran organizations are supporting.

I might point out the difference in these three bills.

S. 2125 would provide allowances for dependents of all compensable service-connected World War I and World War II veterans.

S. 2562 is similar to S. 2660 in that it limits the additional benefits to those veterans disabled 60 percent or more but like 2125 it is confined to such veterans as are entitled who served in World War I and World War II.

S. 2660 limits the benefits, as does 2562, but includes in the benefits Spanish War veterans who are service connected and peacetime veterans whose disability is the result of extra-hazardous service as provided by Public Law 359 of the Seventy-seventh Congress, December 19, 1941.

As stated, the organizations are supporting 2660.

The theory of dependency allowances has long been recognized by the Federal Government. In this connection attention is invited to section 302 of Public Law 90, Sixty-fifth Congress, approved October 6, 1917. In that law Congress provided greater amounts of compensation for the disabled veteran with dependents than it did for unmarried veterans, or those with no dependents. This same theory was reenacted in section 302 Public Law 104, Sixty-sixth Congress; section 202 Public Law 242, Sixty-eighth Congress; Public Law 141, Seventy-third Congress and Public Law 16, Seventy-eighth Congress. By discontinuing the practice of temporary ratings the effect of these laws has been largely nullified.

Also during World War II the Congress, upon recommendations of its then Military Affairs Committees, enacted the Servicemen's Dependents Allowance Act of 1942. Under this law provision was made for the families of enlisted men of Army, Navy, Marine Corps, and Coast Guard. Our social security laws take into consideration the minor children of a deceased social security "covered" employee. Public Laws 16 and 346 of the Seventy-eighth Congress likewise differentiate between single and married veterans in the amounts of subsistence payable thereunder. Presently, however, no distinction is made in veterans' laws in payments to the service-connected disabled veteran, whether he is single or has dependents.

From all directions we hear more and more concerning the increasing costs of living. Under such living costs, we may well visualize the manner in which an unemployable, totally and permanently disabled veteran and his family must live. His compensation from the

Veterans' Administration is \$138 monthly. The 70-percent service-connected disabled veteran and his family receives \$96.60 monthly from the Federal Government. Assuredly, these persons are not living extravagantly.

It is true that the service-connected disabled veteran with lesser degrees of disability are able to supplement their disability compensation award through regular employment. However, a survey was conducted during the last 3 months by the Disabled American Veterans. This revealed that only 10 percent of the service-connected veterans disabled to the extent of 60 percent or more are able to follow full time employment. Excepting the very few instances where there is a private income, these veterans are compelled to exist upon public charity or the charity of their relatives.

Another Nation-wide survey, made for a different purpose but which has a bearing upon veterans' living costs, was recently completed by the American Council on Education and financed by the Disabled American Veterans. It was conducted to investigate the cost of living of a scientifically selected and representative cross section of veterans attending colleges and universities throughout the continental United States. These veterans included both the able-bodied and the disabled. To determine how much of a differential exists between the monthly subsistence payments and actual living expenses, each veteran was asked to make a careful estimate of his average total monthly expenses while attending school. The results disclosed that the average total monthly expenses of single veterans in college is \$106.13, while the average for married veteran college students is \$175.38. This means that single students spent \$106.13 monthly, but received only \$65, a difference of \$41.13. Married students spent \$175.38, but received only \$90 from the Veterans' Administration, a difference of \$85.38. This data furnishes a clear picture as to the deplorable plight of the totally disabled veteran, physically unable to attend school.

As an example, and not by any means an isolated case, this is how World War II veterans are affected. A master sergeant, married, with two children, was being hospitalized at Walter Reed Hospital. With his allotments and combat infantry pay he received \$269 per month. He had been in the Japanese death march and is suffering from recurrent draining osteomyelitis. It was the hospital authorities' opinion that this veteran should be discharged to a Veterans' Administration hospital where he could receive the same medical treatment as he is receiving at Walter Reed General Hospital. After such a transfer, this veteran must be rated by the Veterans' Administration but the maximum rating that can be awarded will be totally disabled or 100 percent, and his award will be \$138 monthly, or \$131 less per month than he received while on active duty. Because of the nature of his disability he will be unable to work. The members of the committee are fully aware of the tremendous increase in the cost-of-living index in recent months, until now it is estimated that a family of four must have an income of about \$3,400 per year to live. This is more than double the compensation received by a totally and permanently disabled veteran.

Only modest rates are incorporated in the bills. These provide that if and while a veteran is totally disabled and has a wife, an allowance of \$30 monthly shall be granted; for a wife and one child, \$50, for a wife and two children, \$65, plus \$15 for the third child.

Allowances are provided for dependent parents. These amounts would be prorated for the partially disabled in the same ratio which the degree of the veteran's service-connected disability bears to total disability.

It is well known that the greater number of compensated service-connected disabled veterans are those having less than 60 percent degree of disabilities. In fact, as of June 30, 1947, there was a grand total of compensated World War II veterans amounting to 1,728,516, and of these 183,403, or 10.6 percent of the total, were awarded ratings of 60 percent or more. As of the same date there was a grand total of 320,350 World War I veterans compensated, and of these 50,279, or 19.2 percent, were awarded ratings of 60 percent or more.

I might point out to the committee that there is one typographical error in the measure S. 2660 which needs clarification. On page 1, line 9, the date March 28, 1924, appears. This should be March 28, 1934.

The bill, S. 2660, with such an amendment, would do much to alleviate the sufferings of a group of worthy citizens. Therefore, we of the DAV will appreciate anything that may be done by your committee in an early and favorable reporting of it.

The CHAIRMAN. Does that include the Regular Establishment?

Mr. TATE. No, sir; just that part who during the peacetime served in extra-hazardous duty, and thereby received the disability.

For example, we had some men in extra-hazardous service in Nicaragua and certain campaigns where it was different from your regular peacetime service, and is considered by the Veterans' Administration as having been extra hazardous or incurred in situations simulating war.

My information is that including the Spanish War veterans, whose disability must be service connected, and the peacetime extra hazardous, 1,000 veterans are affected.

The CHAIRMAN. This takes in World War II?

Mr. TATE. Yes, sir.

The CHAIRMAN. World War I veterans?

Mr. TATE. That is right.

The CHAIRMAN. Spanish American?

Mr. TATE. Only about 600 Spanish-American War veterans and about 400 extra-hazardous peacetime veterans.

The CHAIRMAN. I still have not got clear what is the situation of those in the Regular Establishment.

Mr. TATE. It does not apply to them.

The CHAIRMAN. What is their present situation? What do they get?

Mr. TATE. They get a percentage of the same rating of peacetime service.

The CHAIRMAN. No special allowances for dependents?

Mr. TATE. No, sir.

The CHAIRMAN. Is this limited to three children?

Mr. TATE. Yes, sir.

The CHAIRMAN. There is no time limit on this bill; it is a permanent bill.

Mr. TATE. That is right.

The CHAIRMAN. Will you tell us just what is involved about dependent parents?

Mr. TATE. Well, there is a statutory dependency for a wife and child, but it has, as to a parent, to be shown that he is a dependent of the veteran. It is a matter of fact, not a legal dependency.

The CHAIRMAN. This bill does not go beyond 50 percent disability.

Mr. TATE. Sixty percent.

The CHAIRMAN. It stops there.

Mr. TATE. It begins there going up, or stops there going down.

The CHAIRMAN. And you preserve the existing rates 50 percent on.

Mr. TATE. That is correct.

The CHAIRMAN. What is the cost of the bill?

Mr. TATE. Well, our estimate, Senator, is somewhere in the neighborhood of about \$42,000,000. I understand that the Veterans' Administration estimate is not in accord with ours.

The CHAIRMAN. Will that increase or decrease?

Mr. TATE. Well, you have factors that make it a little difficult to tell. You have a certain number in that bracket that will die. I think your divorce rate will continue among World War II veterans. That will have an effect on it. There will be additional children born, which will have the opposite effect. There probably will be some slight increase.

The CHAIRMAN. Has anybody in the room any opinion on that?

Thank you very much.

Mr. TATE. Thank you.

The CHAIRMAN. The next witness is Mr. Floyd.

**STATEMENT OF WILLIAM W. FLOYD, NATIONAL COMMANDER,
REGULAR VETERANS ASSOCIATION, WASHINGTON, D. C.**

Mr. FLOYD. We concur with the DAV and the other veterans organizations in behalf of S. 2660. We think it is a good bill and a just bill.

I noticed the chairman asked if it included peacetime veterans. No, it does not include the peacetime veterans who have become disabled in line of duty, but we hope that the aid of Congress before it is all over will later on. So we would like to see this bill enacted into law.

Thank you very much.

I would like to read my statement.

The CHAIRMAN. You may do so.

Mr. FLOYD. Mr. Chairman, members of the Committee on Finance, my name is William W. Floyd. I am the national commander of the Regular Veterans' Association. Our organization is composed of all members who have honorably served, or who are serving their country today. I might further state that all of the women components are eligible for membership in the Regular Veterans' Association.

I am happy to have the privilege and honor to submit herein a statement on S. 2660, introduced by Mr. Johnson. Mr. Chairman, may I call your attention to page 1, line 7, after the word "act"? Please strike out "1924" and insert "1934." This is the only objection we find in the bill, and our organization is happy to support this worthy legislation, which also carries the full approval of the Disabled American Veterans, Veterans of Foreign Wars, AMVETS, and the American Legion.

The CHAIRMAN. Do you believe this will set a precedent for peacetime?

Mr. FLOYD. No, this will not. We hope there will be some bills reported out that will, and be put on the same status as world war veterans.

The CHAIRMAN. Are there any ramifications into other veterans fields which this bill would affect?

Mr. FLOYD. I think not, sir.

The CHAIRMAN. Does it have any effect on our benefits to veterans in college?

Mr. FLOYD. Does it now? It does not now the way the bill is now, sir.

The CHAIRMAN. Would it as a matter of fact call for increased rates any place else?

Mr. TATE. They cannot draw increased rates in two categories. The bill specifically takes care of that.

Mr. FLOYD. There is only one check can be made for the payee from the Government.

The CHAIRMAN. Thank you very much.

Mr. FLOYD. Thank you.

The CHAIRMAN. Mr. Adamy is the next witness. Will you identify yourself for the record?

**STATEMENT OF CLARENCE G. ADAMY, NATIONAL SERVICE
DIRECTOR, AMVETS, WASHINGTON, D. C.**

Mr. ADAMY. My name is Clarence G. Adamy, national service director of AMVETS.

AMVETS are particularly proud to endorse this bill 2660 because we feel it is the most realistic approach to the responsibilities and difficulties of living that our most seriously disabled veterans are encountering, and we wish to endorse the testimony as given by Mr. Tate and the other organizations.

We thank you.

The CHAIRMAN. Thank you very much.

Mr. ADAMY. Thank you.

The CHAIRMAN. Next is Mr. Ketchum.

Mr. WILLIAMSON. Mr. Chairman, Mr. Ketchum is unable to be present this afternoon. My name is John C. Williamson and I am the assistant legislative director of the Veterans of Foreign Wars. I wish to express the support of our organization for this legislation, and to submit a statement for the record. We think that the enactment of legislation like this is indicative of a much more sound and much more fundamental approach to the problem of the seriously service-connected disabled veteran, the most deserving group, and the group that has been unable to provide a more decent standard of living for themselves and their families as compared to the average individual in industry.

We think the enactment of this bill will at least tend to cause that standard of living to more nearly approach the standard afforded in industry today.

The CHAIRMAN. Thank you very much.

STATEMENT OF JOHN C. WILLIAMSON, VETERANS OF FOREIGN WARS OF THE UNITED STATES, WASHINGTON, D. C.

Mr. WILLIAMSON. The three bills pending before the committee relating to allowances for dependents of service-connected disabled veterans vary in only one material respect. S. 2125 would provide these allowances for veterans, regardless of the degree of disability, whereas S. 2562 and S. 2660 would limit these allowances for veterans whose disability rating is 60 percent or more.

The man who was seriously disabled during wartime service represents the tragic human aftermath of war. He is the man who will never be whole again; the man to whom this Nation must be forever indebted. It is not sufficient that he be placed on the rolls at a rate of compensation considerably lower than the average wage in industry today. When we speak of the seriously disabled veteran, whose injuries are a direct consequence of war service, of combat with the enemy, it is not enough that we dismiss his plight by saying, his present compensation is 20 percent more than what it was in 1946; or that he has had a 35 percent increase in the past 5 years; or that he is getting quite a bit compared to what the disabled veteran received after the Civil War. In the opinion of the Veterans of Foreign Wars, the time is long overdue for a reconsideration of the soundness of the whole concept of treatment of the wartime disabled veteran and the application of a more creditable criterion in determining his compensation.

Up to about 25 years ago, the whole history of veterans benefits attests to an almost callous disregard for the welfare of the veteran who was disabled in combat with the enemy. We have struggled these 25 years to revitalize this concept; but even today, the disabled compensation rates bear grim reminders of this past treatment.

In the bill, S. 2660, we submit the soundest criterion that has ever been advanced for the determination of what is a reasonable disability compensation rate. We take the principle advanced by the Congress when it adopted the Selective Training and Service Act of 1940 and apply it to the same individual who has been disabled. In 1940, the Congress provided that when a man was dislocated from his civilian endeavors to the armed services, that an allotment would be provided for his wife and children. In the bill, S. 2660, we assume this very same principle and apply it to the member of the armed services who has been so seriously disabled that his means of providing a decent livelihood for his wife and children is forever impaired.

We believe that the adoption of this principle would be the most equitable method of determining what is a fair rate of disability compensation. The present rate, particularly for the seriously disabled veteran, is not sufficient to provide a decent standard of living for the veteran and his family; this is particularly the case where the veteran is seriously disabled, 60 percent or more, and who, therefore, finds it extremely difficult to supplement his compensation through productive labor.

In our opinion, this approach to the whole problem in providing the seriously disabled veteran with a reasonable compensation is more effective, because in this method of approach we are not hampered with the problem of gearing periodic increases in compensation to past rates which were wholly inadequate in the first place.

We feel that in the past the Congress has concerned itself more with the question as to whether a 15-percent or 20-percent increase in rates is justifiable, whereas a more fundamental approach to the problem would have revealed a glaring error in the whole structure of disability compensation from its inception in the post-Revolutionary War days. The Congress would have discovered in the more fundamental approach that the seriously disabled veteran, as a general rule, has been unable to provide the same standard of living for himself and his family as the average worker in industry.

In approving the bill S. 2660, this committee will sound the initial signal in this more fundamental approach, and its approval by the Congress will reflect to the everlasting credit of the Nation.

In this bill the seriously disabled veteran's compensation would be geared to actual needs for himself and his family. It will serve to raise the standard of living of both the veteran and his family. It is the least that we can do for the small group of veterans who are unemployable by virtue of their disability.

Here is a tabulation of the increases that would be received by a disabled veteran with a wife and two children should the bill be enacted:

	Under exist- ing law	Amount of in- crease under S. 2660
60 percent	\$82.80	\$30.00
70 percent	96.60	45.50
80 percent	110.40	52.00
90 percent	124.20	58.50
100 percent	138.00	65.00

The CHAIRMAN. Next is Mr. Kraabel.

STATEMENT OF T. O. KRAABEL, THE AMERICAN LEGION, WASHINGTON, D. C.

Mr. KRAABEL. The American Legion in keeping with the mandate it has had since 1915 is very glad to support this measure, urge its adoption, and would like to submit this statement in support of our position for the record.

The CHAIRMAN. We will be glad to have it.

Mr. KRAABEL. In July 1947 the American Legion had occasion to signify its support of H. R. 2716, which was a companion bill to S. 2125, bills to provide allowances for dependents of veterans of World War I and World War II with service-connected disabilities. The scale of allowances therein set forth was as follows:

1. If and while rated totally disabled and (a) has a wife but no child living, \$30; (b) has a wife and one child living, \$50; (c) has a wife and two children living, \$65 plus \$15 for each additional child; (d) has no wife but one child living, \$20; (e) has no wife but two children living, \$35 and \$15 for each additional child; and (f) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$25 for each parent so dependent.

2. If and while rated partially disabled, in an amount having same ratio to the amount specified in subsection (1) hereof as the degree of his disability bears to the total disability.

On April 12, 1948, the House Committee on Veterans' Affairs reported out H. R. 5588. This bill, of which S. 2660 is a companion bill, provides—

that any person entitled to compensation at wartime rates for disability incurred in or aggravated by active service * * *, and whose disability is rated not less than 60 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and (a) has a wife but no child living, \$80; (b) has a wife and one child living, \$50; (c) has a wife and two children living, \$65; (d) has a wife and three or more children living, \$80; (e) has no wife but one child living, \$20; (f) has no wife but two children living, \$35; (g) has no wife but three or more children living, \$50; (h) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$25 for each parent so dependent.

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

Providing additional allowances for dependents is not a new feature in veterans' legislation. It was included in the original World War legislation of October 6, 1917, and was amended and continued for certain service-connected disability cases. There are also provisions for additional allowances for dependents in subsistence granted to trainees under Public Law 16, Seventy-eighth Congress, and Public Law 346, Seventy-eighth Congress.

Although the American Legion advocated and favored additional dependents' allowances for all service-connected disabled World War I and II veterans, we support this legislation which the House Committee on Veterans' Affairs has reported out and to which S. 2660 is a companion measure.

We do this in the interest of expediting action and we sincerely urge upon Congress to enact this measure promptly. It is badly needed by veterans suffering high degrees of service-connected disablements, many of whom are unable to supplement their compensation awards by income from part-time employment, and who find it impossible to care for themselves and families even to a minimum extent under the present scale of disability-compensation awards.

The CHAIRMAN. Mr. Lawlor.

STATEMENT OF LAWRENCE A. LAWLOR, VETERANS' ADMINISTRATION, WASHINGTON, D. C.

Mr. LAWLOR. The Veterans' Administration submitted a report to your committee on S. 2125, on April 1, 1948, and a report on S. 2660 on May 25, 1948.

The CHAIRMAN. What was the recommendation of the report?

Mr. LAWLOR. The request for report on S. 2660 was May 13, 1948.

The CHAIRMAN. What was the recommendation?

Mr. LAWLOR. The report makes no recommendation. It states that we have not received word from the Bureau of the Budget as to the relationship of this proposed legislation to the program of the President, and a supplemental report will be furnished at a later date.

The CHAIRMAN. What do you estimate to be the cost of the legislation?

Mr. LAWLOR. The Veterans' Administration estimates the cost of S. 2660 as \$60,428,000, affecting a total of 131,230 veterans. Those veterans by organization would be 80 in the regular establishment, at a cost of \$34,000; 450 Spanish-American War veterans at a cost of \$145,000; 44,400 World War I veterans at an estimated cost of \$24,623,000, and 86,300 World War II veterans at an estimated cost of \$35,626,000, for the first year.

The CHAIRMAN. Mr. Reporter, will you put the report in at this point?

(The reports are as follows:)

VETERAN'S ADMINISTRATION,
Washington 25, D. C., April 1, 1948.

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

DEAR SENATOR MILLIKIN: This is in further reply to your letter of February 4, 1948, requesting a report by the Veterans' Administration on S. 2125, Eightieth Congress, a bill to provide allowances for dependents of veterans of World War I and World War II with service-connected disabilities.

The purpose of the bill is to provide additional compensation for dependents to any person entitled, under any law administered by the Veterans' Administration, to compensation at wartime rates for disability incurred in or aggravated by active service in either World War I or World War II as defined in Veterans' Regulation No. 10, as amended. The additional compensation would be in the following monthly amounts if and while rated totally disabled: Wife but no child, \$30; wife and one child, \$50; wife and two children, \$65, plus \$15 for each additional child; no wife but one child, \$20; no wife but two children, \$35, and \$15 for each additional child; and in addition to these amounts, \$25 for each dependent parent. In case of partial disability the amount of additional compensation would be proportionate to the degree of disability.

The bill further provides that no additional compensation for dependents shall be paid under any other law administered by the Veterans' Administration during the same period that the additional compensation provided under the bill is paid; that the administrative, definitive, and penal provisions of Public No. 2, Seventy-third Congress, and the Veterans' Regulations promulgated thereunder, as amended, shall be applicable to the provisions of the bill; and that it shall become effective on the first day of the second calendar month following its enactment.

In view of the provisions of Public Law 494, Seventh-ninth Congress, approved July 9, 1946, clarifying the term "compensation," it is assumed that the bill is not intended to affect the subsistence allowances provided for those receiving education or training under Public Law 16, Seventy-eighth Congress, as amended, or Public Law 340, Seventy-eighth Congress, as amended.

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

The War Risk Insurance Act as amended October 6, 1917, made no distinction between temporary and permanent disability, and while the disability was total, the monthly compensation was \$30 where the veteran had no dependent. Additional amounts were granted for wife, child or children, and dependent parents. This provision was contained in section 302 of the War Risk Insurance Act and was materially amended December 24, 1919, at which time the Congress established two separate schedules of rates for service-connected World War I disability, one based upon temporary and the other based upon permanent disability. That amendatory act established a rate of \$90 per month for total and temporary disability where the veteran was single without dependents, and provided additional allowances for wife, child or children, and dependent parents. It also provided that if the disability was rated partial and temporary the monthly compensation would be a percentage of the compensation that would be payable for total and temporary disability. A rate of \$100 per month for total and permanent disability without additional allowances for dependents was

established with a provision that if the disability was rated partial and permanent the monthly compensation would be a percentage of the compensation payable for total and permanent disability. This distinction between temporary and permanent disabilities was carried forward under the World War Veterans' Act, 1924, as amended, and the two schedules of rates thereunder are available only for World War I veterans under that law, as reenacted with limitations by the act of March 28, 1934, Public, No. 141, Seventy-third Congress.

Under the act of March 20, 1933, Public, No. 2, Seventy-third Congress, and the Veterans Regulations promulgated thereunder, for wartime service-connected and peacetime service-connected disabilities, no differentiation was made between temporary and permanent disability. As to wartime service-connected disabilities, there was provided a rate for total disability of \$83 per month in the original regulations, changed to \$90 per month before the new rates went into effect under the act of March 20, 1933, and again increased to \$100 per month by Veterans Regulation No. 1 (c), promulgated January 19, 1934. No additional allowance for dependents is provided under the act of March 20, 1933, and the Veterans Regulations issued pursuant thereto. It will be noted that by establishing a higher rate for total disability, with proportionate rates for partial disability, there resulted increased compensation as to those World War I veterans who would otherwise receive lesser amounts because of temporary total disability under the World War Veterans' Act, 1924, as amended.

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

A 15-percent increase in the monthly rates of compensation payable for service-connected disabilities to veterans of World War I and World War II and to those veterans entitled to wartime rates under Public Law 359, Seventy-seventh Congress, was granted under the provisions of Public Law 312, Seventy-eighth Congress, approved May 27, 1944, while the monthly rates of compensable payable for service-connected disability to veterans not included within Public Law 312 were also increased by 15 percent, effective as of the 1st day of June 1944, under the provisions of Public Law 409, Seventy-eighth Congress, approved December 7, 1944. Public Law 182, Seventy-ninth Congress, approved September 20, 1945, increased the rates for specific wartime service-incurred disabilities. Public Law 182 also increased the rates for specific peacetime service-incurred disabilities to the recognized 75 percent ratio to war service-connected rates. Public Law 659, Seventy-ninth Congress, approved August 8, 1946, increased the rates of compensation for peacetime service-connected disability by 15 percent. Public Law 662, Seventy-ninth Congress, approved August 8, 1946, increased all monthly rates of compensation payable to veterans of World War I and World War II by 20 percent.

The present compensation rate for wartime service-connected total disability is \$138 per month with higher rates for certain specific disabilities and combinations of disabilities ranging up to \$360 per month. Under the bill a totally disabled veteran of World War I and World War II with a wife but no child would receive an additional \$30 per month. If he had a wife and one child he would receive an additional \$50 per month. If he had a wife and two children he would receive \$65 per month plus \$15 for each additional child. If he had no wife but one child he would receive \$20 additional; no wife but two children, \$35 additional and \$15 for each additional child. In the event the veteran has a mother or father, either or both dependent upon him for support, he would receive \$25 for each parent so dependent in addition to the above amounts. Veterans partially disabled would receive increases in the same ratio to the above amounts as the degree of disability bears to total disability.

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

including consideration of the program pertaining to similar groups and the effect of the proposed legislation; the estimated expenditure involved, and the ability of the Government to meet the obligation which would be assumed.

As to cost, it is estimated that this bill would provide increases in compensation payments the first year to approximately 217,500 veterans of World War I with dependents, at a cost of \$57,425,000. In addition, approximately 813,400 veterans of World War II with dependents would be entitled to increased compensation at a cost of \$115,370,000. Hence, the total ascertainable cost of this proposal for the first year would approximate \$172,795,000.

The Veterans' Administration has been advised by the Director, Bureau of the Budget, with respect to a similar report on an identical bill, with the exception of the title (H. R. 2710, 80th Cong.) that enactment of the proposed legislation would not be in accord with the President's program.

Sincerely yours,

CARL R. GRAY, Jr., *Administrator.*

MAY 24, 1948.

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

DEAR SENATOR MILLIKIN: Further reference is made to your letter of May 13, 1948, requesting a report by the Veterans' Administration on S. 2600, Eightieth Congress, a bill to provide increases of compensation for certain veterans with service-connected disabilities who have dependents.

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

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

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

The War Risk Insurance Act, as amended October 6, 1917, made no distinction between temporary and permanent disability, and while the disability was total, the monthly compensation was \$30 where the veteran had no dependent. Additional amounts were granted for wife, child, children, and dependent parents. This provision was contained in section 302 of the War Risk Insurance Act and was materially amended December 24, 1919, at which time the Congress established two separate schedules of rates for service-connected World War I disability, one based upon temporary and the other based upon permanent disability. That amendatory act established a rate of \$80 per month for total and temporary disability where the veteran was single without dependents, and provided additional allowances for wife, child, or children, and dependent parents. It also provided that if the disability was rated partial and temporary the monthly compensation would be a percentage of the compensation that would be payable for total and temporary disability. A rate of \$100 per month for total and permanent disability without additional allowances for dependents

was established with a provision that if the disability was rated partial and permanent the monthly compensation would be a percentage of the compensation payable for total and permanent disability. This distinction between temporary and permanent disabilities was carried forward under the World War Veterans' Act, 1924, as amended, and the two schedules of rates thereunder are available only for World War I veterans under that law, as reenacted with limitations by the Act of March 28, 1934, Public No. 141, Seventy-third Congress.

Under the act of March 20, 1933, Public No. 2, Seventy-third Congress, and the Veterans Regulations promulgated thereunder, for wartime service-connected and peacetime service-connected disabilities, no differentiation was made between temporary and permanent disability. As to wartime service-connected disabilities, there was provided a rate for total disability of \$80 per month in the original regulations, changed to \$90 per month before the new rates went into effect under the act of March 20, 1933, and again increased to \$100 per month by Veterans Regulation No. 1 (c), promulgated January 19, 1934. No additional allowance for dependents is provided under the act of March 20, 1933, and the Veterans Regulations issued pursuant thereto. It will be noted that by establishing a higher rate for total disability, with proportionate rates for partial disability, there resulted increased compensation as to those World War I veterans who would otherwise receive lesser amounts because of temporary total disability under the World War Veterans' Act of 1924, as amended.

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

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

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

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

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

compensation for dependents under the bill who are in training under Public Law 346 and who are receiving subsistence allowances thereunder on account of dependents.

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

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

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

Sincerely yours,

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

Mr. LAWLOR. The report of the VA is rather voluminous, and I have with me Mr. Brooks, who is prepared to make a short statement as to the effect of the bill, and explain the basis of the existing law.

The CHAIRMAN. We will be glad to hear from Mr. Brooks.

STATEMENT OF HENRY QUEEN BROOKS, VETERANS' ADMINISTRATION, WASHINGTON, D. C.

Mr. BROOKS. Mr. Chairman, at this point I can do little more than repeat most of what has been said. If I may, however, I will recapitulate.

Section 1 of the bill provides additional compensation for dependents to a veteran entitled to compensation at wartime rates for service-connected disability rated at 60 percent or more in the following monthly amounts:

If the veteran's disability rating is total, and he has a wife and no children, \$30; a wife and one child, \$50; and a wife and two children, \$65; a wife and three or more children, \$80; no wife but one child, \$20; no wife but two children, \$35; no wife but three or more children, \$50.

If he has a dependent father or mother, \$25 per month for each in addition to the above amount. If the veteran is rated partially disabled, but not less than 60 percent, the amount of additional compensation would be proportionate to the degree of disability.

Some Spanish-American War veterans, veterans of World War I, and World War II, and of the regular peacetime establishment, if the disability was a direct result of armed conflict, or received while the veteran was engaged in extra-hazardous service, including conditions simulating war, are included.

Section 2 provides that the additional compensation for dependents is not payable to any veteran during any period he is in receipt of an increased rate of compensation or of subsistence allowance on account of dependents under any other law administered by the VA, but he may elect to receive the greater benefit.

The War Risk Insurance Act granted additional allowances for dependents. By the amendment of December 24, 1919, additional allowances were granted if the disability was rated on a temporary

basis, with a total rate of \$80 per month, as compared to \$100 per month for permanent disability which carried no additional allowances for dependents.

The temporary rates are still in effect for World War I veterans, but there are practically none of these rated on a temporary basis at this time.

Public, 2, Seventy-third Congress, March 20, 1933, abandoned the different rates for temporary and permanent ratings, and while the rates have been increased twice, first by 15 percent and secondly by 20 percent, so that the total rate is now \$138 monthly, no additional amounts were provided for dependents.

The bill provides no additional allowances for peacetime veterans other than those whose disabilities are the result of armed conflict or extra-hazardous service. As Mr. Lawlor has stated, our estimate of the cost of the bill for the first year is \$60,428,000.

The CHAIRMAN. Have you any other observations that you wish to submit?

Mr. BROOKS. No; I have not, Mr. Chairman.

The CHAIRMAN. Senator Johnson, any questions?

Senator JOHNSON. No questions.

The CHAIRMAN. Senator Butler?

Senator BUTLER. No questions.

The CHAIRMAN. Thank you very much.

Mr. BROOKS. Thank you.

The CHAIRMAN. Are there any other witnesses on this bill?

If not, we will proceed to the next bill.

(Thereupon at 3 p. m., the committee proceeded to consideration of other business.)

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