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SENATE

} REPORT
} No. 1129

CONSOLIDATION OF VETERANS' ACTIVITIES

JUNE 28, 1930.—Ordered to be printed

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

REPORT

[To accompany H. R. 10630]

The Committee on Finance, to whom was referred the bill (H. R. 10630) to authorize the President to consolidate and coordinate governmental activities affecting war veterans, having considered the same, report it back to the Senate with an amendment and recommend that the bill do pass.

The establishment set up by the House bill is known as "Administration of veterans' affairs." This title is amended by the committee, the establishment created by the bill to be known as "Veterans' administration."

Following is the House report on the bill:

[House Report No. 951, Seventy-first Congress, second session]

The Committee on Expenditures in the Executive Departments, to whom was referred the bill (H. R. 10630) to authorize the President to consolidate and coordinate governmental activities affecting war veterans, having considered the same, report thereon with the recommendation that it do pass with the following amendments:

Page 1, line 3, strike out the "(a)" and insert "(a)" before the word "That" at the beginning of the line.

Page 2, line 10, after the word "regulation" and before the comma, insert the words "not inconsistent with law".

Page 2, line 13, strike out the words "not inconsistent".

Page 2, line 14, strike out the words "with law".

Page 5, line 16, after the word "enforced" insert the words "by suit".

Page 5, line 21, strike out the word "that" and insert in lieu thereof the words "as if".

Page 5, line 21, strike out the word "may" and insert in lieu thereof the word "were".

Page 5, line 22, strike out the words "now be sued" and insert in lieu thereof the words "party defendant".

ANALYSIS OF BILL

Section 1: Subdivision (a) provides for the consolidation and coordination of all activities having to do with veterans' relief, including the Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and the Pension Bureau, into an establishment to be known as the "Administration of Veterans' Affairs."

The language is broad enough to permit the President to bring in under this administration any hospital units throughout the country now operated by some other department of the Government in the event that such units should no longer be needed by the departments now conducting them. Army and Navy hospitals and clinics utilized for the treatment of soldiers and sailors, the United States Soldiers' Home, Washington, D. C., and the United States Naval Home, Philadelphia, Pa., do not come within the terms of the bill and are not affected.

In order that the new establishment may function efficiently, with as little duplication as possible, provision is made in subdivision (b) for regrouping the various activities and redistributing their functions so as to bring activities of a like nature under one head. For example, those compensation cases that have become fixed—which now compose nearly 70 per cent of the whole number—might well be administered by the Pension Bureau.

Statutory bureaus will continue to function as the committee has not attempted to change the law prescribing their activities further than to transfer the duties and powers vested in their respective executive heads to the Administrator of Veterans' Affairs. This is essential if a uniform, consistent, and really efficient program of veterans' relief is to be realized.

Section 2: This section provides for an Administrator of Veterans' Affairs, into whose hands are concentrated the duties and powers now exercised by the Commissioner of Pensions, the Board of Managers of the National Home for Disabled Volunteer Soldiers, and the Director of the Veterans' Bureau. Inevitably, the magnitude of the new administration will compel him to act in an administrative and supervisory capacity, and such is the intention. It is to be expected that the heads of the Pension Bureau, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau will continue to function very much as they do at present, but in complete coordination and as a harmonious whole, in place of three competitive units, each striving to enlarge its program and to get the largest possible appropriations.

Your committee believes that unity of direction, purpose, and program will be greatly in the interest of efficiency, economy of operation, and improved services to the veterans.

Section 3: This section transfers all property now standing in the name of the Board of Managers of the National Home for Disabled Volunteer Soldiers to the United States. The Board of Managers is a Federal instrumentality and stands in the capacity of trustee for the United States, which is the actual owner. Congress therefore has authority to make the transfer directly.

The land upon which the Pacific Branch at Sawtelle, Calif., is located was donated to the Board of Managers by the late Senator John P. Jones. The deed of conveyance carries a defeasance clause which provides that in the event that the land should cease to be used for soldiers' home purposes it shall revert to the donor or to his heirs. While no complications are expected, your committee thought that

provision should be made in the bill for extinguishing any outstanding adverse interest, if the full use and enjoyment of the property should ever be threatened by such heirs.

Section 4: Section 4 provides for taking over the personnel of the National Home for Disabled Volunteer Soldiers and placing them in the new administration, subject to such change in designation and organization as the administrator of veterans' affairs shall deem necessary. Provision is also made for covering them into the civil service should the President think advisable but, whether brought into the civil service or not, their salaries will be fixed in accordance with the classification act of 1923.

Section 5: This section provides for the dissolution of the corporation known as the National Home for Disabled Volunteer Soldiers and discontinues the Board of Managers. It also provides for maintaining the integrity of all existing contracts of the Board of Managers and gives claimants the right to sue the Government, in the event this should become necessary to enforce their contracts or claims.

Section 6: This section contains the usual provisions carried in consolidation bills with respect to appropriations, rules and regulations, and reports. Appropriations for the activities consolidated are made available for the purposes appropriated in the new set-up.

Existing orders, rules, and regulations will be retained until modified, superseded, or repealed by the administrator.

A report is required to be filed annually setting out progress made in reorganizing and coordinating the various activities under the jurisdiction of the administrator, together with any recommendations that he may think appropriate. He is also required to make a financial statement of all receipts and disbursements.

Section 7: This is a covering section providing that all existing laws, so far as applicable, relating to the Bureau of Pensions, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau shall remain in full force and effect except as modified in the bill and shall be administered by the administrator of veterans' affairs.

No change is made in the substantive law relating to the above activities except in so far as it is essential to bring them under the new administration. All laws relating to pensions, disability, compensation, hospitalization, and home care for veterans remain intact. No soldier or sailor need fear that his rights are in any way jeopardized or curtailed. On the contrary, the new set-up should result in improving his situation with respect to veterans' relief.

GENERAL STATEMENT

PUSPOSE OF BILL

The underlying purpose of the bill is to bring together all governmental activities having to do with veterans' relief of whatever character with a view to securing better coordination, added efficiency,

and a more complete and economical use of existing facilities, and to improve the services rendered to the veterans of all wars and equalize the benefits extended to them by the Government.

EXISTING CONDITIONS UNSATISFACTORY

At present we have three separate and distinct agencies dealing with the relief of World War veterans. The result is increasing dissatisfaction on the part of the beneficiaries and the people who must foot the bill. Both demand reform. Bureau heads admit that consolidation and better coordination are essential to rendering the highest and most economical services, but balk the moment a real and effective unification of these activities is seriously undertaken. Your committee, however, has undertaken to deal with the problem from the standpoint of services to be rendered rather than from the viewpoint of the heads of divisions involved.

We now have two agencies, the National Home for Disabled Volunteer Soldiers and the Veterans' Bureau, that deal with the hospitalization and home care of veterans. The major burden in both is the care of World War veterans and it will be only a few years until 75 to 80 per cent of the load will represent this class. The result is excessive overhead, uneconomical use of facilities, and considerable duplication of effort and function.

Likewise, two agencies, the Veterans' Bureau and the Pension Bureau deal with compensation and pensions. As we have previously noted, those compensation cases that have become fixed are to all intents and purposes disability pensions and should be handled by the same agency that administers pensions.

There is also inequality in the kind and character of relief and great disparity in the amount of pension and compensation extended to the veterans of the different wars. As these veterans are more and more thrown together in hospitals and homes and become familiar with the patent injustices that exist, dissatisfaction and complaints increase.

In many cases the character of relief a veteran is entitled to is uncertain, due to the fact that he served in one or more wars.

Dual control has resulted in improper distribution of veterans' hospitals and homes, causing much unnecessary expense for transportation of inmates. Such coordination as has been attempted does not go to the root of the evil and from the very nature of things can not so long as there is divided control and divergent management of facilities essentially parallel in the character of services rendered.

ADVANTAGES OF CONSOLIDATION TO THE VETERANS

Our first concern must be the character of services rendered to our ex-soldiers and sailors. If consolidation will aid them, all else must yield. In other words, it is our clear duty to get the greatest possible results in services for the money available for a specific purpose.

The proposed consolidation will tend to bring about uniformity of treatment and services. It will aid in eliminating existing inequalities in pensions and compensation. It will concentrate in one head all agencies for relief, so that applicants for aid will know where to go. It should result in simplified procedure and speedier decisions. It

will make more easy the segregation of hospital cases from domiciliary ones and aid in removing men who no longer need hospital care to more congenial surroundings in a home where they can enjoy the companionship of men in comparatively good health, but whose necessities confine them to a Government institution.

IMPROVED ADMINISTRATION

Anyone who is at all familiar with the activities of the Pension Bureau, National Home for Disabled Volunteer Soldiers, and Veterans' Bureau knows that there is considerable duplication of functions. The new administrator is given ample authority under the bill to so consolidate and redistribute the activities and duties of the administrative offices and bureaus as to eliminate such duplication. This should enable him to do the same work with a considerably reduced personnel and a corresponding saving in cash.

Unified control would enable the President to keep in closer touch by reason of the concentration of administrative control in one head. He could then deal directly with the head of the organization, who would be familiar with the whole situation.

The administrator would be in position to visualize the whole problem of veterans' relief and give proper weight to the various needs and services. He would be in a much more advantageous position to submit proper and well-balanced estimates to the Budget and to justify them to Congress than the heads of the present agencies.

Legislative committees would be dealing with a unified program and one responsible head. The result would be better considered and better balanced appropriations.

All available hospitals, homes, and other facilities could be utilized to their maximum efficiency, with very large savings to the Public Treasury and general satisfaction to those served. Existing services could be given for less money or better services rendered for the money now expended.

ECONOMIES REASONABLY TO BE EXPECTED

While it is a difficult matter to compute in advance the probable economies that might be effected as a result of the proposed consolidation, it is reasonable to expect that a very considerable saving will result. It has been estimated by those who have made a close study of the problem that the following reductions in expenses would be effected:

Annual reduction in overhead and administrative expenses.....	\$1, 500, 000
Annual saving by transferring of domiciliary patients from veterans' hospitals to homes.....	697, 000
Reduction of hospital construction cost by removal of 1,000 domiciliary cases to homes.....	3, 500, 000
Savings in the course of years by adding domiciliary barracks to veterans' hospitals in place of building new units.....	9, 000, 000

For a detailed analysis of possible savings as a result of consolidation see pages 181 and 182 of the hearings on H. R. 6141, for which the present bill is a substitute.

SUMMARY

The mounting cost of veterans' relief is reaching staggering proportions. Already it has climbed to approximately \$780,000,000 annually, distributed between the Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and the Pension Bureau. This is about 33 per cent of all income taxes collected by the Government annually.

It is essential that the President, the Budget, and the Congress should have these activities brought in under one agency so as to be able to visualize the whole picture. By placing them under one directing head overlapping and duplication can be wiped out; inequalities of care, treatment, pensions, and compensation will more readily lend themselves to adjustment; a proper distribution of beneficiaries can be effected with consequent great economies, and large sums can be saved in construction costs.

Finally, the new establishment will afford a suitable foundation upon which a humanized superstructure of legislation may be erected, based upon a thorough revision of existing laws dealing with veterans, and the creation of a simplified code that will iron out present inequalities and place all veterans of similar age and suffering similar disabilities upon approximately the same plane with respect to the relief extended, whether it be hospitalization, domiciliary care, pension, or compensation.

STATUTES REPEALED

Section 4835 of the Revised Statutes, which reads as follows is repealed:

All inmates of the National Home for Disabled Volunteer Soldiers shall be subject to the rules and Articles of War, and in the same manner as if they were in the Army.

REPEALED BY IMPLICATION

Section 71, title 24, United States Code:

Organization of home.—The President, Secretary of War, Chief Justice, and such other persons as from time to time may be associated with them, shall constitute a Board of Managers of an establishment for the care and relief of the disabled volunteers of the United States Army, to be known by the name and style of the National Home for Disabled Volunteer Soldiers, and have perpetual succession, with powers to take, hold, and convey real and personal property, establish a common seal. * * *

Section 72, title 24, United States Code:

Headquarters of home.—The headquarters of the National Home for Disabled Volunteer Soldiers shall be established and maintained at the central branch, National Military Home, Ohio, and shall occupy for offices, without expenditures for rent, any general or post fund building.

Section 73, title 24, United States Code:

Election of citizen managers.—Seven managers of the National Home for Disabled Volunteer Soldiers shall be elected from time to time, as vacancies occur, by joint resolution of Congress. They shall all be citizens of the United States and no two of them shall be residents of the same State. The terms of office of these managers shall be for six years and until a successor is elected.

Section 74, title 24, United States Code:

Election of officers of Board of Managers.—The ten managers of the National Home for Disabled Volunteer Soldiers shall elect from their own number a president, who shall be the chief executive officer of the board, two vice presidents, and a secretary. Six of the board, of whom the president or one of the vice presidents shall be one, shall form a quorum for the transaction of business at any meeting of the board.

Section 75, title 24, United States Code:

Expenses and salaries of managers and officers.—No member of the Board of Managers of the National Home for Disabled Volunteer Soldiers shall receive any compensation or pay for any services or duties connected with the home; but the traveling and other actual expenses of a member, incurred while upon the business of the home, may be reimbursable to such member: *Provided*, That the president and secretary of the Board of Managers may receive a reasonable compensation for their services as such officers, not exceeding \$4,000 and \$2,000, respectively, per annum.