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MAINTENANCE OF CREDIT OF THE UNITED STATES

MARCH 9 (calendar day, MARCH 11), 1933.—Ordered to be printed

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

REPORT

[To accompany S. 233]

The Committee on Finance, to whom was referred the bill (S. 233) to maintain the credit of the United States Government, having considered the same, report favorably thereon with a recommendation that the bill do pass with amendments.

TITLE I

Section 1 of Title I of the bill authorizes the payment of pensions subject to such requirements and limitations as the President by regulation may prescribe and within the limitations of appropriations made by the Congress to the following classes of persons:

(1) Any person who served in the active military or naval service and who is disabled as a result of disease or injury or aggravation of a preexisting disease or injury incurred in line of duty in such service.

(2) Any person who served in the active military or naval service during the Spanish-American War including the Boxer rebellion and the Philippine insurrection or the World War and who is permanently disabled as a result of wound or disease.

(3) The widow, child or children, dependent mother or father, of any person who dies as a result of disease or injury incurred or aggravated in line of duty in the active military or naval service.

(4) The widow and/or child of any deceased person who served in the active military or naval service during the Spanish-American War including the Boxer rebellion and the Philippine insurrection.

For the purposes of pensions for nonservice-connected disabilities only those veterans of the World War who served prior to November 11, 1918, are included.

This section prescribes the class of persons serving for the specified periods who may be paid a pension, but does not create any rights to pensions except in accordance with the regulations to be issued by the President.

Section 2 of Title I of the bill prescribes the minimum and maximum monthly rate of pension which may be paid. The minimum for disability is $6 per month and the maximum for disability is $275 a month. The minimum disability payable as a result of death is $12 per month and the maximum is $75 per month. The minimum and maximum rates specified are those now in effect. Within the limits of these minimum and maximum rates the President is authorized by regulation to prescribe the rates payable to the different classes of veterans specified and the dependents of such veterans.

Section 3 of Title I of the bill authorizes the President to prescribe the minimum degree of disability and such higher degrees of disability, if any, as in his judgment should be recognized, and authorizes him to prescribe the rate of pension payable for each such degree of disability. It further authorizes the President in fixing rates of pensions for disabilities or deaths to make such differentiation as he deems just and equitable in the rates to be paid to veterans of different wars and/or their dependents and in the rates to be paid to veterans of the same wars but who rendered different types of service.

Further, the President is authorized to differentiate between the rates payable for disabilities and deaths resulting from (1) service-connected injuries or diseases incurred in war-time service; (2) those resulting from service-connected diseases or injuries incurred in peace-time service; (3) those resulting from nonservice-connected diseases or injuries. The principles applicable in the differentiation of rates to be paid to the different classes of veterans as well as any other differentiations which the President may deem just and equitable also may be applied to the widows of the different classes of veterans.

Section 4 of Title I of the bill authorizes the President by regulation to prescribe the date of the beginning and of the termination of the period of each war subsequent to the Civil War which may, for the purposes of this act, be deemed war-time service. Under this provision the President may differentiate between actual war-time service and actual peace-time service during technical periods of warfare. This section further authorizes the President by regulation to specify the required number of days of war or peace-time service before a veteran shall be entitled to pension, prescribe the time limit for filing of claims for each class of veterans and their dependents, the nature and extent of proofs and presumptions for each class and any other requirements as to entitlement to pension as he shall deem equitable and just. Under this provision the President may prescribe that persons with certain incomes shall not be entitled to pensions or that certain types of discharges from the service under honorable conditions may be required, or any other requirement or condition which he deems equitable and just. The President is further authorized to prescribe such conditions or requirements for the veterans of different wars and their dependents and for veterans of the same wars or the same peace-time service, where in his judgment conditions warrant such differentiation.

Section 5 of Title I of the bill makes the decisions of the Administrator of Veterans' Affairs under the regulations to be issued by the President final and conclusive on all questions of law and fact and not reviewable by any other official of the United States or the courts.

Section 6 of Title I of the bill authorizes under such limitations as may be prescribed by the President and within the limitations of existing Veterans' Administration facilities to furnish to veterans of any war, including the Boxer rebellion and the Philippine Insurrection, domiciliary care where they are suffering with permanent disabilities and medical and hospital treatment for diseases or injuries incurred or aggravated in line of duty in the active military or naval service. This section does not authorize as does the existing law the hospitalization of veterans suffering with nonservice-connected disabilities nor domiciliary care to those suffering with temporary conditions. Further, the President may further limit the authorization for hospital treatment or domiciliary care.

Section 7 of Title I of the bill authorizes the administrator, subject to the general direction of the President and in accordance with regulations to be issued by the President, to administer, execute, and enforce the provisions of this title, and for such purpose confers on him the same administrative authority and powers as are now provided generally in connection with pensions and specifically under the administrative provisions of the World War veterans' act, 1924, as amended. This section of the bill authorizes no benefits, and merely pertains to administration of the measure.

Section 8 of Title I of the bill authorizes the administrator in carrying out the provisions of this title, to delegate authority to render decisions to such person or persons as he may find necessary, and within limitations of such delegations gives to the decisions of such person or persons the same force and effect as though the decisions were rendered by the Administrator of Veterans' Affairs. This same provision is now contained in the law with reference to the administration of claims by veterans, and is obviously necessary when it is considered that there are over 1,000,000 allowed claims now being paid, which it will be necessary to review under the provisions of this title of the bill. This section, however, requires the President to personally approve all regulations issued under Title I of the act.

Section 9 of Title I of the bill requires the filing of claims under such regulations, including the provisions for hearing, determination, and administrative review, as the President may approve, and limits the commencing of payments to the date of application. It further specifically provides that when a claim shall have been finally disallowed under the regulations to be issued, thereafter such claim may not be reopened or allowed. Attention is invited to the fact that under the provisions of this section there will be hearings allowed veterans and a determination of their claim with at least one administrative review before final disallowance. It is further provided in the bill as reported that no person entitled to benefits under the bill shall participate in the determination of claims for such benefits.

Section 10 of Title I of the bill amends the emergency officers retirement act of May 24, 1928, so that no former officer now on the rolls may continue to draw retirement pay unless the disability for which he was retired under such act resulted from disease or injury or aggravation of a preexisting disease or injury which was incurred in line of duty between April 6, 1917, and November 11, 1918, and that the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty. It is further required that such former officer must also meet the requirements of such regulations as may be issued under the provisions of this act. Under the provisions of this section, it will be necessary for an emergency officer, in order to continue to receive retirement pay, to show a causative factor arising out of the performance of duty and in the line of duty, which resulted in the 30 per cent permanent disability for which he has been heretofore retired.

Section 11 of Title I of the bill provides that all offenses committed and all penalties or forfeiture incurred, under the acts which grant veterans of the Spanish-American War and the World War compensation, pensions, etc., and which are repealed by section 17 of this title, may be prosecuted and punished in the same manner and with the same effect as if said repeal had not been made. It further provides that any person who forfeited right to benefits under any such acts shall not be entitled to any benefits under this title.

Sections 12, 13, 14, 15, and 16 of Title I of the bill reenact and make applicable to claims and claimants under Title I of this act the penal provisions now contained in existing laws which pertain to claims and claimants for pensions and compensation.

Section 17 of Title I of the bill repeals all laws granting medical or hospital treatment, domiciliary care, compensation, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection and the World War, also the laws granting pensions to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty in the military or naval service, except in so far as such laws relate to persons who served prior to the Spanish-American War and except as to the retirement of officers and enlisted men of the Regular Army, Navy, or Marine Corps. This section further repeals all laws granting or pertaining to yearly renewable term insurance, including the right to institute suit or further proceed with suits under section 19, of the World War veterans' act, 1924, as amended.

Payments of compensation, pensions, disability allowance, or retirement pay in accordance with the laws repealed are directed to be continued to the 1st day of the third calendar month following the month during which this act is enacted. The Administrator of Veterans' Affairs, under the general direction of the President, is required to review all allowed claims under the repealed laws and where any person is found entitled under this act, to authorize payment of allowance of benefits in accordance with the provisions of this act. It is also provided that no new claim shall be required in so far as persons now drawing benefits are concerned, whose claims may be reviewed and who may be found entitled to benefits under this act.

It is further provided that payments under contracts of yearly renewable term insurance, which matured prior to the date of the enactment of this act and under which payments have been commenced, shall continue in accordance with the terms of such contracts. No new awards can be made or new payments commenced on yearly renewable term insurance under the terms of this section. Further adjudications of claims will not be permitted and all pending claims and suits are required to be dismissed. Under the provisions of this section, payment of benefits under the laws existing at the date of repeal are to continue to the first day of the third calendar month following date of enactment and new benefits, if any, under Title I of this act will commence with the first of the next or fourth calendar month following the enactment of Title I of this act.

In connection with the review required to be made by the Veterans' Administration, it is not intended that there shall be a review of each claim file where obviously such claims are not allowable under this act and regulations issued pursuant thereto. For example, if the President should, by regulation, deny to a certain class of veterans pensions where they are entitled under existing law and it is known that a certain number of veterans fall within the class not provided for, it will not be necessary to review the claims files in such cases. However, there is no question but that if a man is now drawing disability allowance and, upon review of his claim, he is found to be entitled to service connection for his disability and eligible under the provisions of this act and the regulations issued pursuant thereto, he shall be paid the benefits prescribed by this act and the regulations.

Section 18 of Title I of the bill authorizes a 10 per cent reduction in pensions and any other monetary gratuity payable to former members of the military or naval forces in wars prior to the Spanish-American War for service, age, disease, or injury. It is specifically provided, however, that this reduction does not apply to retired pay of officers and enlisted men of the Regular Army, Navy, or Marine Corps, as these persons are affected by other provisions of this bill, later explained.

Section 19 of Title I of the bill as reported provides that regulations of the President which are in effect at the expiration of two years after the date of enactment of this act shall continue in effect until Congress, by law, shall otherwise provide.

TITLE II

This title provides a method by which readjustment of the compensation of officers and employees of the United States is made possible during the closing months of the fiscal year 1933 and for the fiscal year 1934. It is an emergency and temporary measure. The maximum reduction in salaries from the predepression level is 15 per cent, and such reductions as may be made are to be computed in accordance with the decline in the cost of living. The furlough provisions of the economy act of 1932 are repealed.

Section 1 deals with the persons subject to the provision of the title. It excludes persons whose compensation may not, under the Constitution, be diminished. However, by section 7, these persons may voluntarily subject themselves to the law. It also excludes the Vice President, the Speaker, Senators, Representatives, Delegates, and Resident Commissioners, as well as all employees of the Senate and House of Representatives. Other sections of the bill as reported, however, make employees of the Senate and House of Representatives subject to the same reduction as other employees of the Government, and provide for the temporary reduction of salaries of Senators, Representatives, Delegates, and Resident Commissioners, to $8,500 per annum. The effect of the section is that all persons not excepted by section 1, who are receiving compensation from any branch of the

Government, are subjected to the provisions of the title. Compensation is broadly defined to include any salary, pay, wage, or allowance, except traveling allowances, paid for service in any civilian or noncivilian position.

Section 2 provides the method for computing the reduction in compensation which may be made. First, the compensation is computed as it would have been computed prior to any salary deductions, including those of the furlough plan. The deduction determined in accordance with the following section (sec. 3) is then applied to the salary so computed.

Section 3 authorizes the President to determine an index figure of the cost of living for the first six months of 1928, which is called the base period. This period is taken because it does not represent the highest point attained by the cost of living and does represent the period during which the pay readjustments contained in the Welch Act were made.

It is thought that by maintaining the purchasing power of the salaries paid during that period, the reductions will be no more harsh or inconvenient than the necessity of the situation makes inevitable. After determining the index figure for the base period, the President is then directed to compute an index of the cost of living during the last six months of 1932, and for each six months thereafter. The percentage, if any, by which the cost of living index for any of these six months periods is lower than the index for the base period is the percentage of reduction which is made applicable in determining compensation to be paid during the following six months period. However, no reduction can be made in amount exceeding 15 per cent.

By this method it is made certain that no reduction will be made in excess of 15 per cent, and no reduction of any sort will be made unless the President determines that the cost of living has declined since the base period. This protects the Government employee against reductions in pay unaccompanied by any decline in his necessary expenses of living. The method employed is generally that which has been and is followed in Great Britain. While the system is by no means perfect, it goes far to mitigate the hardships of a rigid salary reduction.

Section 4 repeals those provisions of Part II, legislative appropriation act, fiscal year 1933 (generally referred to as the economy act of 1932), which put into effect the furlough plan, and also repeals those provisions of the Treasury and Post Office appropriation act, approved March 3, 1933, which continued the furlough plan in effect for the fiscal year 1934. There is thus no possibility of a double reduction in salary; the present act is in lieu of the furlough plan. This section also repeals the provisions suspending annual leave with pay. Section 4 (e) amends existing law so as to effect a 15 per cent reduction in the pay of Senators, Representatives, Delegates, and the Resident Commissioners in lieu of the 10 per cent reduction under the existing economy act.

Section 5 continues in effect certain provisions of section 205 of Part II of the economy act dealing with the maintenance of the retirement fund for Federal employees. Section 6 makes the act applicable to corporations, the majority stock of which is owned by the United States. Section 7 has already been mentioned. Sections 8 and 9 merely reenact provisions of the economy act which are applicable to this title.

TITLE III

This title makes two amendments in those provisions of the Treasury and Post Office appropriation act, approved March 3, 1933, which confer power upon the President to order reorganizations in the executive branch of the Government. Section 407 is amended so that the 60-day period during which an executive order must remain inoperative after it has been submitted to Congress will not be tolled by an adjournment of Congress. It is still necessary that an order be submitted to Congress while it is in session and it can not go into effect for 60 days thereafter. However, it is highly desirable that reorganizations effecting economy in Government expenditures should go into effect for as much as possible of the fiscal year 1934.

These orders can not and should not be prepared hurriedly, and there is a possibility under existing law that an adjournment of Congress might prevent orders made within the next two months from going into effect until 60 days after the 3d day of January, 1934. The law, as amended, does not abridge the power of the Congress by legislation to abrogate an order of the President, since the date of adjournment is entirely within its control.

The amendments to section 409 are purely perfecting amendments to remove any ambiguities in the language of that section. It still strictly limits to a period of two years the time within which the President may issue his orders.

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