

PROVIDING CERTAIN BENEFITS FOR WORLD WAR VET- ERANS AND THEIR DEPENDENTS

JUNE 29, 1939.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 5452]

The Committee on Finance, to whom was referred the bill (H. R. 5452) to provide certain benefits for World War veterans and their dependents, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

EXPLANATION OF THE BILL

Section 1 would amend section 1 of Public Law No. 484, Seventy-third Congress, as amended, and pertains to the payment of compensation to dependent widows and children of deceased World War veterans where the veteran's death is not shown to have been due to service.

Present law: Under the existing law compensation is payable to widows and children of deceased World War veterans, where death is not due to service, under the following conditions:

1. At the time of the veteran's death he must have been receiving or entitled to receive compensation, pension, or retirement pay for 10-percent disability or more presumptively or directly incurred in or aggravated by service in the World War.

2. The veteran must have had service in the World War before November 12, 1918, or, having served in Russia, before April 2, 1920. There is no requirement as to length of service.

3. The present law contains an income limitation which provides that the act shall not apply to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

Section 1 of the committee amendment would continue the existing requirements as to service and percentage of disability at death, but it would also liberalize the existing law in those cases where the veteran

2 PROVIDING CERTAIN BENEFITS FOR WORLD WAR VETERANS

was honorably discharged after having served 90 days or more, or, having served less than 90 days, was discharged for disability incurred in the service in line of duty, so that compensation would be payable if at the time of the veteran's death he had a disability directly or presumptively incurred in or aggravated by service in the World War for which compensation would be payable if 10 percent or more in degree. In other words, in those cases where the veteran had 90 days' honorable service, or a discharge for disability incurred in the service in line of duty, it would not be necessary that he have a service connected disability 10 percent or more disabling, but he must have a disability for which compensation would be payable if 10 percent or more in degree.

The House bill would liberalize the law as heretofore indicated without requiring a minimum of 90 days honorable service, or discharge for disability incurred in service in line of duty. The House bill would also include within the class of persons entitled to compensation for non-service-connected death, the dependent mother or father of any deceased World War veteran. Dependent parents have never been included within the laws providing pension based upon death not due to service.

This section would further establish a new income limitation providing that payment of compensation shall not be made to any widow without child, or a child, whose annual income exceeds \$1,000 or to a widow with a child or children whose annual income exceeds \$2,500, and would exempt payments of war-risk term insurance, United States Government life (converted) insurance, and adjusted compensation from consideration as income. This income limitation is similar to that employed under the existing laws for non-service-connected benefits under Veterans' Regulations No. 1 (a), as amended, part III.

This section, as does the present law, provides for payment of benefits under its provisions, sections 1 to 3, inclusive, of the bill, from the date of death where application is filed within 1 year thereafter, and in other cases from the date of application except that compensation authorized could not be effective prior to the date of enactment thereof.

Section 2 of the committee amendment is the same in substance as section 3 of the House bill and provides for increased rates of compensation for widows. Under the present law the rates of death compensation to widows and children of deceased World War veterans (Public, No. 484, 73d Cong.), service connection of death not required, are as follows:

Widow but no child, \$22; widow and one child, \$30 (with \$4 for each additional child); no widow but one child, \$15; no widow but two children, \$22 (equally divided); no widow but three children, \$30 (equally divided, with \$3 for each additional child, total amount to be equally divided). The total compensation payable under this paragraph shall not exceed \$56. Where such benefits would otherwise exceed \$56, the amount of \$56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Section 2 of the committee amendment provides a rate of \$30 per month for a widow but no child, and \$38 per month for widow with one child. No change in rates of the children is made by this section. Section 2 further changes the total compensation payable from \$56 to \$64.

PROVIDING CERTAIN BENEFITS FOR WORLD WAR VETERANS 3

Section 3 of the committee amendment makes formal changes in section 4 of Public Law No. 484, so that it will conform with the other sections amended by this bill.

ESTIMATED COSTS (SECS. 1 TO 3, INCLUSIVE)

New cases 2,900.....	\$1, 268, 000
Increases to those on rolls, 14,850 widows.....	1, 426, 000
Total estimated cost.....	2, 694, 000

Section 4 of the House bill would amend section 3 of Public Law No. 484, Seventy-third Congress, as amended, so as to provide a definition for the term "mother" or "father", provision having been made in the bill for the inclusion of dependent parents for entitlement to compensation for non-service-connected death. However, as heretofore explained, dependent parents having never been included within the laws providing pension based upon death not due to service, provision for them has been stricken from the bill.

The committee proposed a new section to be numbered 4 which would provide hospitalization and domiciliary care in Veterans' Administration facilities for retired officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard who served honorably during a war period as recognized by the Veterans' Administration on parity with other war veterans.

ESTIMATE OF COST OF SECTION 4

It is estimated that the cost to the Veterans' Administration would approximate \$37,700 for the first year. This section would affect a constant group of approximately 140 officers and enlisted men. Approximately 26 of the constant group of 140 officers and enlisted men would be subject to a reduction in retirement pay under the provisions of paragraph VI (A) of Veterans' Regulation No. 6 (c), as amended.

Section 5 pertains to rates of death compensation payable to dependents of World War veterans whose death has been found to be due to service in the World War. Under the provisions of Public Law No. 304, Seventy-fifth Congress, August 16, 1937, the rates to dependents are as follows:

Widow, age under fifty years, \$30; widow, age fifty to sixty-five years, \$37.50; widow, age sixty-five years or over, \$45; widow with one child, \$10 additional for such child up to ten years of age, increased to \$15 from age ten (with \$8 for each additional child up to ten years of age, increased to \$13 from age ten) (subject to apportionment regulations); no widow but one child, \$20; no widow but two children, \$33 (equally divided); no widow but three children, \$46 (equally divided); (with \$8 for each additional child; total amount to be equally divided); dependent mother or father, \$45, (or both) \$25 each. As to the widow, child, or children, the total compensation payable under this paragraph shall not exceed \$75. * * *

That act contains the provision that the amount of compensation therein authorized shall be paid in the event the monthly payment of compensation under Veterans Regulation No. 1 (g) and the monthly payment of yearly renewable term, automatic, or United States Government life (converted) insurance does not aggregate or exceed the amount of compensation therein authorized. The above rates pro-

4 PROVIDING CERTAIN BENEFITS FOR WORLD WAR VETERANS

vided increases to widows and dependent parents. The rates under Veterans Regulation No. 1 (g) are as follows:

Widow under 50 years of age.....	\$30
Widow 50 to 65 years of age.....	35
Widow over 65 years of age.....	40
Widow with 1 child, \$10 additional for such child up to 10 years of age, increased to \$15 from age 10 (with \$8 for each additional child up to 10 years of age, increased to \$13 from age 10).	—
No widow but 1 child.....	20
No widow but 2 children (equally divided).....	33
No widow but 3 children (equally divided) (with \$8 for each additional child; total amount to be equally divided).....	46
Dependent mother or father.....	20
Or both (each).....	15

The total pension payable under this paragraph shall not exceed \$75. Where such benefits would otherwise exceed \$75 the amount of \$75 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Section 5 would provide a rate for a widow under 50 years of age of \$38 (the House bill provides a rate of \$37.50), and a widow aged 50 years or over, \$45 per month. This would be an increase over the Public 304 rates, of \$8 per month for a widow under 50 years, and \$7.50 for a widow 50 to 65 years. It would effectuate no change in the rates payable for children or dependent parents. The total amount of compensation which would be payable to widow, child, or children is changed from \$75, as it appears in Public Law No. 304, to \$83 (the House bill provides \$82.50), such increase conforming with the increases in rates to widows. The section further would change the limitation contained in Public Law No. 304 with reference to receipt of insurance payments, to eliminate United States Government Life (converted) insurance from the limitation.

This section further provides for effective dates of awards. It provides, as does the present law, that the rates of death compensation established therein shall be effective from the first day of the month next following the date of enactment of the act. However, there is included a provision that as to dependents on the rolls on the date of enactment of the act, any increased award shall be effective from date of enactment of the act, and in other cases, except those where compensation would be payable from date of death if claim is filed within 1 year thereafter, the effective dates of awards would be governed by the provisions of the Veterans Regulations promulgated under Public Law No. 2, which would be date of application.

ESTIMATE OF COST OF SECTION 5

Increases to those on rolls, 27,800 widows, \$2,628,000.

Section 6 pertains to rates of service-connected disability compensation or pension provided in part I of Veterans Regulation No. 1 (a) as amended, promulgated under Public Law No. 2, Seventy-third Congress, for certain specific conditions; i. e., anatomical loss or loss of use of hand, foot, or eye. Under the present law a \$25 per month increase is provided for war-service-connected loss or the loss

of use of one hand, one foot, or one eye. It is proposed to increase this allowance from \$25 to \$35 per month. The House bill would provide—

That in no event shall the rate of pension (including the \$25 increase) for anatomical loss of one hand, or one foot, or one eye be less than \$100 per month.

The liberalization provided in section 6 of the bill would be for application to World War, Spanish-American War, Boxer Rebellion, and Philippine Insurrection service-connected cases, and to those Regular Establishment cases under part II of Veterans Regulation No. 1 (a), as amended, where the disability resulted from an injury received in line of duty in actual combat in a military expedition or military occupation.

ESTIMATE OF COST OF SECTION 6

Increases to those on rolls, 9,000 World War veterans and 240 veterans of the Spanish-American War, including the Philippine Insurrection and the Boxer Rebellion, \$1,113,000.

Section 7 of the House bill would require the payment of compensation on the basis of a permanent partial 10-percent rating for wounds in cases where the existing schedules provide a rating of less than 10 percent. This section has been stricken from the bill. This section would have materially departed from the basic principles of evaluation of disability for the benefit of a particular group. The committee has been advised by the Administrator of Veterans' Affairs that a review of the particular cases involved has been and is being conducted for the purpose of granting a compensable rating wherever possible. The letter from General Hines follows:

JUNE 26, 1939.

HON. PAT HARRISON,
*Chairman, Committee on Finance,
 United States Senate, Washington, D. C.*

MY DEAR SENATOR HARRISON: This will confirm my statement to Senator George as chairman, Senate Finance Subcommittee, on June 23, 1939, at the executive session when considering section 7 of H. R. 5452, Seventy-sixth Congress, which provides:

"The Administrator of Veterans' Affairs is hereby authorized and directed to insert in the rating schedules of the Veterans' Administration a minimum rating of permanent partial 10 percent for wounds incurred in line of duty in active service during the World War."

The Veterans' Administration has already conducted a review of certain terminated claims of World War veterans, not in receipt of compensation, where there is official record that such veterans were gassed or wounded in line of duty during service in the World War. Instructions are in course of preparation to arrange for a re-review of such terminated cases and a review of disallowed cases of such description, with a view to determining whether on the facts presented in each case a disability rating of 10 percent or more for such wounds would be justified.

Very truly yours,

FRANK T. HINES, *Administrator.*

Section 8 of the House bill, which has been changed to section 7, provides that on and after the date of enactment the rate of interest charged on any loan secured by a lien on United States Government life (converted) insurance shall not exceed 5 percent per annum.

6 PROVIDING CERTAIN BENEFITS FOR WORLD WAR VETERANS

Section 301 of the World War Veterans' Act, 1924, as amended, in making provisions for various privileges and conditions in United States Government life-insurance policies, includes loan privileges, but the law does not provide any specific rate of interest to be charged on any loan secured by a lien on such insurance. The determination of this rate is therefore made by the Administrator of Veterans' Affairs. The rate of interest on such loans has always been 6 percent per annum.

There would be no cost to Government immediately, however, there will be a decreased amount of income to the United States Government Life Insurance Fund of \$1,500,000 per year on outstanding loans; thus there will be a corresponding reduction in dividends payable to policyholders.

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