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2d Session }

SENATE

{ REPORT
No. 1521

PROVIDING THAT THE RATES OF COMPENSATION FOR DISABILITIES INCURRED IN ACTIVE MILITARY OR NAVAL SERVICE OTHER THAN IN A PERIOD OF WAR SERVICE SHALL BE EQUAL TO 80 PERCENT OF THE RATES PAYABLE FOR SIMILAR DISABILITIES INCURRED DURING ACTIVE SERVICE IN TIME OF WAR

JUNE 7 (legislative day, JUNE 1), 1948.—Ordered to be printed

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

REPORT

[To accompany S. 595]

The Committee on Finance, to whom was referred the bill (S. 595) to provide that the rates of compensation for disabilities incurred in active military or naval service other than in a period of war service shall be equal to 90 percent of the rates payable for similar disabilities incurred during active service in time of war, having considered the same report favorably thereon with amendments, and recommend that the bill as amended do pass.

The amendments are as follows:

On page 2, line 1, strike the figures "90" and insert in lieu thereof the figures "80".

Amend the title by striking the figures "90" in the third line and inserting in lieu thereof the figures "80".

PURPOSE OF THE BILL

The purpose of the bill, as amended, is to provide compensation for service-connected disability incurred in peacetime service at 80 percent of the compensation provided under part I, Veterans Regulation No. 1 (a), as amended, for service-connected disability incurred in wartime service. The bill would accomplish this purpose by amending paragraph 2, part II, Veterans Regulation No. 1 (a), as amended.

JUSTIFICATION

Under existing law compensation for a service-connected disability incurred during peacetime is fixed at specific rates equivalent to 75 percent of those authorized for such disability incurred during wartime.

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The differential in rates for disabilities incurred in the two types of services was established after careful study by the Veterans' Administration and by the Congress. While your committee believes that some differential should be maintained in favor of those performing wartime service, it is of the view that the existing differential should be lowered to aid in encouraging peacetime enlistments, which are so necessary to the proper maintenance of our national defense.

As introduced, the bill would provide compensation rates for peacetime disabilities equal to 90 percent of the rates authorized for such disabilities incurred during wartime. Having given serious consideration to the various factors involved in this problem, the committee believes it would be reasonable and more appropriate to authorize peacetime rates equal to 80 percent of wartime rates. S. 595, as amended, would accomplish this objective, and would have the effect of increasing by 6.6 percent the existing peacetime rates.

ESTIMATE OF COST

The Veterans' Administration has furnished information indicating that the enactment of S. 595, as amended, would provide increased payments to approximately 43,200 veterans of the Regular Establishment at a minimum cost of \$1,611,000 for the first year.

Rates of compensation for peacetime veterans

[For service-connected disability]

Percent of disability	Present wartime rates	Present peacetime rates	Rates under S. 595 (80 percent of war rates)	Amount of increase by S. 595	Percent of increase by S. 595
10.....	\$13.80	\$10.35	\$11.04	\$0.69	6.6
20.....	27.60	20.70	22.08	1.38	6.6
30.....	41.40	31.05	33.12	2.07	6.6
40.....	55.20	41.40	44.16	2.76	6.6
50.....	69.00	51.75	55.20	3.45	6.6
60.....	82.80	62.10	66.24	4.14	6.6
70.....	96.60	72.45	77.28	4.83	6.6
80.....	110.40	82.80	88.32	5.52	6.6
90.....	124.20	93.15	99.36	6.21	6.6
Total.....	138.00	103.50	110.40	8.90	6.6

The report from the Veterans' Administration on this bill is as follows:

APRIL 25, 1947.

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

DEAR SENATOR MILLIKIN: Further reference is made to your letter of February 15, 1947, requesting a report on S. 595, Eightieth Congress, a bill to provide that the rates of compensation for disabilities incurred in active military or naval service other than in a period of war service shall be equal to 90 percent of the rates payable for similar disabilities incurred during active service in time of war.

The purpose of S. 595 is to provide compensation for service-connected disability incurred in peacetime service at 90 percent of the compensation provided under part I of Veterans' Regulation No. 1 (a), as amended, and Public Law 662, Seventy-ninth Congress, for service-connected disability incurred in wartime service. S. 595 would accomplish this purpose by amending paragraph II of part II of Veterans' Regulation No. 1 (a), as amended, to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease, the compensation shall be equal to 90 percent of the com-

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compensation now or hereafter payable for the disability, had it been incurred in or aggravated by active military or naval service during a period of war service as provided in part I of this regulation."

The Veterans' Administration, under date of October 20, 1945, submitted an adverse report to the chairman, Committee on Invalid Pensions, House of Representatives, on H. R. 3908, Seventy-ninth Congress, a bill to provide increased pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein during other than a period of war. In this report it was pointed out that since the enactment of Public Law 2, Seventy-third Congress, March 20, 1933, and promulgation of Veterans Regulations thereunder, it has been the policy of the Congress to provide compensation at a higher rate for service-connected disability incurred during a period of war or as a direct result of armed conflict or while engaged in extra hazardous service, including service under conditions simulating war, than for service-connected disability incurred during peacetime service. After careful study by the Veterans' Administration and by the Congress, it was determined that it was reasonable to provide disability compensation at an increased rate for injury or disease incurred in a time of war and that compensation for peacetime service-connected disability should be 75 percent of the amount provided for service-connected disability incurred in time of war.

At the hearing on this bill, the Veterans' Administration affirmed its opinion that the 75-percent ratio between peacetime and wartime disability rates should be maintained, and further expressed an opinion that if action should be taken to reduce the 25-percent differential, the committee might well consider eliminating the difference altogether. At the time the Committee on World War Veterans' Legislation had under consideration H. R. 6811, Seventy-ninth Congress, section 2 of which provided a 20 percent increase in the monthly rates of compensation payable to veterans of World War I and World War II and dependents of such veterans under laws administered by the Veterans' Administration. Both H. R. 3908 and H. R. 6811 were passed by the Congress. The President took into consideration that if H. R. 6811 and H. R. 3908 were both approved, the peacetime rates would be 75 percent of the service-connected wartime rates for veterans of World War I and World War II, the percentage of difference theretofore maintained. The Veterans' Administration adheres to the view that the 75 percent ratio between peacetime and wartime rates is sound and is of the opinion that such differential should be maintained.

Attention is invited to the fact that the increase proposed by the bill, if enacted, probably will be urged as a basis for further increase in the wartime rates under the policy followed by the Congress since 1933.

In consideration of the question presented by this bill, attention is directed to the fact that the surviving widow, child, or children of any deceased veteran of the Regular Establishment entitled to peacetime service-connected death compensation are paid rates as fixed by section 14 of Public Law 144, Seventy-eighth Congress, July 13, 1943, and Public Law 673, Seventy-ninth Congress, August 8, 1946, and that such rates have not been increased as yet to be consistent with the established policy of the 25 percent differential. Further increase in the peacetime disability rates will raise a question as to corresponding increase in the peacetime death rates.

However, if further consideration is to be given to the adoption of the principle of a 10-percent differential, it should be stated that from a purely administrative standpoint it would be more simple and economical to adjudicate compensation claims without making distinctions as to whether the disability arose in peace or war. This is especially true with respect to making determinations under the act of December 19, 1941 (Public Law 359, 77th Cong.) as to whether a peacetime disability was received as a direct result of armed conflict or while engaged in extra hazardous service, in which events the wartime rate is to be paid. It is believed that the Congress should consider whether a change in policy providing a 10-percent differential represents sufficient saving of funds and distinction between peacetime and wartime service to warrant continuation of the policy of a rate differential between peacetime and wartime service.

Consideration should be given to the fact that enactment of legislation to put peacetime disability rates of compensation on a parity or near parity basis with wartime disability rates may be urged in support of further legislation to grant peacetime veterans other benefits on the same basis as are now provided for wartime veterans.

As to cost of the proposed legislation, it is estimated that the enactment of this bill would provide increased payments to approximately 43,200 veterans of the

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Regular Establishment at a minimum cost of \$4,834,000 for the first year. However, should all differentials be wiped out and an adjustment of benefits follow, the eventual cost of enacting the legislation would be much greater.

For the foregoing reasons, the Veterans' Administration does not recommend favorable consideration of S. 595.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee.

Sincerely yours,

OMAR N. BRADLEY,
General, United States Army, Administrator.

The committee is in accord with the purposes of the bill and recommends its enactment.

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