

RELATING TO THE COMPUTATION OF ANNUAL INCOME FOR THE
PURPOSE OF PAYMENT OF PENSION FOR NON-SERVICE-CON-
NECTED DISABILITY OR DEATH IN CERTAIN CASES

JULY 2, 1957.—Ordered to be printed

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

REPORT

[To accompany S. 2080]

The Committee on Finance, to whom was referred the bill (S. 2080) relating to the computation of annual income for the purpose of payment of pension for non-service-connected disability or death in certain cases, having considered the same, report favorably thereon with amendments, and recommend that the bill, as amended, do pass.

The amendments are technical so that the bill will conform to the provisions of the Veterans' Benefits Act of 1957, Public Law 85-56. The amendments are as follows:

On page 2, strike out the language in lines 5 and 6 and insert the following:

SEC. 2. Section 1 of this Act shall take effect on the date of its enactment and shall cease to be in effect on January 1, 1958.

On page 2, after line 6, add the following new section:

SEC. 3. Section 403 of the Veterans' Benefits Act of 1957, Public Law 85-56, is amended by deleting the word "and" immediately preceding item (5); by substituting a semicolon for the period at the end of the section; and by adding the following new item:

"(6) payments of bonus or similar cash gratuity by any State, Territory, possession, or Commonwealth of the United States, or the District of Columbia, based on military, naval or air service."

EXPLANATION OF BILL

Under the existing law the payment of pension for non-service-connected disability cannot be paid to veterans or widows and children of deceased veterans of World War I, World War II, and Korean conflict where the annual income exceeds \$1,400 if unmarried or \$2,700 if married or with minor children. The bill would exclude from computation as annual income for purposes of non-service-connected disability or death pension any payments of veterans' bonus paid by a State, Territory, possession, or Commonwealth of the United States, or the District of Columbia, based on military, naval, or air service.

The existing laws contain certain exemptions in determining annual income for the purposes of the income limitations governing the payment of pension. Pursuant to statute, or regulations of the Veterans' Administration as authorized by law, the following, among others, are not considered as income: Any payments by the United States Government because of disability or death, and proceeds of matured endowment policies and dividends of Government insurance, under laws administered by the Veterans' Administration, adjusted compensation, mustering-out pay, 6 months' death gratuity, value of maintenance furnished by a charitable organization or by a friend or relative, annuities received under the Uniformed Services Contingency Option Act of 1953, proceeds of a fire-insurance policy, the separate income of the wife of a disabled veteran, and value of an increase in stock inventory of a business at the end of a year.

The pensions paid to veterans for permanent and total non-service-connected disability are \$66.15 per month, or \$78.75 per month if the veteran has received the basic rate for a continuous period of 10 years or reaches the age of 65. A rate of \$135.45 per month is authorized for persons who need or require the regular aid and attendance of another person. The report of the Veterans' Administration is as follows:

JUNE 11, 1957.

HON. HARRY F. BYRD,
*Chairman, Committee on Finance,
 United States Senate, Washington 25, D. C.*

DEAR SENATOR BYRD: Further reference is made to your letter requesting a report by the Veterans' Administration relative to S. 2080, 85th Congress, a bill relating to the computation of annual income for the purpose of payment of pension for non-service-connected disability or death in certain cases.

The bill proposes to exclude from computation as annual income for purposes of non-service-connected disability or death pension, any payment of veterans' bonus by a State, Territory, possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico, to persons who served in the Armed Forces of the United States, and their widows and children.

Under existing law (pt. III, Veterans Regulation No. 1 (a), as amended), veterans of World War I, World War II, or the Korean conflict period are eligible, subject to specified requirements, to pension for permanent and total non-service-connected disability. The pension rates are \$66.15 per month, or \$78.75 per month if the veteran has received the basic rate for a continuous period of 10 years or reaches the age 65. A rate of \$135.45 per month is authorized in

the case of an otherwise eligible veteran who is, on account of age or physical or mental disability, helpless or blind or so nearly helpless or blind as to need or require the regular aid or attendance of another person. Payment cannot be made if the veteran's annual income exceeds \$1,400 if he is unmarried, or \$2,700 if married or with minor children.

Under the act of June 28, 1934 (48 Stat. 1281), as amended and extended (38 U. S. C. 503 et seq.), non-service-connected death pension is payable to the otherwise eligible widows and children of deceased veterans of World War I, World War II, and the Korean conflict period. The current monthly death pension rates are: Widow with no child, \$50.40; widow with 1 child, \$63, with \$7.56 for each additional child; no widow but 1 child, \$27.30; no widow but 2 children, \$40.95, equally divided; no widow but 3 children, \$54.60, equally divided; with \$7.56 for each additional child, total equally divided. Subsection 1 (c) of the act of June 28, 1934, as amended, provides in part that pension shall not be paid to any widow without child or to a child whose annual income exceeds \$1,400, or to a widow with a child or children whose annual income exceeds \$2,700.

At the present time, for purposes of the foregoing income limitations of \$1,400 and \$2,700, annual income is determined in accordance with Veterans' Administration Regulation 1228, a copy of which is enclosed for your ready reference. Under such regulations certain income, including adjusted compensation, is not considered in the computation of annual income as authorized by law. S. 2080, if enacted into law, would not affect the existing exclusions in computing annual income for purposes of the governing limitations, and would add an exclusion of any payment of veterans' bonus by a State, Territory, possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

In determining annual income for purposes of the income limitations governing the payment of non-service-connected disability or death pension benefits, certain types of income are excluded from computation. Pursuant to statute, or regulations of the Veterans' Administration as authorized by law, the following, among others, are not considered income: Any payments by the United States Government because of disability or death, and proceeds of matured endowment policies and dividends of Government insurance, under laws administered by the Veterans' Administration, adjusted compensation, mustering-out pay, 6 months' death gratuity, value of maintenance furnished by a charitable organization or by a friend or relative, annuities received under the Uniformed Services Contingency Option Act of 1953, proceeds of a fire-insurance policy, the separate income of the wife of a disabled veteran, and value of an increase in stock inventory of a business at the end of a year.

Congress has also enacted legislation which this agency does not administer but has an important impact on the annual income provisions of our pension program. Authority has been granted persons in the following groups to waive all or any part of an annuity or retirement compensation (and to revoke such waiver at any time) so as to become eligible for non-service-connected pension: Federal Civil Service annuitants (act of July 16, 1952); annuitants or pensioners under the Railroad Retirement Act of 1937, as amended (act of

August 31, 1954); and beneficiaries of relief or retirement compensation of the District of Columbia police and firemen's relief fund (act of August 31, 1954).

Although adjusted compensation, based on service in World War I, was restricted to payments by the Federal Government, it is presumably the concept of the bill that a like payment by a State government may well be considered in the same income category since it is a monetary recognition of service rendered in time of war to those citizens who entered the Armed Forces to protect the State as well as the Nation. In this connection there appears to be involved consideration of the question whether exclusion by the Congress of a State bonus from the computation of annual income for pension purposes is to be regarded as corollary to its exclusion of adjusted compensation. Whether it is now advisable to so exclude bonus payments by a State, based on wartime service, is a matter primarily for determination by the Congress. Should it be determined as a matter of policy that such exclusion of State bonus payments should be authorized, the Veterans' Administration would interpose no objection thereto.

There are no records in the Veterans' Administration on which to base an estimate of the cost of the proposed legislation.

Advice was received from the Bureau of the Budget with respect to a joint report on similar bills (H. R. 5153 and H. R. 5212, 85th Cong.), that there would be no objection to the submission of the report to the committee. The Bureau also requested that the committee be advised that it does not believe income from additional sources should be exempted from consideration in determining need for non-service-connected pensions.

Sincerely yours,

H. V. HIGLEY, *Administrator.*

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 403 OF PUBLIC LAW 85-56, 85TH CONGRESS

SEC. 403. For the purposes of this title, in determining annual income, the Administrator shall not consider—

- (1) payments under laws administered by the Veterans' Administration because of disability or death;
- (2) payments of mustering-out pay;
- (3) payments of the six months' death gratuity;
- (4) annuities under chapter 73 of title 10 of the United States Code; [and]
- (5) payments of adjusted compensation[.]; and
- (6) *payments of bonus or similar cash gratuity by any State, Territory, possession, or Commonwealth of the United States, or the District of Columbia, based on military, naval or air service.*