The original documents are located in Box 4, folder "8/29/74 HR15936 Special Pay for Certain Medical Officers of the Uniformed Services" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

1000 Beal Avenue Ann Arbor, Michigan 48109-2114

This file folder is from the following collection:

Presidential Handwriting File
Presidential Paperwork Log
Press Releases, President's Copies
Reading Copies of Presidential Speeches
White House Records Office Legislation Case Files
President's Daily Diary (activities log)
White House Central Files Name File
White House Counsel Philip Buchen's Files
President's Daily News Summaries

HPROVED 1974

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 2 3 1974

Posted 8/29 To archive

MEMORANDUM FOR THE PRESIDENT

Subject:

Enrolled Bill H.R. 15936 - Special pay for certain

medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget

Approval

Department of Defense Department of Health,

Education and Welfare

Approval

Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.



Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Assistant Director for Legislative Reference

Noefred H. Round

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D. C. 20301

21 August 1974

Honorable Roy L. Ash Director, Office of Management and Budget Washington, D. C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the Enrolled Enactment H.R. 15936, an Act "To amend chapter 5 of title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The basic provisions of H. R. 15936 and Department of Defense comments follow:

The new provisions would provide continuation pay, retroactive to June 1, 1974, of up to 4 months basic pay for medical officers undergoing initial residency training who were on active duty on June 1, 1974.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade 0-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

The Department of Defense has 184 medical officers who have been receiving continuation pay and who are already in their initial residency training. Another 161 medical officers will enter initial residency training in FY 1975 and will not be entitled to continuation pay unless this Act becomes law.

Cost and Budgetary Data

Average continuation pay cost for an initial resident is \$5,044 per year. Total cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year. Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of H.R. 15936 could be absorbed administratively without increase in the budgetary requirements of the Department of Defense.

The Department of Defense believes that the approval of the Enrolled Enactment will correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment.

The Department of Defense strongly recommends that the President approve H. R. 15936.

Sincerely,

Martin R. Hoffmann



AUG 2 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 19, 1974, for a report on H.R. 15936, an enrolled bill "To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

P.L. 93-274, approved on May 6 of this year, inadvertently deprived certain medical officers in the uniformed services of continuation pay benefits which they had been receiving or were led to expect they would receive. The enrolled bill corrects this oversight. Only a very few officers in the Commissioned Corps of the Public Health Service would be affected by the provisions of the enrolled bill; nevertheless, the enrolled bill maintains the principle of equal treatment of personnel in all the uniformed services.

Consequently, we recommend that the enrolled bill be approved.

Sincerely,

Secretary

THE WHITE HOUSE WASHINGTON

ENROLLED BILL

SUBJECT: Enrolled	Bill H. R. 1593	6 - Special
pay for certain me services Name	dical officers of	of the uniformed Date
Name	110010441	Date
James Cavanaugh	Yes	
Phil Buchen	Yes	·····
Bill Timmons		
Ken Cole		
	**************************************	494 ₀₀ 489446maga-q
		-

Comments:

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO .:

Date:

August 26, 1974

Time:

9:45 a. m.

FOR ACTION:

mes Cavanaugh hil Buchen

Bill Timmons

cc (for information): Warren K. Hendriks

Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, August 28, 1974

Time:

2:00 p. m.

SUBJECT:

Enrolled Bill H. R. 15936 - Special pay for certain medical

officers of the uniformed services

ACTION REQUESTED:

For Necessary Action

XX For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE. IR. For the President



To Hududo Thave 8, 23-74

OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

AUG 2 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15936 - Special pay for certain

medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval

Department of Health,
Education and Welfare Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.

Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Næfred H. Round

Assistant Director for Legislative Reference

Enclosures

Same .

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO .: 535

Date:

August 26, 1974

Time:

9:45 a.m.

FOR ACTION: James Cavanaugh

Phil Buchen Bill Timmons

cc (for information): Warren K. Hendriks

Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, August 28, 1974

Time:

2:00 p.m.

SUBJECT:

Enrolled Bill H.R. 15936 - Special pay for certain medical

officers of the uniformed services

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

—— Prepare Agenda and Brief

____ Draft Reply

For Your Comments

_ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

ok-PN

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.



Warren K. Hendriks For the President

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 2 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15936 - Special pay for certain medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval

Department of Health,

Education and Welfare Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.

Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Mofred H. Commel

Legislative Reference

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE WASHINGTON, D. C. 20301

21 August 1974

Honorable Roy L. Ash Director, Office of Management and Budget Washington, D. C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the Enrolled Enactment H.R. 15936, an Act "To amend chapter 5 of title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The basic provisions of H. R. 15936 and Department of Defense comments follow:

The new provisions would provide continuation pay, retroactive to June 1, 1974, of up to 4 months basic pay for medical officers undergoing initial residency training who were on active duty on June 1, 1974.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade 0-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

The Department of Defense has 184 medical officers who have been receiving continuation pay and who are already in their initial residency training. Another 161 medical officers will enter initial residency training in FY 1975 and will not be entitled to continuation pay unless this Act becomes law.

Cost and Budgetary Data

Average continuation pay cost for an initial resident is \$5,044 per year. Total cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year. Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of H.R. 15936 could be absorbed administratively without increase in the budgetary requirements of the Department of Defense.

The Department of Defense believes that the approval of the Enrolled Enactment will correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment.

The Department of Defense strongly recommends that the President approve H. R. 15936.

Sincerely,

Martin R. Hoffmann



AUG 2 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 19, 1974, for a report on H.R. 15936, an enrolled bill "To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

P.L. 93-274, approved on May 6 of this year, inadvertently deprived certain medical officers in the uniformed services of continuation pay benefits which they had been receiving or were led to expect they would receive. The enrolled bill corrects this oversight. Only a very few officers in the Commissioned Corps of the Public Health Service would be affected by the provisions of the enrolled bill; nevertheless, the enrolled bill maintains the principle of equal treatment of personnel in all the uniformed services.

Consequently, we recommend that the enrolled bill be approved.

Sincerely,

Secretary

THE WHITE HOUSE WASHINGTON August 28, 1974

MEMORANDUM FOR:

MR. WARREN HENDRIKS

FROM:

WILLIAM E. TIMMONSPAM. forward

SUBJECT:

Action Memorandum - Log No. 535 Enrolled Bill H.R. 15936 - Special Pay

for Certain Medical Officers of the Uniformed

Services

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 535

Date:

August 26, 1974

Time:

9:45 a.m.

FOR ACTION: James Cavanaugh

Phil Buchen Bill Timmons

cc (for information): Warren K. Hendriks

Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, August 28, 1974

Time:

2:00 p.m.

SUBJECT:

Enrolled Bill H. R. 15936 - Special pay for certain medical

officers of the uniformed services

ACTION REQUESTED:

	For	Necessary	Action
--	-----	-----------	--------

XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

_ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks For the President

EXECUTIVE OFFICE OF THE PRESIDENT:

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 2 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15936 - Special pay for certain medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval Department of Health,

Education and Welfare Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.

Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Halfred H. Roumel

Assistant Director for Legislative Reference

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE WASHINGTON, D. C. 20301

21 August 1974

Honorable Roy L. Ash Director, Office of Management and Budget Washington, D. C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the Enrolled Enactment H.R. 15936, an Act "o amend chapter 5 of title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The basic provisions of H. R. 15936 and Department of Defense comments follow:

The new provisions would provide continuation pay, retroactive to June 1, 1974, of up to 4 months basic pay for medical officers undergoing initial residency training who were on active duty on June 1, 1974.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade 0-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

The Department of Defense has 184 medical officers who have been receiving continuation pay and who are already in their initial residency training. Another 161 medical officers will enter initial residency training in FY 1975 and will not be entitled to continuation pay unless this Act becomes law.

Cost and Budgetary Data

Average continuation pay cost for an initial resident is \$5,044 per year. Total cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year. Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of H.R. 15936 could be absorbed administratively without increase in the budgetary requirements of the Department of Defense.

The Department of Defense believes that the approval of the Enrolled Enactment will correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment.

The Department of Defense strongly recommends that the President approve H. R. 15936.

Sincerely,

Martin R. Hoffmann



AUG 2 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 19, 1974, for a report on H.R. 15936, an enrolled bill "To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

P.L. 93-274, approved on May 6 of this year, inadvertently deprived certain medical officers in the uniformed services of continuation pay benefits which they had been receiving or were led to expect they would receive. The enrolled bill corrects this oversight. Only a very few officers in the Commissioned Corps of the Public Health Service would be affected by the provisions of the enrolled bill; nevertheless, the enrolled bill maintains the principle of equal treatment of personnel in all the uniformed services.

Consequently, we recommend that the enrolled bill be approved.

Sincerely,

etime Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 535

Date:

August 26, 1974

Time:

9:45 a.m.

FOR ACTION: James Cavanaugh

Phil Buchen Bill Timmons cc (for information): Warren K. Hendriks

Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, August 28, 1974

Time:

2:00 p.m.

SUBJECT:

Enrolled Bill H. R. 15936 - Special pay for certain medical

officers of the uniformed services

ACTION REQUESTED:

	For	Necessary	Action
--	-----	-----------	--------

XX For Your Recommendations

Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

__ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

No objection

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks For the President

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 2 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15936 - Special pay for certain

medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval

Department of Health,
Education and Welfare Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.

Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Assistant Director for Legislative Reference

Noefred H. Round

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE WASHINGTON, D. C. 20301

21 August 1974

Honorable Roy L. Ash Director, Office of Management and Budget Washington, D. C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the Enrolled Enactment H.R. 15936, an Act "To amend chapter 5 of title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The basic provisions of H.R. 15936 and Department of Defense comments follow:

The new provisions would provide continuation pay, retroactive to June 1, 1974, of up to 4 months basic pay for medical officers undergoing initial residency training who were on active duty on June 1, 1974.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade 0-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

The Department of Defense has 184 medical officers who have been receiving continuation pay and who are already in their initial residency training. Another 161 medical officers will enter initial residency training in FY 1975 and will not be entitled to continuation pay unless this Act becomes law.

Cost and Budgetary Data

Average continuation pay cost for an initial resident is \$5,044 per year. Total cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year. Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of H. R. 15936 could be absorbed administratively without increase in the budgetary requirements of the Department of Defense.

The Department of Defense believes that the approval of the Enrolled Enactment will correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment.

The Department of Defense strongly recommends that the President approve H. R. 15936.

Sincerely,

Martin R. Hoffmann



AUG 2 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 19, 1974, for a report on H.R. 15936, an enrolled bill "To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

P.L. 93-274, approved on May 6 of this year, inadvertently deprived certain medical officers in the uniformed services of continuation pay benefits which they had been receiving or were led to expect they would receive. The enrolled bill corrects this oversight. Only a very few officers in the Commissioned Corps of the Public Health Service would be affected by the provisions of the enrolled bill; nevertheless, the enrolled bill maintains the principle of equal treatment of personnel in all the uniformed services.

Consequently, we recommend that the enrolled bill be approved.

Sincerely,

Secreta:

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 535

Date:

August 26

Time:

9:45 a.m.

FOR ACTION: James Cavanaugh

Phil Buchen Bill Timmons cc (for information): Warren K. Hendriks

Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date:

Wednesday, August 28, 1974

Time:

2:00 p.m.

SUBJECT:

Enrolled Bill H.R. 15936 - Special pay for certain medical

officers of the uniformed services

ACTION REQUESTED:

For Necessary Action

XX For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

____ For Your Comments

____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks For the President

EXECUTIVE OFFICE OF THE PRESIDENT.

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 2 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15936 - Special pay for certain medical officers of the uniformed services

Sponsor - Rep. Stratton (D) New York and Rep. Hunt

(R) New Jersey

Last Day for Action

August 30, 1974 - Friday

Purpose

Amends existing law to provide continuation pay for certain medical officers of the uniformed services who are undergoing initial residency training and who would otherwise be ineligible to receive such pay.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval

Department of Health,
Education and Welfare Approval

Discussion

Public Law 93-274, enacted on May 6, 1974, revised the special pay structure for medical officers of the uniformed services to provide increased career incentives for such officers. The Administration requested this experimental authority to test the effectiveness of increased compensation on recruitment and retention of physicians in critical shortage areas under all-volunteer conditions.

Public Law 93-274 substituted new bonuses for annual payments of so-called continuation pay for eligible medical officers serving in the rank of colonel and below who agree to complete additional years of continuous active duty. The law, however, did not provide for the payment of new bonuses for officers in initial residency training, as it was not considered necessary to provide an increased economic incentive to those participating in this much sought after training. The result was that certain young officers in, or about to enter, residency training lost entitlement to continuation pay they were receiving or expected to receive. The enrolled bill would restore this entitlement for those affected provided they were on active duty on June 1, 1974, the effective date of Public Law 93-274.

For fiscal year 1975, the bill would result in costs of approximately \$1.7 million. Subsequent year costs would be reduced since the number of medical officers remaining eligible under these provisions would decrease. Because of the small number of officers affected, the costs of the bill could be absorbed administratively without an increase in the budgetary requirements of the departments concerned.

Assistant Director for Legislative Reference

Hafred H. Round

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE WASHINGTON, D. C. 20301

21 August 1974

Honorable Roy L. Ash Director, Office of Management and Budget Washington, D. C. 20503

Dear Mr. Ash:

Reference is made to your request for the views of the Department of Defense with respect to the Enrolled Enactment H.R. 15936, an Act "To amend chapter 5 of title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The basic provisions of H. R. 15936 and Department of Defense comments follow:

The new provisions would provide continuation pay, retroactive to June 1, 1974, of up to 4 months basic pay for medical officers undergoing initial residency training who were on active duty on June 1, 1974.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade 0-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

The Department of Defense has 184 medical officers who have been receiving continuation pay and who are already in their initial residency training. Another 161 medical officers will enter initial residency training in FY 1975 and will not be entitled to continuation pay unless this Act becomes law.

Cost and Budgetary Data

Average continuation pay cost for an initial resident is \$5,044 per year. Total cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year. Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of H.R. 15936 could be absorbed administratively without increase in the budgetary requirements of the Department of Defense.

The Department of Defense believes that the approval of the Enrolled Enactment will correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment.

The Department of Defense strongly recommends that the President approve H. R. 15936.

Sincerely,

Martin R. Hoffmann



AUG 2 2 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 19, 1974, for a report on H.R. 15936, an enrolled bill "To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency."

P.L. 93-274, approved on May 6 of this year, inadvertently deprived certain medical officers in the uniformed services of continuation pay benefits which they had been receiving or were led to expect they would receive. The enrolled bill corrects this oversight. Only a very few officers in the Commissioned Corps of the Public Health Service would be affected by the provisions of the enrolled bill; nevertheless, the enrolled bill maintains the principle of equal treatment of personnel in all the uniformed services.

Consequently, we recommend that the enrolled bill be approved.

Sincerely,

Actims Secretary

AMENDING CHAPTER 5, TITLE 37, UNITED STATES CODE, TO PROVIDE FOR CONTINUATION PAY FOR PHYSICIANS OF THE UNIFORMED SERVICES IN INITIAL RESIDENCY

JULY 25, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Stratton, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H.R. 15936]

The Committee on Armed Services, to whom was referred the bill (H.R. 15936) to amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended to pass.

The amendments are as follows:

On page 2, line 1, after the word "training" delete the comma and insert: "and who was on active duty on June 1, 1974,".

On page 2, line 4, after the word "training" delete the comma and

insert: "and who was on active duty on June 1, 1974,".

On page 2, line 7, after the word "training" delete the comma and insert: "and who was on active duty on June 1, 1974,".

EXPLANATION OF THE AMENDMENTS

The amendments limit the application of the bill to medical officers who were on active duty as of June 1, 1974. In this way the bill would assure that medical officers on active duty at the time the new physicians' bonus law, Public Law 93–274, was enacted and who were required to delay their initial residency training would receive the additional pay they were led to expect during such training. Thus the bill constitutes a saved-pay measure for those who might otherwise be adversely affected by Public Law 93–274 in a way the Congress never intended.

PURPOSE OF THE BILL

The purpose of H.R. 15936 is to authorize the payment of continuation pay for medical officers of the uniformed services who are in initial residency and who would otherwise be eligible for such pay if not precluded from the pay by Public Law 93–274.

EXPLANATION OF THE BILL

Public Law 93-274, enacted May 6, 1974, revised the special pay structure for medical officers, replacing continuation pay with a new incentive bonus for officers in grades below O-7 (brigadier general/rear admiral).

Public Law 93-274 became effective on the first of the month follow-

ing enactment.

Public Law 93–274 specifically excluded officers in initial residency from receiving the new incentive bonus. Since the regulation for payment of continuation pay had required five years of service for eligibility for such pay, most medical officers in initial residency were not eligible for continuation pay in the past. Subsequent to the enactment of Public Law 93–274, it has come to the attention of the Committee on Armed Services that a small but significant group of young medical officers were delayed in the commencement of initial residency training so that they had sufficient time in service to be eligible for continuation pay. These officers are in, or are about to enter, initial residency training and are therefore faced with the denial of the continuation pay they have been receiving or have been led to expect.

Medical officers now receiving continuation pay while in their initial residency will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in fiscal year 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made per-

sonal financial plans accordingly.

The majority of medical officers affected by the bill are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the services' urgent need for general medical officers during the Vietnam war. The military departments were forced to delay many physicians from their desired residency training to provide quality medical care to combat troops.

It was not the intention of Congress, in passing Public Law 93-274, to penalize this group of young medical officers who have already served their country faithfully, who have satisfied their initial activeduty obligation and who are voluntarily remaining on active duty.

NUMBERS AFFECTED

In fiscal year 1975 the armed forces will have 345 medical officers who would be affected by this bill. Of these, 184 officers have been receiving continuation pay. The other 161 are officers who are beginning their initial residency training in fiscal year 1975 who would have been eligible for continuation pay had Public Law 93–274 not been enacted on May 6, 1974.

If this legislation is enacted, the medical officers who would benefit would receive an average of \$5,044 per year of continuation pay for a total cost of \$1.7 million for fiscal year 1975.

SENATE FLOOR ACTION

An amendment to achieve the purposes of H.R. 15936 was approved by the Senate as a floor amendment to H.R. 14592, the military procurement authorization bill. The amendment had to be deleted by the House-Senate conference on H.R. 14592 because it was nongermane to the bill under the rules of the House.

FISCAL DATA

Enactment of this bill will not result in any increase in the budgetary requirements of the Department of Defense.

DEPARTMENTAL POSITION

This proposal is part of the legislative program of the Department of Defense, as is indicated in the following letter which is hereby made a part of this report:

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE, Washington, D.C., July 22, 1974.

Hon. F. Edward Hébert, Chairman, Committee on Armed Services, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on a bill to amend the special pay provisions to permit medical officers to receive continuation pay while undergoing initial residency training.

The purpose of this bill is to provide a save-pay clause for a number of young physicians already drawing continuation pay and to establish appropriate incentives for officers in initial residency training who would become eligible for continuation pay during their training.

The enactment of Public Law 93-274, which revised the special pay structure of medical officers, specifically excluded officers in initial residency training from receiving variable incentive pay, and also made officers below pay grade O-7 ineligible to receive continuation pay. Medical officers now receiving continuation pay while in their initial residency, therefore, will suffer an actual loss in pay of approximately \$5,000 per year. Also, those medical officers eligible to receive continuation pay in FY 1975 who enter initial residency training have anticipated receiving continuation pay during this training and have made personal financial plans accordingly. The majority of medical officers affected are those who have served as general medical officers for several years on active duty, many of them in Vietnam, who were delayed in entering residency training because of the Services' urgent need for general medical officers during the Vietnam war.

In FY 1975 the Department of Defense will have 184 medical officers who are now receiving continuation pay and are in their initial

Mar. 4.5

esidency training. Another 161 medical officers who otherwise would have been eligible to receive continuation pay during FY 1975 will be denied this pay because they will be in their initial residency training. Medical officers who are in initial residency training now receive an average of \$5,044 per year in continuation pay. The cost of continuation pay for those officers in initial residency training would be approximately \$1.7M for FY 1975. Costs in subsequent years should be reduced by about 25% per year since fewer medical officers will

be in this special category.

The Department of Defense strongly supports the bill because it would correct a serious inequity in the special pay for physicians. It would serve as a save-pay measure and correct an injustice unwittingly forced on a small group of dedicated, career medical officers. It would remove an obvious defect in an Act which otherwise should go far toward the goal of attracting and retaining the quality and quantity of medical officers required to provide optimum health care to military personnel in an all-volunteer environment. It is further recommended that the provisions of this bill concerning residency training apply only to medical officers on active duty as of June 1, 1974 that are in, or subsequently enter, initial residency.

Since only a small number of medical officers participating in initial residency training would be eligible for continuation pay, the enactment of this bill would cause no increase in the budgetary require-

ments of the Department of Defense.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there would be no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

MARTIN R. HOFFMANN.

COMMITTEE POSITION

The Committee on Armed Services, on July 25, 1974, a quorum being present, approved H.R. 15936 by voice vote and recommends enactment of the bill as amended.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, there is herewith printed in parallel columns the text of existing law which would be repealed or amended by the various provisions of the bill as reported.

EXISTING LAW

TITLE 37, UNITED STATES CODE

CHAPTER 5-SPECIAL AND INCENTIVE PAYS

301. Incentive pay: hazardous duty.

302. Special pay: physicians and dentists.

302a. Special pay: optometrists.

303. Special pay: veterinarians. 304. Special pay: diving duty.

305. Special pay: while on sea duty or duty at certain places.

306. Special pay: officers holding positions of unusual responsibilbility and of critical nature.

307. Special pay: proficiency pay for enlisted members.

308. Special pay: reenlistment bonus.

308a. Special pay: enlistment bonus. 309. Reserves: members of National Guard: additional pay for

performance of administrative duty.
310. Special pay: duty subject to hostile fire.

311. Special pay: continuation pay for physicians and dentists who extend their service on active duty.

312. Special pay: nuclear-qualified officers extending period of active service.

312a. Special pay: nuclear-trained and qualified enlisted members.

THE BILL AS REPORTED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the portion of the first sentence of section 311(a), chapter 5 of title 37, United States Code, preceding clause (1) is amended to read as follows:

Ç

"(a) Under regulations to be prescribed by the Secretary of Defense or the Secretary of Health, Education, and Welfare, as appropriate, an officer of the Army or Navy in the Medical Corps above the pay grade of O-6, an officer of the Air Force, who is designated as a medical officer and is above the pay grade of O-6, a medical officer of the Public Health Service above the pay grade of O-6, an officer of the Army or Navy in the Dental Corps, an officer of the Air Force who is designated as a dental officer, or a dental officer of the Public Health Service who—".

"(a) Under regulations to be prescribed by the Secretary of Defense or by the Secretary of Health, Education, and Welfare, as appropriate, an officer of the Army or Navy in the Medical Corps above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, an officer of the Air Force who is designated as a medical officer and is above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, a medical officer of the Public Health Service above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, an officer of the Army or Navy in the Dental Corps, an officer of the Air Force who is designated as a dental officer, or a dental officer of the Public Health Service who—".

Sec. 2. The amendment made by the Act shall be effective June 1, 1974.

SUMMARY

PURPOSE OF THE BILL

The purpose of the bill is to permit medical officers of the uniformed services who would otherwise be eligible, to draw continuation pay during initial residency training.

FISCAL DATA

Enactment of this bill will not result in any increase in the budgetary requirements of the Department of Defense.

DEPARTMENTAL POSITION

The Department of Defense supports H.R. 15936.

COMMITTEE POSITION

The Committee on Armed Services, on July 25, 1974, a quorum being present, recommended enactment of the bill, with amendments.

Ainety-third Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-first day of January, one thousand nine hundred and seventy-four

An Act

To amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the portion of the first sentence of section 311(a), chapter 5 of title 37, United States Code, preceding clause (1) is amended to read as follows:

the first sentence of section 311(a), chapter 5 of title 37, United States Code, preceding clause (1), is amended to read as follows:

"(a) Under regulations to be prescribed by the Secretary of Defense or by the Secretary of Health, Education, and Welfare, as appropriate, an officer of the Army or Navy in the Medical Corps above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, an officer of the Air Force who is designated as a medical officer and is above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, a medical officer of the Public Health Service above the pay grade of O-6 or such an officer who is below that pay grade who is undergoing initial residency training and who was on active duty on June 1, 1974, an officer of the Army or Navy in the Dental Corps, an officer of the Air Force who is designated as a dental officer, or a dental officer of the Public Health Service who—".

Sec. 2. The amendment made by the Act shall be effective June 1, 1974.

Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.

August 19, 1974

Dear Mr. Director:

The following bills were received at the White House on August 19th:

s. 3066 s. 3190 h.r. 10044 h.r. 15791 h.r. 15936

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder Chief Executive Clerk

The Honorable Roy L. Ash Director Office of Management and Budget Washington, D.C.