

The original documents are located in Box 28, folder “8/5/75 HR7767 Veterans Disability Compensation and Survivors Benefits Act of 1975” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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APPROVED
AUG 5 - 1975

ACTION

THE WHITE HOUSE

Last Day: August 6

WASHINGTON

August 4, 1975

Statement issued 8/6/75

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *JMC*

SUBJECT: H.R. 7767 - Veterans Disability Compensation and Survivors Benefits Act of 1975

Attached for your consideration is H.R. 7767, sponsored by Representative Montgomery and nineteen others, which provides cost-of-living increases in compensation benefits for service-disabled veterans and their survivors, increases the clothing allowance paid to eligible disabled veterans, and makes certain other changes in the veterans' compensation laws, effective August 1, 1975.

A detailed discussion of the provisions of the bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill and the proposed signing statement.

RECOMMENDATION

That you sign H.R. 7767 at Tab C.

That you approve the signing statement at Tab B.

Approve _____ Disapprove _____

*Posted 8/6/75
To ARCHIVES
8/6/75*



APPROVED
AUG - 5 1975

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 31 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 7767 - Veterans Disability
Compensation and Survivors Benefits Act of 1975
Sponsor - Rep. Montgomery (D) Miss. and 19 others

Last Day for Action

August 6, 1975 - Wednesday

Purpose

Provides cost-of-living increases in compensation benefits for service-disabled veterans and their survivors, increases the clothing allowance paid to eligible disabled veterans, and makes certain other changes in the veterans' compensation laws.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Veterans Administration	Approval

Discussion

H.R. 7767 would, effective August 1, 1975, provide cost-of-living benefit increases ranging from 10% to 12% for recipients of veterans' service-connected disability compensation and for survivors eligible under the dependency and indemnity compensation (DIC) program. As enrolled, the bill represents a compromise between the House version, which provided increases of 6%-10%, and the Senate version, which provided increases of 12%-14%. The House bill was passed by a vote of 389-0, the Senate bill by voice vote. The enrolled bill had no opposition in either House, and was passed by voice vote.

Statement issued 8/6/75

Signed 8/5/75

The position of the Administration on this legislation was that increases in veterans' compensation should be held to 5%, consistent with your recommendation with respect to federally supported benefit programs which are tied by law to adjustments in the Consumer Price Index (CPI), such as social security, supplemental security income (SSI), and government retirement programs.

In general, the legislative pattern for veterans' compensation benefits has been to provide periodic increases to recognize changes in the cost-of-living. Compounded, the percentage increase in these benefits has lagged somewhat the CPI rise since fiscal year 1968.

Benefit increases were last provided for veterans and DIC compensation effective May 1, 1974. Since then, the CPI has risen by 11.6% through June of 1975; our internal projections indicate an increase of 12.4% through July of 1975.

Description of H.R. 7767

The following summarizes the major provisions of H.R. 7767:

Veterans disability compensation--Benefits are provided under this program to 2.2 million veterans who have service-connected disabilities, including 1.3 million World War II veterans and 425,500 Vietnam Era veterans. Compensation is based on ratings of disability which range from 10% to 100%, intended to reflect impairment of earning ability. Additional allowances--"statutory awards"--are provided for more serious disabilities.

H.R. 7767 would provide:

-- a 10% increase in monthly compensation rates for veterans rated 50% disabled or less.

-- a 12% increase for those rated 60% or more disabled and a 10% increase in the additional compensation provided these veterans for their dependents.

-- a 12% increase in the statutory awards.

-- a \$25 increase, from \$150 to \$175, in the annual clothing allowance provided to veterans who, because of service-connected disabilities, wear or use prosthetic or orthopedic appliances which tend to wear out or tear their clothing.

The bill would also allow increases in compensation for increased disability, effective on the earliest date on which it is ascertainable the increase in disability had occurred, if the application for increased compensation is received within a year from such date. Under present law, increased compensation in such cases is payable only from the date of application. This change is consistent with a similar provision for veterans' pensions enacted last year.

Dependency and indemnity compensation--Under the Servicemen's and Veterans Survivor Benefits Act of 1965, DIC payments are authorized for widows, children, and certain parents of servicemen or veterans who die from service-connected causes. About 366,000 beneficiaries currently receive DIC payments.

H.R. 7767 would provide:

-- a 12% increase in the monthly DIC rates paid to widows and children.

-- a 12% increase, from \$64 to \$72, in the monthly rate of additional DIC payable to widows in need of regular aid and attendance.

The enrolled bill would also require VA to make a detailed study of claims for DIC relating to veterans who at the time of death between September 1, 1975 and March 1, 1976 had received compensation for a permanent and total service-connected disability, but who were determined not to have died from such disability. The Administrator would be required to report the results of the study, and any comments and recommendations, to the Speaker of the House and the President of the Senate by October 1, 1976.

This study provision is similar to a study provision in the 1974 legislation raising compensation rates. The results of that study were submitted to the Congress in December of 1974. The new study required by H.R. 7767 reflects continuing pressures by veterans organizations for legislation providing for the automatic presumption of service-connected death in cases where the veteran is permanently and totally disabled from a service-connected injury; such a presumption would entitle the surviving spouse to DIC payments. The VA opposed such legislation on the ground that there is no basis for presuming a death to be service-connected when the evidence does not support such a finding. In addition, recently revised guidelines under existing

law, following the earlier study, will provide liberal and equitable means for determining whether death is service-connected.

The legislative history of this provision clearly indicates that the Committees will take legislative action if the results of the new VA study do not satisfy them.

Budget impact of H.R. 7767--The 1976 Budget did not provide for benefit increases in the veterans' compensation or DIC programs. The Administration's proposal for a 5% increase, however, was estimated to add approximately \$220 million to budget outlays for fiscal year 1976, assuming an effective date of July 1, 1975.

VA estimates that the fiscal year 1976 cost of H.R. 7767--covering 11 months--would be \$449.4 million and that the annual cost in fiscal year 1977 and later years would be approximately \$490 million.

Arguments for approval of H.R. 7767

1. The increases provided for compensation and DIC are not out of line with the CPI increase since benefit rates for these programs were last increased. As noted above, it has been the policy of Administrations and the Congress to provide periodic cost-of-living increases in these programs. In fact, in March of 1974, President Nixon recommended providing automatic CPI increases for them in law.

2. It is difficult to justify disapproval of this bill on the basis that its rate increases exceed the 5% maximum increase urged by the Administration in Government pay and benefit programs, since social security and SSI recipients and Government retirees have already received CPI increases this year substantially in excess of that limit.

3. The beneficiary group involved in H.R. 7767--service-disabled veterans and survivors--is generally felt to be particularly deserving of adequate assistance from the nation in repayment for their hardships resulting directly from military service to the country. The overwhelming bipartisan support for the bill in the Congress is one indication of this attitude.

4. Unlike other bills you have recently disapproved--for example, the education appropriation and health services bills--H.R. 7767 contains no unsound programmatic features. Accordingly, the sole basis for disapproval would be budgetary--and the Administration had already itself proposed a \$220 million add-on to last February's budget for a 5% increase in rates.

Arguments for disapproval of H.R. 7767

1. This bill cannot be viewed as an independent problem in terms of its budget impact. It is yet another example of congressional actions--completed and pending--which are threatening your objective of holding the fiscal year 1976 deficit to \$60 billion, and raising future budget levels. The outlays resulting from the bill for the remaining 11 months of this year would be approximately \$230 million more than the Administration's proposed 5% rate increase. Compared with present benefit rates, the full year add-on to annual budget outlays next year and in years beyond would total one-half billion dollars.

2. Approval of this bill would compromise your consistent position, expressed in your veto message on the education appropriation bill, that "The real issue is whether we are going to impose fiscal discipline on ourselves or whether we are going to spend ourselves into fiscal insolvency."

3. While H.R. 7767 is designed to keep disabled veterans and their dependents current with cost-of-living increases, the cumulative impact of unfinanced budget add-ons from this and other spending bills would only further erode the value of the benefits this group will receive by generating more inflationary pressures.

Recommendations

VA notes that the CPI has risen by 11.6% since the last compensation rate increase on May 1, 1974, and states that "The increases proposed by the measure seem fairly commensurate with that change in the cost of living."

The VA Administrator's letter concludes:

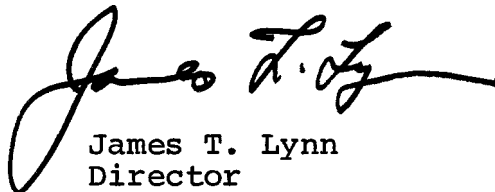
"It appears that the intention of Congress in passing the "Veterans Disability Compensation and Survivor Benefits Act of 1975" was to maintain compensation rates predicated on service-connected disabilities and deaths fairly in line with the rising cost of living. We do not believe that purpose is unreasonable.

Accordingly, I recommend that the President approve H.R. 7767."

* * * * *

We believe your proposal to limit increases in benefit programs to 5% this year was in the best current and longer-run interest of the Nation. However, the Congress has rejected this proposal for the other affected groups. Moreover, the strong sense of national indebtedness to service-disabled veterans and their survivors is expressed in the total lack of opposition to the enrolled bill in the Congress. Finally, the compensation and DIC benefit rate increase in the bill reflect a compromise to keep them strictly at or below the actual CPI increase since these rates were last raised.

Accordingly, despite the bill's budgetary impact, we believe it would be counterproductive for you to disapprove H.R. 7767, and recommend that you sign the bill. A draft signing statement is attached to this memorandum for your consideration, although I recommend against such a statement.



James T. Lynn
Director

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 31 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 7767 - Veterans Disability
Compensation and Survivors Benefits Act of 1975
Sponsor - Rep. Montgomery (D) Miss. and 19 others

Last Day for Action

August 6, 1975 - Wednesday

Purpose

Provides cost-of-living increases in compensation benefits for service-disabled veterans and their survivors, increases the clothing allowance paid to eligible disabled veterans, and makes certain other changes in the veterans' compensation laws.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Veterans Administration	Approval

Discussion

H.R. 7767 would, effective August 1, 1975, provide cost-of-living benefit increases ranging from 10% to 12% for recipients of veterans' service-connected disability compensation and for survivors eligible under the dependency and indemnity compensation (DIC) program. As enrolled, the bill represents a compromise between the House version, which provided increases of 6%-10%, and the Senate version, which provided increases of 12%-14%. The House bill was passed by a vote of 389-0, the Senate bill by voice vote. The enrolled bill had no opposition in either House, and was passed by voice vote.



To-
J. Carver
7-31-75
5:30 p.m.



The position of the Administration on this legislation was that increases in veterans' compensation should be held to 5%, consistent with your recommendation with respect to federally supported benefit programs which are tied by law to adjustments in the Consumer Price Index (CPI), such as social security, supplemental security income (SSI), and government retirement programs.

In general, the legislative pattern for veterans' compensation benefits has been to provide periodic increases to recognize changes in the cost-of-living. Compounded, the percentage increase in these benefits has lagged somewhat the CPI rise since fiscal year 1968.

Benefit increases were last provided for veterans and DIC compensation effective May 1, 1974. Since then, the CPI has risen by 11.6% through June of 1975; our internal projections indicate an increase of 12.4% through July of 1975.

Description of H.R. 7767

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H.R. 7767 would provide:

-- a 10% increase in monthly compensation rates for veterans rated 50% disabled or less.

-- a 12% increase for those rated 60% or more disabled and a 10% increase in the additional compensation provided these veterans for their dependents.

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The bill would also allow increases in compensation for increased disability, effective on the earliest date on which it is ascertainable the increase in disability had occurred, if the application for increased compensation is received within a year from such date. Under present law, increased compensation in such cases is payable only from the date of application. This change is consistent with a similar provision for veterans' pensions enacted last year.

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-- a 12% increase, from \$64 to \$72, in the monthly rate of additional DIC payable to widows in need of regular aid and attendance.

The enrolled bill would also require VA to make a detailed study of claims for DIC relating to veterans who at the time of death between September 1, 1975 and March 1, 1976 had received compensation for a permanent and total service-connected disability, but who were determined not to have died from such disability. The Administrator would be required to report the results of the study, and any comments and recommendations, to the Speaker of the House and the President of the Senate by October 1, 1976.

This study provision is similar to a study provision in the 1974 legislation raising compensation rates. The results of that study were submitted to the Congress in December of 1974. The new study required by H.R. 7767 reflects continuing pressures by veterans organizations for legislation providing for the automatic presumption of service-connected death in cases where the veteran is permanently and totally disabled from a service-connected injury; such a presumption would entitle the surviving spouse to DIC payments. The VA opposed such legislation on the ground that there is no basis for presuming a death to be service-connected when the evidence does not support such a finding. In addition, recently revised guidelines under existing

law, following the earlier study, will provide liberal and equitable means for determining whether death is service-connected.

The legislative history of this provision clearly indicates that the Committees will take legislative action if the results of the new VA study do not satisfy them.

Budget impact of H.R. 7767--The 1976 Budget did not provide for benefit increases in the veterans' compensation or DIC programs. The Administration's proposal for a 5% increase, however, was estimated to add approximately \$220 million to budget outlays for fiscal year 1976, assuming an effective date of July 1, 1975.

VA estimates that the fiscal year 1976 cost of H.R. 7767--covering 11 months--would be \$449.4 million and that the annual cost in fiscal year 1977 and later years would be approximately \$490 million.

Arguments for approval of H.R. 7767

1. The increases provided for compensation and DIC are not out of line with the CPI increase since benefit rates for these programs were last increased. As noted above, it has been the policy of Administrations and the Congress to provide periodic cost-of-living increases in these programs. In fact, in March of 1974, President Nixon recommended providing automatic CPI increases for them in law.

2. It is difficult to justify disapproval of this bill on the basis that its rate increases exceed the 5% maximum increase urged by the Administration in Government pay and benefit programs, since social security and SSI recipients and Government retirees have already received CPI increases this year substantially in excess of that limit.

3. The beneficiary group involved in H.R. 7767--service-disabled veterans and survivors--is generally felt to be particularly deserving of adequate assistance from the nation in repayment for their hardships resulting directly from military service to the country. The overwhelming bipartisan support for the bill in the Congress is one indication of this attitude.

4. Unlike other bills you have recently disapproved-- for example, the education appropriation and health services bills--H.R. 7767 contains no unsound programmatic features. Accordingly, the sole basis for disapproval would be budgetary--and the Administration had already itself proposed a \$220 million add-on to last February's budget for a 5% increase in rates.

Arguments for disapproval of H.R. 7767

1. This bill cannot be viewed as an independent problem in terms of its budget impact. It is yet another example of congressional actions--completed and pending-- which are threatening your objective of holding the fiscal year 1976 deficit to \$60 billion, and raising future budget levels. The outlays resulting from the bill for the remaining 11 months of this year would be approximately \$230 million more than the Administration's proposed 5% rate increase. Compared with present benefit rates, the full year add-on to annual budget outlays next year and in years beyond would total one-half billion dollars.

2. Approval of this bill would compromise your consistent position, expressed in your veto message on the education appropriation bill, that "The real issue is whether we are going to impose fiscal discipline on ourselves or whether we are going to spend ourselves into fiscal insolvency."

3. While H.R. 7767 is designed to keep disabled veterans and their dependents current with cost-of-living increases, the cumulative impact of unfinanced budget add-ons from this and other spending bills would only further erode the value of the benefits this group will receive by generating more inflationary pressures.

Recommendations

VA notes that the CPI has risen by 11.6% since the last compensation rate increase on May 1, 1974, and states that "The increases proposed by the measure seem fairly commensurate with that change in the cost of living."

The VA Administrator's letter concludes:

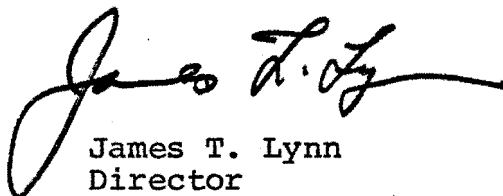
"It appears that the intention of Congress in passing the "Veterans Disability Compensation and Survivor Benefits Act of 1975" was to maintain compensation rates predicated on service-connected disabilities and deaths fairly in line with the rising cost of living. We do not believe that purpose is unreasonable.

Accordingly, I recommend that the President approve H.R. 7767."

* * * * *

We believe your proposal to limit increases in benefit programs to 5% this year was in the best current and longer-run interest of the Nation. However, the Congress has rejected this proposal for the other affected groups. Moreover, the strong sense of national indebtedness to service-disabled veterans and their survivors is expressed in the total lack of opposition to the enrolled bill in the Congress. Finally, the compensation and DIC benefit rate increase in the bill reflect a compromise to keep them strictly at or below the actual CPI increase since these rates were last raised.

Accordingly, despite the bill's budgetary impact, we believe it would be counterproductive for you to disapprove H.R. 7767, and recommend that you sign the bill. A draft signing statement is attached to this memorandum for your consideration, although I recommend against such a statement.



James T. Lynn
Director

Enclosures

STATEMENT BY THE PRESIDENT

I have today approved H.R. 7767, a bill which would raise compensation payments for service-disabled veterans and their survivors.

The benefit increases provided in this bill are consistent with the change in the cost of living since compensation benefits were last raised. Nevertheless, I must admit that I have signed it reluctantly.

Early this year, I called for a temporary 5% limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs from its rapid rate of increase in recent years. I proposed that this limit be applied to veterans' and survivor compensation as well as other Federal programs. The limit I recommended would not have reduced or eliminated any benefit payment. Its objective was to moderate the excessive growth in the budget and to gain some control over spending in the coming years.

I still believe that policy to be appropriate in our present economic situation.

Nevertheless, the Congress refused to go along, and other groups have received Federal benefit increases exceeding my proposed limit. Under the circumstances, I have concluded that it would be inequitable to apply this limit only to veterans disabled in the service of their country and their survivors--a group to whom the Nation owes a special debt of gratitude.

H.R. 7767 will cost the Federal Government one-half billion dollars a year. In the current fiscal year, this amounts to more than double the cost of a 5% benefit increase.

I have repeatedly tried to impress upon the Congress that if the Nation's economy is to sustain its path toward restored growth without increased inflation, we simply cannot continually add to Federal deficit spending without facing a day of reckoning.

My pledge still stands to do all in my power to hold this year's budget deficit to \$60 billion. Accordingly, I call upon the Congress to refrain from sending to my desk any further measures exceeding my 1976 budget requests. I call upon the Congress, further, to find sufficient savings in other programs to make up for the spending over my budget estimates which will be required by H.R. 7767.

STATEMENT BY THE PRESIDENT

*OK with me
Reginald Spauld*

I have today approved H.R. 7767, a bill to raise compensation payments for service-disabled veterans and their survivors.

Early this year, I called for a temporary 5 percent limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs. I proposed that this limit be applied to veterans' and survivor compensation as well as to other Federal programs. The limit I recommended would not have reduced or eliminated any benefit payments, but would have slowed the excessive growth of the budget and given us some control over spending in coming years. I still believe this is sound policy in our present economic climate.

The Congress refused to go along, however, and other groups have received Federal benefit increases exceeding my proposed limit. Therefore, it would not be equitable to apply this limit only to veterans disabled in the service of their country and to their survivors. The Nation owes them a special debt of gratitude.

H.R. 7767 will cost the Federal Government one-half billion dollars a year. In the current fiscal year, this

is more than double the cost of a 5 percent ^{benefit} increase.

I must, therefore, remind the Congress that we simply cannot continue adding to Federal deficit spending without facing a day of reckoning.

My pledge still stands to do all in my power to hold this year's budget deficit to \$60 billion. I urge the Congress to hold spending in future legislation to the limits proposed in my 1976 budget requests and to find sufficient savings in other programs to make up for the added spending called for in H.R. 7767.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

013

Date: July 31

Time: 645pm

FOR ACTION: Roger Semerad
Max Friedersdorf
Ken Lazarus
Paul Meis

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 4

Time: noon

SUBJECT:

H.R. 7767 - Veterans Disability Compensation and
Survivors Benefits Act of 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Disapprove of a Presidential
signature of H.R. 7767*

Joseph P. ... 8/4/75

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.

Joseph P. ...
Executive Secretary

ACTION

THE WHITE HOUSE

Last Day: August 6

WASHINGTON

August 4, 1975

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *JC*
SUBJECT: H.R. 7767 - Veterans Disability
Compensation and Survivors Benefits
Act of 1975

Attached for your consideration is H.R. 7767, sponsored by Representative Montgomery and nineteen others, which provides cost-of-living increases in compensation benefits for service-disabled veterans and their survivors, increases the clothing allowance paid to eligible disabled veterans, and makes certain other changes in the veterans' compensation laws, effective August 1, 1975.

A detailed discussion of the provisions of the bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill and the proposed signing statement.

RECOMMENDATION

That you sign H.R. 7767 at Tab C.

That you approve the signing statement at Tab B.

Approve

JC

Disapprove _____

STATEMENT BY THE PRESIDENT

I have ~~just~~ approved H.R. 7767, a bill to raise compensation payments for service-disabled veterans and their survivors.

Early this year, I called for a temporary 5 percent limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs. I proposed that this limit be applied to veterans' and survivor compensation as well as to other Federal programs. The limit I recommended would not have reduced or eliminated any benefit payments, but would have slowed the excessive growth of the budget and given us some control over spending in coming years. I still believe this is sound policy in our present economic climate.

The Congress refused to go along, however, and other groups have received Federal benefit increases exceeding my proposed limit. Therefore, it would not be equitable to apply this limit only to veterans disabled in the service of their country and to their survivors. The Nation owes them a special debt of gratitude.

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 31

Time: 645pm

FOR ACTION: *Senerad*
Hage Friedersdorf *ra*
Ken Lazarus *ra*
Theis

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date:

August 1

Time:

noon

SUBJECT:

H.R. 7767 - Veterans Disability Compensation and
Survivors Benefits Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor 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, JR.
For the President

THE WHITE HOUSE
WASHINGTON

RETURN TO RESEARCH
ROOM 128
LOG NO.:

PP

ACTION MEMORANDUM

Date: July 31

Time: 645pm

FOR ACTION: Roger Semerad
Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

Paul Meis

OK/PAT

FROM THE STAFF SECRETARY

DUE: Date:

August 4

Time:

noon

SUBJECT:

H.R. 7767 - Veterans Disability Compensation and
Survivors Benefits Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

1975 AUG 1 1 PM 12 49

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

James H. Cavanaugh
For the President

RRF

STATEMENT BY THE PRESIDENT

I have today approved H.R. 7767, a bill which ^{will} ~~would~~ ^{to} raise compensation payments ^{for} service-disabled veterans and their survivors.

~~At though the increased payments~~
The benefit increases provided in this bill are consistent with the change in the cost-of-living since compensation benefits were last raised. ~~Nevertheless, I was reluctant to sign the bill.~~ ^{increases} ~~Nevertheless, I must admit that I have signed it reluctantly.~~ ^{percent}

Early this year, I called for a temporary 5% limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs, ~~from the rapid rate of increase in recent years.~~

I proposed that this limit be applied to veterans' and survivor compensation as well as ^{to} other Federal programs.

The limit I recommended would not have reduced or eliminated any benefit payment, ^{but would have} ~~Its objective was to~~ ^{of} ~~moderate~~ the excessive growth in the budget and ^{given us} ~~to gain~~ some control over spending in the coming years.

slowed

I still believe ^{This is sound} ~~that~~ policy to be appropriate in our present economic ~~situation~~ ^{climate.}

~~Nevertheless,~~ ^{however,} the Congress refused to go along, and other groups have ^{also} received Federal benefit increases exceeding my proposed limit. ^{Therefore,} ~~Under the circumstances, I have concluded that~~ ^{NOT} it would be inequitable to apply this limit only to veterans disabled in the service of their country and their survivors. ~~When~~ ^{to} the Nation owes ^{this group} a special debt of gratitude.

them

H.R. 7767 will cost the Federal Government one-half billion dollars a year. In the current fiscal year, this ^{is} ~~amounts to~~ more than double the cost of a 5% ^{Per cent} benefit increase. ^{449.4 - 490 million}

(I must, Therefore, Remind

I have ~~repeatedly tried to impress upon the Congress~~
that ~~if the Nation's economy is to sustain its path toward~~
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cannot continually ^{e ing} add to Federal deficit spending without
facing a day of reckoning.

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this year's budget deficit to \$60 billion. Accordingly,
I ^{urge} call upon the Congress to ^{hold spending in future} refrain from sending to my
^{legislation to the limits proposed in} desk any further measures exceeding my 1976 budget requests - and
~~I call upon the Congress, further,~~ to find sufficient ^{(added}
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~~my budget estimates which will be required by H.R. 7767.~~

called for in

#



VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

July 29, 1975

The Honorable
James T. Lynn
Director, Office of
Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

I am pleased to respond to the request of the Assistant Director for Legislative Reference for a report on the enrolled enactment of H. R. 7767, 94th Congress.

The measure, to be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975," would accomplish the following purposes:

- (a) increase the monthly rates of compensation payable to veterans for service-connected disabilities;
- (b) increase the monthly rates of dependency and indemnity compensation (DIC) for widows and children of veterans whose deaths were service connected;
- (c) increase the annual clothing allowance to veterans who, because of service-connected disabilities, wear or use prosthetic or orthopedic appliances which tend to wear or tear their clothing;
- (d) provide an earlier effective date for an award of increased compensation in certain cases of increased disability; and

The Honorable James T. Lynn

(e) require the Veterans Administration to make a detailed study of claims for DIC relating to veterans who at time of death during the period September 1, 1975, to March 1, 1976, were receiving disability compensation based upon a rating total and permanent in nature.

Title I of H. R. 7767 relates to compensation payable to veterans for service-connected disabilities. Section 101 provides increases in the basic compensation rates set forth in section 314, title 38, United States Code: 10% for veterans with disability ratings of 50% or less; and 12% for veterans disabled 60% to total. Additionally, increases of 12% are authorized in the statutory awards, relating to more serious disabilities, specified in subsections (1) through (s) of said section 314. Section 102 provides increases of 10% in the rates of additional compensation for dependents payable to veterans with disabilities of not less than 50%, as stated in section 315 of title 38.

Section 103 would increase from \$150 to \$175 the annual clothing allowance authorized by section 362 of title 38, United States Code, for veterans who, because of service-connected disabilities, wear or use prosthetic or orthopedic appliances which tend to wear out or tear their clothing. That allowance has not been increased since it was established, effective August 1, 1972, by section 103 of Public Law 92-328.

Section 104 provides for amendment of subsection (b) of section 3010, title 38, to allow an earlier effective date of increased compensation in certain cases of increased disability. The effective date would be the earliest date as of which it is ascertainable that an increase in disability had occurred provided the application for such increased compensation is received within a year from such date.

The Honorable James T. Lynn

Title II is concerned with dependency and indemnity compensation (DIC) for widows and children of veterans who died of service-connected causes. Section 201 provides increases of 12% in the basic monthly rates payable to such widows. Sections 202 and 203 provide comparable increases for children. Section 201 also provides that the monthly rate of additional DIC payable to a widow on account of need of regular aid and attendance shall be increased from the current rate of \$64 to \$72. Section 204 would require a detailed study by the Veterans Administration of claims for dependency and indemnity compensation relating to veterans who at time of death during the period between September 1, 1975, and March 1, 1976, were receiving compensation for a service-connected disability total and permanent in nature. A report of the results of the study, together with such comments and recommendations as the Administrator deems appropriate, would be required to be submitted to the Speaker of the House and President of the Senate not later than October 1, 1976.

Title IV provides that the effective date of the Act shall be August 1, 1975.

We were not afforded an opportunity to report on the subject proposal, H. R. 7767. It will be recollected, however, that on May 16, 1975, after clearance by your office, we submitted to the House Committee on Veterans' Affairs a report on H. R. 5179 and H. R. 5903, both of which proposed increases in disability compensation for veterans and DIC for widows and children. Also, on June 9, 1975, we submitted to the Senate Committee on Veterans' Affairs a report on S. 1597, the initial Senate proposal for increases in the mentioned benefits. Enclosed for your ready reference are copies of the reports of the House and Senate Committees on their respective compensation measures (H. Rept. No. 94-287 and S. Rept. No. 94-214). Those documents contain the cited Veterans Administration reports.

The Honorable James T. Lynn

As you know, the House Committee drafted a new compensation bill, H. R. 7767, and favorably reported it on June 12, 1975. That proposal, passed by the House on June 16, 1975, would have provided increases of 6% to 10% in disability compensation rates and increases of 10% in DIC rates for widows and surviving children. The Senate Committee favorably reported S. 1597 on June 19, 1975. That measure proposed disability compensation increases of 12% and 14% and increases of 14% in DIC for widows and children. On June 23, 1975, the Senate struck all after the enacting clause of H. R. 7767, substituted the text of S. 1597, and passed the amended measure.

The pending H. R. 7767 represents a compromise between the two Houses, proposing the described 10% and 12% increases in disability compensation and 12% in DIC for widows and surviving children. It passed the House on July 22, 1975, and the Senate on July 24, 1975.

Estimated costs of the proposal are: Fiscal Year 1976 (11 mos.), \$449.4 million; "transition period" (3 mos.), \$123.5 million; Fiscal Year 1977, \$490.5 million; Fiscal Year 1978, \$490.2 million; Fiscal Year 1979, \$490 million; and Fiscal Year 1980, \$489.6 million.

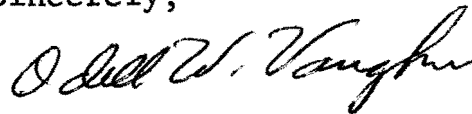
Compensation rates to which H. R. 7767 applies were last increased by Public Law 93-295, effective May 1, 1974. The Consumer Price Index reflects that from that date through June of 1975 the cost of living has risen 11.6%. The increases proposed by the measure seem fairly commensurate with that change in the cost of living.

It appears that the intention of Congress in passing the "Veterans Disability Compensation and Survivor Benefits Act of 1975" was to maintain compensation rates predicated on service-connected disabilities and deaths fairly in line with the rising cost of living. We do not believe that purpose is unreasonable.

The Honorable James T. Lynn

Accordingly, I recommend that the President approve
H. R. 7767.

Sincerely,

A handwritten signature in cursive script, appearing to read "O Dell W. Vaughan".

Deputy Administrator - in the absence of
RICHARD L. ROUDEBUSH
Administrator

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 31

Time: 645pm

FOR ACTION: Max Friedersdorf
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date:

August 1

Time:

noon

SUBJECT:

H.R. 7767 - Veterans Disability Compensation and
Survivors Benefits Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Recommend approval. -- Ken Lazarus 8/1/75

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.

James H. Cavanaugh
For the President

THE WHITE HOUSE

WASHINGTON

August 1, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF 
SUBJECT: H.R. 7767 - Veterans Disability Compensation
and Survivors Benefits Act of 1975

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

STATEMENT BY THE PRESIDENT

I have today approved H.R. 7767, a bill to raise compensation payments for service-disabled veterans and their survivors.

Early this year, I called for a temporary 5 percent limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs. I proposed that this limit be applied to veterans' and survivor compensation as well as to other Federal programs. The limit I recommended would not have reduced or eliminated any benefit payments, but would have slowed the excessive growth of the budget and given us some control over spending in coming years. I still believe this is sound policy in our present economic climate.

The Congress refused to go along, however, and other groups have received Federal benefit increases exceeding my proposed limit. Therefore, it would not be equitable to apply this limit only to veterans disabled in the service of their country and to their survivors. The Nation owes them a special debt of gratitude.

H.R. 7767 will cost the Federal Government one-half billion dollars a year. In the current fiscal year, this

is more than double the cost of a 5 percent ^{benefit} increase.

I must, therefore, remind the Congress that we simply cannot continue adding to Federal deficit spending without facing a day of reckoning.

My pledge still stands to do all in my power to hold this year's budget deficit to \$60 billion. I urge the Congress to hold spending in future legislation to the limits proposed in my 1976 budget requests and to find sufficient savings in other programs to make up for the added spending called for in H.R. 7767.

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VETERANS DISABILITY COMPENSATION AND
SURVIVOR BENEFITS ACT OF 1975

JUNE 12, 1975.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. ROBERTS, from the Committee on Veterans' Affairs,
submitted the following

REPORT

[To accompany H.R. 7767]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 7767), to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation, and for other purposes, having considered the same by unanimous voice vote, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 5, in the table appearing between lines 2 and 3, strike out "443" with respect to pay grade O-6 and insert "433".

INTRODUCTION

On May 19, 1975, the Subcommittee on Compensation, Pension and Insurance, chaired by the Honorable G. V. (Sonny) Montgomery, conducted one day of hearings on pending legislation that would increase the rates of disability compensation for service-connected disabled veterans and the rates of dependency and indemnity compensation for widows and children.

The Subcommittee received testimony from the Veterans Administration, the Disabled American Veterans, the Veterans of World War I of the U.S.A., Inc., the Paralyzed Veterans of America, The American Legion, the Veterans of Foreign Wars, the National Association of Concerned Veterans, the National Association for Uniformed Services, the Blinded Veterans Association, the AMVETS, and the Gold Star Wives of America, Inc.

The Subcommittee on Compensation, Pension and Insurance recommended H.R. 7767 to the full Committee for its consideration. The full Committee on Veterans' Affairs, in executive session on June 12,

1975, unanimously approved by voice vote and ordered favorably reported H.R. 7767, with a clerical amendment.

BACKGROUND

The Veterans' Administration disability compensation program provides income for 2,217,557 veterans who have service-connected disabilities. Of this number, about 55,500 are disabled World War I veterans; 1,312,800 World War II veterans; 239,800 Korean conflict veterans, and 415,700 Vietnam era veterans.

The disability compensation program, throughout its modern history, has been designed to provide relief for the impaired earning capacity of veterans disabled as the result of their military service. The amount payable varies according to the degree of disability which, in turn, is required by the law (38 U.S.C. 355) to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations. Additional compensation for dependents is payable to any veteran entitled to basic compensation for disability rated at not less than 50 per centum.

Since the disability compensation program was first established, the Congress has periodically reviewed the rates of compensation provided as to their adequacy, and has made adjustments when such were deemed necessary. The rates of such compensation were last increased by Public Law 93-295, effective May 1, 1974.

The current program of benefits for survivors of veterans who have died from service-connected conditions was established in 1957. In similar manner, the Congress has periodically reviewed the adequacy of the DIC rates for survivors and has made appropriate adjustments. The DIC payments for widows and children were last increased May 1, 1974 by Public Law 93-295.

As of April 30, 1975, the percentage change in the Consumer Price Index since May 1 (the date of the last disability compensation increase) was 10.2 percent. Pertinent data on increases in the cost of living as shown by the Consumer Price Index since the last rate increase are reflected as follows:

Date	Consumer Price Index	Percent increase since last rate increase
May 1, 1974	143.9	0
June 1, 1974	145.5	1.1
July 1, 1974	146.9	2.1
Aug. 1, 1974	148.0	2.8
Sept. 1, 1974	149.9	4.2
Oct. 1, 1974	151.7	5.4
Nov. 1, 1974	153.0	6.3
Dec. 1, 1974	154.3	7.2
Jan. 1, 1975	155.4	8.0
Feb. 1, 1975	156.1	8.5
Mar. 1, 1975	157.2	9.2
Apr. 1, 1975	157.8	9.2
May 1, 1975	158.6	10.7

During the last eight months of 1974, the increase in the cost-of-living is, thus, shown to have been 8 percent or a rate of 1 percent a month. However, it seems apparent that the rapid rate of increase has

substantially abated with an increase of about 2 percent in the four-month period January through April, 1975.

In a letter to the Chairman dated May 16, 1975, the Veterans' Administration recommended an increase in the compensation rates of 5 percent. The Administrator stated:

It has been the policy of the Administration to recommend VA benefit increases for disability compensation and DIC programs when needed to insure that our programs recognize changing economic conditions.

However, such increases should also be related to overall Federal income policies. On March 19, 1975, the President recommended, in the light of considerable inflationary pressures, a temporary 5 percent limitation on increases in certain monthly benefits in a number of federally supported programs, including social security, supplementary security income (SSI), food stamps, and child nutrition programs.

We believe that any increase should be consistent with those proposed in other Federal income maintenance programs. Accordingly, we are prepared to recommend approval of increases of 5 percent disability compensation rates (excepting the 38 U.S.C. 314(k) rate) and in DIC rates for widows and children.

In a letter transmitting his legislative proposals to the Congress the President said:

As we move forward with tax reductions to revitalize the economy, with energy conservation and self-reliance measures, and with substantially expended aid to the unemployed, it is essential that we restrain the overall growth of Federal expenditures. In the interest of the long-run as well as near-term health of the economy, we simply must curb the rate of increase in the budget that has occurred in recent years.

The Committee supports the President in his efforts to "curb the rate of increase in the budget"; however, the Committee feels the 5 percent increase proposed by the Administration is unrealistic when one considers the present economic situation. Most Americans have been hard hit by the constant erosion of their earning power. This is especially true of the disabled veteran who suffers an economic impairment because of the incapacitating effects of his service-incurred physical or mental ailment. Most serious of all is the plight of service-connected veterans who have no earnings from employment. The totally and permanently disabled veteran who cannot work, and who depends on his disability compensation for life's basic necessities, is today in a very precarious financial position.

SERVICE-CONNECTED BENEFIT PAYMENTS FOR CERTAIN NON-SERVICE-CONNECTED DEATHS

Through the years this Committee has considered a number of bills which would have provided, if enacted, that certain non-service-connected deaths of veterans be conclusively presumed to have been the result of service-connected disability or injury.

Non-service-connected death pension provides monthly payments based upon need to qualified widows and children of war veterans.

Where service-connected disability is found to be either the principal or a contributory cause of death, dependency and indemnity compensation (DIC) is payable to widows and children of veterans of war or peacetime service without regard to need and at higher rates than generally applicable to pension in the case of non-service-connected deaths.

While death pension is not payable to parents, many qualify for dependency and indemnity compensation for service-connected death on the basis of income.

Proposals such as this, which would dramatically change existing benefit programs, must be considered in the light of the VA benefit programs being provided currently for survivors of veterans and the basic responsibilities owed veterans and their survivors by a grateful nation.

In previous considerations of this proposal, great weight has been given to two matters. First is the deep feeling of the Committee that the primary obligation of the nation is to provide for the veteran whose disabilities are due to his period of service and to accord preferred benefits to survivors of veterans who die of disabilities attributable to service. To presume that death is due to service when the facts established indicate otherwise, would place survivors of a selected few veterans who die of non-service-connected causes on a parity with survivors of those veterans who die of causes which actually are service-connected.

The second factor given much weight has been the continued assurance of the Veterans Administration that determinations whether service-connected death is the principal or the contributory cause of death are made on a very liberal basis.

In order to test this latter premise, the Congress provided in Section 207 of Public Law 93-295 for a specific study by the Veterans Administration of denials in claims for dependency and indemnity compensation. The Administrator was directed to make a detailed study of claims for dependency and indemnity compensation relating to veterans, as defined in section 101(2), title 38, United States Code, who at time of death within six months prior to the date of enactment of the law were receiving disability compensation from the Veterans' Administration based upon a rating total and permanent in nature.

Included in the report were (1) the number of the described cases, (2) the number of cases in which the specified benefit was denied, (3) an analysis of the reasons for each such denial, (4) an analysis of any difficulty which may have been encountered by the claimant in attempting to establish that the death of the veteran concerned was connected with his or her military, naval, or air service in the Armed Forces of the United States, and (5) data regarding the current financial status of the widow, widower, children, and parents in each case of denial.

The results of the Veterans' Administration study are contained in House Committee Print 7, 94th Congress, 1st Session.

The study involved detailed consideration of the disposition of claims filed for dependency and indemnity compensation relating to veterans who, at time of death within six months prior to enact-

ment of P.L. 93-295, were receiving disability compensation from the VA based on a rating total and permanent in nature. The VA allowed service-connected death benefits in 75.07% of the claims thus studied. Of these, benefits were granted in 57.69% of the claims on the basis that the veterans' service-connected disability was directly related to the cause of death. In 35.48% of the claims it was held that the service-connected disability was a contributory cause of death. In more than half of the 24.93% of claims in which no connection was found between the cause of death and service-connected disability, cardiovascular disease was indicated as the killer. That was followed in frequency by violent deaths described as accidents and homicides, by malignancy and respiratory diseases. Thirteen of the deaths were by homicide.

The anomalies which arise when indulging in presumptions contrary to fact are many. It can be anticipated that many problems would result to plague those interested in equitable benefits for all veterans and their survivors if presumptions of service-connected death were provided for a limited number of veterans.

Some conceivable anomalies suggested by findings of the study include the possibility that two veterans with identical disablements, perhaps both due to combat, could die long after service in a common accident with one's widow receiving DIC payments and the other limited to pension or, if she could not meet income limitations, receiving nothing. This would be possible if each were rated 60% or more disabled under the specific provisions of the schedule for rating disabilities and only one subsequently determined permanently and totally disabled because of individual unemployability due to the service-connected condition.

A more disturbing prospect is that a homicide victim, perhaps a person shot in the commission of a crime, could confer service-connected death benefits on his survivors, or the ultimate possibility—a conclusive presumption of law would require that a person executed for a heinous crime be declared to have died of service-connected causes. In hearings before the Subcommittee on Compensation, Pension and Insurance on May 19th, the Committee learned of two important further factors bearing upon this issue. Initially it developed that the VA was prompted by their analysis of study data to issue guidelines again stressing the importance of a special, careful, sympathetic and understanding consideration of death claims when the veteran who died had suffered during his lifetime of service-incurred disability.

Those guidelines, issued March 27, 1975, are intended to obtain the beneficial results in consideration of claims for death benefits always intended by the Congress, and because of their importance are cited here:

“RATING PRACTICES AND PROCEDURES DEATH

“The purpose of this program guide is to reemphasize and encourage a more equitable use of the broad discretionary power which is vested in the rating boards by controlling regulations and instructions pertaining to contributory cause. Toward this end, the provisions of VAR 1312(C) and PG 21-1, section P-1, should be carefully studied and applied.

"In giving more thought as to how a service-connected condition can contribute to death, the following should be considered by the rating board:

"(1) Does it impair the general health of the individual so that he or she is less able to ward off the effects of disease or trauma?

"(2) Does it act together with other conditions so as to produce a combined effect that overwhelms the individual's natural defenses?

"(3) Does it deprive his body of its built-in reserve capabilities such as when one lung, or one kidney is removed and death is later due to a non-service connected involvement of the paired organ?

"(4) Does it leave a vital organ so damaged that it renders it incapable of resisting the effects of an unrelated superimposed pathology such as a viral pneumonia upon fibrotic lungs?

"(5) Does it materially adversely affect the natural psyche to live, leading in the obvious cases to suicide and in the more subtle cases to subconscious behavior patterns, such as alcoholism, gluttony and drug addiction; or such as a profound and total disregard of normal self care measures leading inevitably to fatal consequences? These mental processes are often observed in psychotics and psychoneurotics with severe symptoms bordering on psychosis and those with very incapacitating conditions such as paraplegia, gross mutilation and disfigurement.

"During the rating board's deliberation, the following guideposts should trigger in-depth consideration of the issue of contributory cause of death:

"Does he have service connection for:

"(1) A cardiovascular condition?

"(2) A genitourinary condition?

"(3) Other involvement of a vital organ?

"(4) A chronic constitutional disease?

"(5) A disability ratable at 50% or more?

"Minor service-connected disabilities of a static nature which do not affect a vital organ do not, as a general rule, play a part in hastening death from an unrelated disease. It is to be recognized, however, that these disabilities of low evaluation can increase in severity prior to and at time of death and may as an active process become a material factor in hastening death."

It also developed that application of the new guidelines would, in the minds of one involved veterans group, probably solve most, if not all, the problem type situations which have been cause for concern in the past.

In the testimony of Mr. James A. Maye, Executive Director of the Paralyzed Veterans of America, he described the newly issued Program Guide: "This is a very liberal interpretation by the V.A., but unfortunately many field offices fail either to read these directives, or do not understand their meaning."

The Committee feels it is imperative that the new guidelines be liberally interpreted and that Agency officials throughout the system be properly informed as to their purpose.

The Committee intends to watch closely the application of the newly issued guideline materials to determine if all possible benefit

from that effort is realized—to that end further reports from the Administrator of Veterans Affairs will be requested and reported to the Congress. Should a further study disclose that the expected results are not being obtained, the Committee will consider appropriate legislative remedy.

EXPLANATION OF THE BILL

In the past several years the Congress has recognized the greater need for monetary assistance in the cases of the more seriously disabled service-connected veterans and at the same time been aware of the fact that the vast majority of those veterans having minor disability ratings are able to supplement their compensation with outside income. Consistent with this policy, the bill provides increases with service-disabled veterans rated 10 to 50 percent in amounts ranging from 6.3 to 8.2 percent. Cases rated 60 percent disabling are increased 10 percent. The so-called "k" award of \$52 is not increased since this is an "add-on" award, in addition to the basic payment according to percentage of disability. Other statutory awards, relating to more serious disabilities, which are set forth in 38 U.S.C. 314 would be increased 10 percent. The additional amounts for dependents provided by 38 U.S.C. 315 in cases of veterans with service-connected disabilities of at least 50 percent would be increased approximately 10 percent. Dependency and indemnity compensation (DIC) for widows and children would also be increased 10 percent. A comparison of all the current monthly payments for the various categories of beneficiaries affected by the bill with the increased payments proposed is set forth hereafter in the report (under Committee compliance with clause 3 of House rule XIII).

The bill provides that an eligible member may convert his Servicemen's Group Life Insurance to Veterans' Group Life Insurance or a commercial private policy within 120 days from his date of discharge or release from service.

REQUIREMENTS OF CLAUSES 2(1)(3) AND 2(1)(4) OF RULE XI

In compliance with clauses 2(1)(3) and 2(1)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made:

With regard to subdivision (A) of clause 3 (relating to oversight findings), the Committee, in its review of the adequacy of benefits for our service-connected disabled veterans and the widows and children of those who die from service-connected causes, concluded that current rates of disability compensation and dependency and indemnity compensation for widows and children must be increased.

The rate of inflation continues to erode the earning power of most Americans. As stated earlier in this report, this is especially true of the disabled veteran who suffers an economic impairment because of the incapacitating effects of his service-incurred disabilities. The totally and permanently disabled veteran who cannot work faces very serious difficulties.

With respect to subdivision (C) of clause 3, no cost estimate or comparison has been submitted by the Congressional Budget Office relative to the provisions of H.R. 7767.

In regard to subdivision (D) of clause 3, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

INFLATIONARY IMPACT STATEMENT

With respect to clause 2(1) (4), relating to the inflationary impact of the reported bill, the Committee is of the opinion the rate increases provided in H.R. 7767 are not inflationary. The estimated first year cost of the bill is approximately \$395 million. The bill merely provides a cost-of-living increase since the last rate increase effective May 1, 1974. Since the last rate increase, the cost-of-living has risen 10.2 percent according to the latest report by the Department of Labor.

SECTION-BY-SECTION ANALYSIS OF THE BILL

Section 1

This section provides that the proposed Act may be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975".

TITLE I—VETERANS DISABILITY COMPENSATION

Section 101

This section provides increases in the basic compensation rates ranging from 6 percent to 10 percent, depending upon the degree of severity of disability. An increase of 10 percent is provided for those veterans with a 60 percent disability or more and all of the higher statutory awards except for the so-called "k" award; however, those eligible for the "k" award will receive a cost-of-living increase in their basic rate.

Section 102

Additional allowances for service-disabled veterans are provided on behalf of spouses, children and dependent parents in all cases where the veteran is rated 50 percent or more disabled. Under the bill these rates are increased approximately 10 percent across the board.

TITLE II—SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION

Section 201

This section provides increases of 10 percent in the monthly benefits payable to widows. The new basic rates would range from \$237 to \$604, according to the pay grade of the deceased veteran. The additional amount for each child under 18 would be raised from \$26 to \$29, and the special rate for aid and attendance would go from \$64 to \$70.

Sections 202 and 203

These sections would increase children's DIC rates by approximately 10 percent.

TITLE III—CONVERSION UNDER SERVICEMEN'S GROUP LIFE INSURANCE

Section 301

This section provides that a member eligible for automatic conversion of Servicemen's Group Life Insurance may elect to convert to an individual commercial policy, or elect to be insured under the Veterans' Group Life Insurance program. Under present law a member eligible for automatic conversion of his Servicemen's Group Life Insurance may convert to Veterans' Group Life Insurance within 120 days after discharge from military service. Veterans' Group Life Insurance is a nonrenewable, nonparticipating, 5-year term policy. At the end of the 5-year period, an eligible member may then convert from Veterans' Group Life Insurance to a commercial policy.

Prior to the enactment of the Veterans' Group Life Insurance program, Public Law 93-289, the eligible member could elect to convert from Servicemen's Group Life Insurance to a commercial carrier. Due to an oversight, the enactment of the Public Law 93-289 took away the right of the member to convert immediately from Servicemen's Group Life Insurance to a commercial carrier. The proposed change in present law would restore the option and allow the eligible member to convert either to Veterans' Group Life Insurance or a commercial carrier within 120 days from his date of discharge or release from service. According to the Veterans' Administration, there would be no cost to the Government for the implementation of this provision of the bill.

TITLE IV—EFFECTIVE DATES

Section 401

The provisions of titles I and II of the bill are effective the first day of the second calendar month following the date of enactment. Title III would become effective on the date of enactment.

COST

According to the Veterans' Administration the measures proposed by the bill would involve an estimated first full-year cost of \$395 million. The cost for the transition period (July through September 1976) is estimated to be about \$98.7 million. The Committee has secured the following cost estimates from the Agency, and has adopted them as its own:

Fiscal year	Disabled veterans		Veterans 50 percent or disabled with dependents		DIC cases affected	cost	Total cost
	Cases affected	Cost	Cases affected	Cost			
1976	2,211,915	\$309.1	365,000	\$13.3	280,400	\$72.4	\$394.8
Transition period (July 1-Sept. 30, 1976)	2,205,245	77.2	363,800	3.3	282,700	18.2	98.7
1977	2,201,913	308.3	363,300	13.3	284,900	73.6	395.1
1978	2,193,412	307.1	361,900	13.2	288,800	74.6	394.9
1979	2,187,410	306.3	360,900	13.1	292,300	75.5	394.9
1980	2,180,409	305.3	359,700	13.1	295,100	76.2	394.6

The Veterans' Administration has advised the Committee that Title III would incur no costs to the Government.

AGENCY REPORTS

The reports of the Veterans' Administration on bills dealing with the subject matter generally of H.R. 7767 follow:

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., May 16, 1975.

HON. RAY ROBERTS,
*Chairman, Committee on Veterans' Affairs, House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on H.R. 5179, and H.R. 5903, 94th Congress.

The first measure, H.R. 5179, to be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975," would accomplish the following purposes:

(a) increase the monthly rates of service-connected disability compensation payable to veterans; and

(b) increase the monthly rates of dependency and indemnity compensation (DIC) payable to widows and children of veterans whose deaths were service connected.

The basic purpose of the disability compensation program (ch. 11, title 38, United States Code), throughout its history has been to provide relief for the impaired earning capacity of veterans disabled as the result of their military service. The amount payable varies according to the degree of disability which, in turn, is required by the law (38 U.S.C. 355) to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations. Additional compensation for dependents is payable to any veteran entitled to basic compensation for disability rated at not less than 50 percent.

Under chapter 13 of the stated title 38, DIC payments are made to widows and certain parents and children of veterans who die of a service-connected cause. For widows, the monthly rates are geared to the pay grade of the deceased veteran, ranging from \$215 for the widow of an E-1 to \$549 for the widow of an O-10. The applicable widow's rate is increased by \$26 for each child of the veteran under age 18. An additional amount of \$64 is payable where the widow is (1) a patient in a nursing home or (2) helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

For children where no widow is entitled the monthly rates range from \$108 for one child to \$201 for three children (plus \$40 for each additional child). In the case of certain children specified under 38 U.S.C. 414(a) who are permanently incapable of self-support, the applicable basic rate is increased by \$64 for each child. Under 38 U.S.C. 414(b) and (c), in cases wherein a widow is receiving benefits, monthly amounts of \$108 and \$55 are respectively paid separately to certain children of the veteran who are (1) permanently incapable

of self-support, or (2) attending school while between 18 and 23 years of age.

Title I of H.R. 5179 relates to compensation payable to veterans for service-connected disabilities. Section 101 provides increases in the basic compensation rates ranging from 6 percent to 10 percent; giving veterans 60 percent or more disabled a 10 percent increase. No increase is provided for the \$52 monthly rate for certain anatomical or other losses provided by 38 U.S.C. 314(k) in addition to basic disability rates. It has been generally considered that veterans who receive such special payments are adequately compensated by general increases in the basic rates.

Other statutory awards, relating to more serious disabilities, which are set forth in 38 U.S.C. 314 would be increased 10 percent by section 101 of H.R. 5179. The additional amounts for dependents provided by 38 U.S.C. 315 in cases of veterans with service-connected disabilities of at least 50 percent would be increased 8 percent to 12 percent by subsection 102 of the measure.

Title II of H.R. 5179 is concerned with dependency and indemnity compensation (DIC) for widows and children. Section 201 provides increases of 10 percent in the monthly benefits payable to widows. The new basic rates would range from \$237 to \$604, according to the pay grade of the deceased veteran. The additional amount for each child under 18 would be raised from \$26 to \$29; and the special rate for aid and attendance would go from \$64 to \$70. Sections 202 and 203 would increase children's DIC rates by approximately 10 percent.

Section 301 (Title III) specifies that the provisions of the measure shall take effect on the first day of the second calendar month which begins after the date of enactment.

The needs of the disabled have been regularly recognized in the face of changing economic conditions. In fiscal year 1973 compensation benefits were increased by an average of 10 percent and again in fiscal year 1974 they were increased by 17 percent. The widows and children of veterans who die of service-connected causes have not been neglected either. The rates of DIC payable to them have also been regularly increased, the latest increase having become effective May 1, 1974.

It has been the policy of the Administration to recommend VA benefit increases for disability compensation and DIC programs when needed to insure that our programs recognize changing economic conditions.

However, such increases should also be related to overall Federal income policies. On March 19, 1975, the President recommended, in the light of considerable inflationary pressures, a temporary 5 percent limitation on increases in certain monthly benefits in a number of federally supported programs, including social security, supplementary security income (SSI), food stamps, and child nutrition programs.

In a letter transmitting the legislative proposals to the Congress the President said:

"As we move forward with tax reductions to revitalize the economy, with energy conservation and self-reliance measures, and with substantially expanded aid to the unemployed, it is essential that we restrain the overall growth of Federal expenditures. In the interest of the long-run as well as near-term health of the economy, we simply

must curb the rate of increase in the budget that has occurred in recent years."

The President further noted that his proposed 5 percent ceiling "would not eliminate or reduce any benefit payments from the present levels, but would merely slow down, through June 30, 1976, the rate at which these payments would be rising. Their enactment would help us begin to gain some control over the longer-run growth in the Federal budget." The President concluded: "During this time when thousands of workers are being laid off and we are still experiencing considerable inflationary pressure, I believe the modest restraint that I am proposing on pay raises and increases in benefit programs makes sense for the future and is urgently needed in the present."

It is estimated that the cost of H.R. 5179, as introduced, would approximate \$395 million during the first year, and remain about the same during each of the ensuing four years.

We believe that any increase should be consistent with those proposed in other Federal income maintenance programs. Accordingly, we are prepared to recommend approval of increases of 5 percent disability compensation rates (excepting the 38 U.S.C. 314(k) rate) and in DIC rates for widows and children. It is estimated that the first-year cost of such 5 percent increases in compensation would approximate \$220 million.

The first six sections of H.R. 5903, 94th Congress, propose increases of approximately 15 percent for rates of disability compensation and dependency and indemnity compensation for widows and children. As stated above, we believe that increases in Veterans Administration compensation should be consistent with the 5 percent limitation established by the President respecting other Federal income limitations.

We particularly oppose subparagraph (11) of subsection (a) of the first section of H.R. 5903—which would increase from \$52 to \$59 the special rate provided by 38 U.S.C. 314(k) for certain anatomical and other losses and losses of use. That rate is payable, in addition to basic rates of disability compensation and any higher statutory rates of compensation. Accordingly, it is felt that rates paid under general compensation increases are generally adequate for the pertinent veterans.

Incidentally, section 2 provides that the present rate of \$41 authorized by paragraph (F) of section 315 (I) of title 38, United States Code, shall be reduced to \$27. This appears to contain a typographical error.

Section 7 of H.R. 5903 provides for payment of dependency and indemnity compensation (DIC) to the widow, children and parents of any veterans who dies after December 31, 1956, from a non-service-connected cause while entitled to compensation "for a total service-connected disability permanent in nature."

The described proposal is similar to or identical in purpose with bills which have been introduced in the Congress over a period of years. The most recent example is H.R. 7026, 93d Congress, which was pending before your Committee at the conclusion of that Congress.

Under section 7, the non-service-connected death of any veteran who died after December 31, 1956, would be conclusively presumed service connected if at the time of the veteran's death he was in receipt

of or entitled to receive, compensation for a service-connected disability which was premanently and totally disabling.

By presuming, contrary to fact, service connection as the cause of death in cases covered by the subject proposals, enactment would constitute a major departure from the policy of the Congress in maintaining separate systems of monetary benefits for deaths due to service and those unrelated to service. Such enactment would be tantamount to superimposing on the present pension program new non-service-connected death benefits equivalent to the present service-connected benefits, and would result in new and highly discriminatory benefits for surviving dependents of certain disabled veterans.

The Veterans' Administration believes that existing law and regulations provide liberal and equitable conditions for determining that death is service connected. For example, a Veterans' Administration study required by Public Law 93-295 and recently furnished to this Committee showed that the Veterans' Administration recognized 75 percent of the claims filed for DIC. Moreover, there is no justification for presuming a death to be service connected when the evidence does not support such a finding.

Section 8 of H.R. 5903 provides an effective date of July 1, 1975.

Due to lack of data, we are unable to provide an estimate of the cost of Section 7 of H.R. 5903. The other measures proposed by the bill would involve an estimated first-year cost of \$605 million, declining slightly to about \$603 million in the fifth year.

In view of all of the foregoing, the Veterans' Administration opposes enactment of H.R. 5179 and H.R. 5903. We urge, in lieu of those proposals, general increases in disability compensation (other than the rate provided by 38 U.S.C. 314(k)) and dependency and indemnity compensation for widows and children, not in excess of the President's 5% guidelines.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report, and that H.R. 5179 and H.R. 5903 are not in accord with the program of the President. However, enactment of the proposal urged above would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 4, 1975.

HON. RAY ROBERTS,
Chairman, House Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on H.R. 3462, 94th Congress, "A Bill To amend title 38 of the United States Code to provide certain persons insured under Servicemen's Group Life Insurance with the choice of conversion either to an individual policy or Veterans' Group Life Insurance upon expiration of their Servicemen's Group Life Insurance coverage."

The proposed legislation would add a new subsection (c) to section 768 of title 38, which would provide for any individual eligible for Veterans' Group Life Insurance upon separation from service the right to convert either to an individual policy or to Veterans' Group Life Insurance. Either conversion would be effective the day following termination of Servicemen's Group Life Insurance.

Prior to May 24, 1974, the privilege of converting to an individual policy was available to all individuals on active duty who were covered by Servicemen's Group Life Insurance. The Insurance Act of 1974 (Public Law 93-289) terminated that immediate right, and made available the interim program of Veterans' Group Life Insurance. That program provides for five years of post-service term insurance under a group plan, with the right of conversion to an individual policy at the end of the five-year period.

This change was in line with the stated purpose of Veterans' Group Life Insurance. That was, to make low-cost insurance available to all veterans for five years immediately following discharge, so that they could have a period for readjustment to civilian life, educationally, socially and economically. Experience had shown that the requirement for immediate conversion to individual policies resulted in serious deficiencies. A Veterans' Administration survey in 1971 had disclosed that only one-third of Servicemen's Group Life Insurance policyholders were converting to individual policies of insurance following military discharge; and that, among those who did convert, there was a high lapse ratio after the first year. It was felt that at the end of the five-year period, the veteran should be in much stronger position to make an intelligent evaluation as to future insurance needs and ability to pay.

As of this date, we are very pleased with the response being received from veterans who purchase Veterans' Group Life Insurance. We believe this response is largely due to economic reasons. A veteran age 34 or younger can purchase \$20,000 of Veterans' Group Life Insurance for \$3.40 per month. If a veteran is 35 or older, premiums are \$6.80 per month. We know of no commercial insurer offering comparable rates.

There is no prohibition against any commercial company selling a veteran all the life insurance the person desires. Under existing law, a young veteran in good health can buy Veterans' Group Life Insurance and all the additional commercial insurance the individual can afford, thereby attaining maximum desired coverage at substantially reduced cost.

Moreover, there may be inherent dangers in this proposal, in that many veterans could be misled or misunderstand their rights. As a consequence, some individuals might drop their economical Veterans' Group Life Insurance, and buy a commercial policy they could not afford to maintain, thereby creating the unwarranted financial hardship or inadequate insurance coverage which the present law sought to avoid. Since there is no eligibility for Veterans' Group Life Insurance once there has been a conversion of Servicemen's Group Life In-

urance to commercial coverage, there is a possibility of a complete lack of protection in some cases.

The conversion feature of Servicemen's Group Life Insurance is beneficial principally to those individuals who, because of impaired health, cannot purchase insurance for standard premiums. The right to convert without physical examination, and for payment of the standard commercial premium, is not lost by postponement to the end of the Veterans' Group Life Insurance period. The substandard risk who might elect to convert to an individual policy under the pending proposal, in lieu of Veterans' Group Life Insurance, would merely increase the immediate cost of insurance without increasing the amount of coverage.

We recognize the premiums increase with attained age, and that the individual therefore will pay a greater premium at the time conversion to an individual policy is permitted under the current law. We also are aware that accrual of equity (cash surrender and loan value) does not exist during the period of a five-year Veterans' Group Life Insurance term policy. However, these circumstances are offset by substantial savings in net premiums during the five years of Veterans' Group Life Insurance coverage. It would take many years for the individual to equal this savings if permitted to convert to an individual commercial policy upon expiration of Servicemen's Group Life Insurance.

Reinstitution of the individual policy conversion privilege to coexist with the alternative right of conversion to Veterans' Group Life Insurance accordingly would benefit only a very small group of veterans.

In view of the foregoing, the Veterans' Administration opposes enactment of H.R. 3462.

There would be no cost to the Veterans' Administration if the legislation were enacted.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, H.R. 7767, as reported, are shown as follows (existing law proposed to be omitted in enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

TITLE 38, UNITED STATES CODE

* * * * *

* * * * *

PART II. GENERAL BENEFITS

* * * * *

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

* * * * *

* * * * *

Subchapter II—Wartime Disability Compensation

* * * * *

§ 314. Rates of wartime disability compensation

For the purposes of section 310 of this title—

- (a) if and while the disability is rated 10 per centum the monthly compensation shall be ~~[\$32]~~ \$34;
- (b) if and while the disability is rated 20 per centum the monthly compensation shall be ~~[\$59]~~ \$63;
- (c) if and while the disability is rated 30 per centum the monthly compensation shall be ~~[\$89]~~ \$95;
- (d) if and while the disability is rated 40 per centum the monthly compensation shall be ~~[\$122]~~ \$131;
- (e) if and while the disability is rated 50 per centum the monthly compensation shall be ~~[\$171]~~ \$185;
- (f) if and while the disability is rated 60 per centum the monthly compensation shall be ~~[\$211]~~ \$232;
- (g) if and while the disability is rated 70 per centum the monthly compensation shall be ~~[\$250]~~ \$275;
- (h) if and while the disability is rated 80 per centum the monthly compensation shall be ~~[\$289]~~ \$318;
- (i) if and while the disability is rated 90 per centum the monthly compensation shall be ~~[\$325]~~ \$358;
- (j) if and while the disability is rated as total the monthly compensation shall be ~~[\$584]~~ \$642;
- (k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, or has suffered complete organic aphonia with constant inability to communicate by speech, or deafness of both ears, having absence of air and bone conduction, the rate of compensation therefor shall be \$47 per month for each such loss or loss of use independent of any other compensation provided in subsections (a) through (j) or subsection (s) of this section but in no event to exceed ~~[\$727]~~ \$800 per month; and in the event the veteran has suffered one or more of the disabilities heretofore specified in this subsection, in addition to the requirement for any of the rates specified in subsections (l) through (n) of this section, the rate of compensation shall be increased by \$47 per month for each such loss or loss of use, but in no event to exceed ~~[\$1,017]~~ \$1,119 per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both hands, or both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~[\$727]~~ \$800;

(m) if the veteran, as the result of service-connected disability has suffered the anatomical loss or loss of use of two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or has suffered blindness in both eyes having only light perception, or has suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~[\$800]~~ \$880;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance or has suffered the anatomical loss of both eyes, the monthly compensation shall be ~~[\$909]~~ \$1,000;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle him to two or more of the rates provided in one or more subsections (l) through (n) of this section, no condition being considered twice in the determination, or if the veteran has suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 60 per centum or more disabling and the veteran has also suffered service-connected total blindness with 5/200 visual acuity or less, in combination with total blindness with 5/200 visual acuity or less, the monthly compensation shall be ~~[\$1,017]~~ \$1,119;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Administrator, in his discretion, may allow the next higher rate or an intermediate rate, but in no event in excess of \$862. In the event the veteran has suffered service-connected blindness with 5/200 visual acuity or less and (1) has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service-connected) rated at no less than 40 per centum disabling, the Administrator shall allow the next higher rate, or (2) has also suffered service-connected total deafness in one ear, the Administrator shall allow the next intermediate rate, but in no event in excess of ~~[\$1,017]~~ \$1,119;

(r) If any veteran, otherwise entitled to the compensation authorized under subsection (o), or the maximum rate authorized under subsection (p), is in need of regular aid and attendance, he shall be paid, in addition to such compensation, a monthly aid and attendance allowance at the rate of ~~[\$437]~~ \$480 per month, subject to the limitations of section 3203(f) of this title. For the purposes of section 334 of this title, such allowance shall be considered as additional compensation payable for disability;

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disa-

bilities independently ratable at 60 per centum or more, or, (2) by reason of his service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall be **[\$654] \$719**. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to his house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will remain throughout his lifetime.

§ 315. Additional compensation for dependents

Any veteran entitled to compensation at the rates provided in section 314 of this title, and whose disability is rated not less than 50 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

- (1) If and while rated totally disabled and—
 - (A) has a wife but no child living, **[\$36] \$40**;
 - (B) has a wife and one child living, **[\$61] \$67**;
 - (C) has a wife and two children living, **[\$77] \$85**;
 - (D) has a wife and three or more children living, **[\$95] \$105** (plus **[\$17] \$19** for each living child in excess of three);
 - (E) has no wife but one child living, **[\$24] \$26**;
 - (F) has no wife but two children living, **[\$41] \$45**;
 - (G) has no wife but three or more children living, **[\$61] \$67** (plus **[\$17] \$19** for each living child in excess of three);
 - (H) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, **[\$29] \$32** for each parent so dependent; and

(I) notwithstanding the other provisions of this subsection, the monthly payable amount on account of each child who has attained the age of eighteen years and who is pursuing a course of instruction at an approved educational institution shall be **[\$55] \$61** for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this subsection.

(2) If and while rated partially disabled, but not less than 50 per centum, in an amount having the same ratio to the amount specified in paragraph (1) as the degree of his disability bears to total disability. The amounts payable under this paragraph shall be adjusted upward or downward to the nearest dollar, counting fifty cents and over as a whole dollar.

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CHAPTER 13—DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS

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Subchapter II—Dependency and Indemnity Compensation

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§ 411. Dependency and indemnity compensation to a widow

(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$215	W-4	\$307
E-2	221	O-1	271
E-3	228	O-2	281
E-4	241	O-3	301
E-5	248	O-4	318
E-6	254	O-5	350
E-7	266	O-6	394
E-8	281	O-7	427
E-9	¹ 294	O-8	467
W-1	271	O-9	502
W-2	282	O-10	² 549
W-3	291		

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$237	W-4	\$338
E-2	243	O-1	298
E-3	251	O-2	309
E-4	265	O-3	331
E-5	273	O-4	350
E-6	279	O-5	385
E-7	293	O-6	433
E-8	309	O-7	470
E-9	¹ 323	O-8	514
W-1	298	O-9	552
W-2	310	O-10	² 604
W-3	320		

¹ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be **[\$316] \$348**.

² If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be **[\$539] \$648**.

(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by **[\$26] \$29** for each such child.

(c) The monthly rate of dependency and indemnity compensation payable to the widow shall be increased by **[\$64] \$70** if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

* * * * *

§ 413. Dependency and indemnity compensation to children

Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity

compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

- (1) One child, ~~[\$108]~~ \$119.
- (2) Two children, ~~[\$156]~~ \$172.
- (3) Three children, ~~[\$201]~~ \$221.
- (4) More than three children, ~~[\$201]~~ \$221 plus ~~[\$40]~~ \$44 for each child in excess of three.

§ 414. Supplemental dependency and indemnity compensation to children

(a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to him shall be increased by ~~[\$64]~~ \$70.

(b) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under the such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of ~~[\$108]~~ \$119.

(c) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under the age of twenty-three, is pursuing a course of instruction at an educational institution approved under section 104 of this title, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of ~~[\$55]~~ \$61.

CHAPTER 19—INSURANCE

* * * * *

Subchapter III—Servicemen's Group Life Insurance

* * * * *

§ 768. Duration and termination of coverage; conversion

(a) * * *

(b) Each policy purchased under this subchapter shall contain a provision, in terms approved by the Administrator, that, except as hereinafter provided, Servicemen's Group Life Insurance which is continued in force after expiration of the period of duty or travel under section 767(b) or 768(a) of this title, effective the day after the date such insurance would cease, shall be automatically converted to Veterans' Group Life Insurance subject to (1) the timely payment of the initial premium under terms prescribed by the Administrator, and (2) the terms and conditions set forth in section 777 of this title. Such automatic conversion shall be effective only in the case of an otherwise eligible member or former member who is separated or

released from a period of active duty or active duty for training or inactive duty training on or after the date on which the Veterans' Group Life Insurance program (provided for under section 777 of this title) becomes effective. Servicemen's Group Life Insurance continued in force under section 768(a) (4)(B) or (5) of this title shall not be converted to Veterans' Group Life Insurance. However, a member whose insurance could be continued in force under section 768(a) (4)(B) of this title, but is not so continued, may, effective the day after his insurance otherwise would cease, convert such insurance to an individual policy under the terms and conditions set forth in section 777(e) of this title.

(c) A member who is eligible for automatic conversion of Servicemen's Group Life Insurance to Veterans' Group Life Insurance under conditions prescribed in subsection (b) and who elects not to be insured under Veterans' Group Life Insurance may, effective the day after his Servicemen's Group Life Insurance coverage would cease, convert such insurance to an individual policy under the terms and conditions set forth in section 777(e) of this title for conversion of Veterans' Group Life Insurance.

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VETERANS DISABILITY COMPENSATION
AND SURVIVOR BENEFITS ACT
OF 1975

REPORT
OF THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
TO ACCOMPANY
S. 1597



JUNE 19 (legislative day, JUNE 6), 1975.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1975

VETERANS DISABILITY COMPENSATION AND SURVIVOR
BENEFITS ACT OF 1975

JUNE 19 (legislative day, JUNE 6), 1975.—Ordered to be printed

Mr. HARTKE, from the Committee on Veterans' Affairs,
submitted the following

REPORT

[To accompany S. 1597]

The Committee on Veterans' Affairs, to which was referred the bill (S. 1597) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

COMMITTEE AMENDMENTS

The amendments are as follows:

On page 2, line 23, strike out "\$1,139" and insert in lieu thereof "\$1,159".

On page 4, after line 19, add the following:

SEC. 104. Section 3010 of title 38, United States Code, is amended—

(1) by redesignating paragraph (2) of subsection (b) as paragraph (3); and

(2) by inserting immediately after paragraph (1) thereof the following new paragraph:

"(2) The effective date of an award of increased compensation shall be the earliest date as of which it is ascertainable that an increase in disability had occurred, if application is received within one year from such date."

On page 7, line 5, strike out the word "who" and insert in lieu thereof "who—".

On page 7, line 10, strike out the word "total".

COMMITTEE ON VETERANS' AFFAIRS

VANCE HARTKE, Indiana, *Chairman*

HERMAN E. TALMADGE, Georgia
JENNINGS RANDOLPH, West Virginia
ALAN CRANSTON, California
RICHARD (DICK) STONE, Florida

CLIFFORD P. HANSEN, Wyoming
STROM THURMOND, South Carolina
ROBERT T. STAFFORD, Vermont
WILLIAM L. SCOTT, Virginia

FRANK J. BRIZZI, *Staff Director*

GUY H. McMICHAEL III, *General Counsel*

SUBCOMMITTEE ON COMPENSATION AND PENSIONS

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(11)

On page 7, line 11, strike out the words "permanent in nature." and insert in lieu thereof "total and permanent in nature, which disability was so rated for not less than one year prior to such death."

Thus, the text of the bill as reported is as follows (strike out the material in brackets and insert the material in italics):

That this Act may be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975".

TITLE I—VETERANS DISABILITY COMPENSATION

SEC. 101. (a) Section 314 of title 38, United States Code, is amended—

- (1) by striking out "\$32" in subsection (a) and inserting in lieu thereof "\$36";
- (2) by striking out "\$59" in subsection (b) and inserting in lieu thereof "\$66";
- (3) by striking out "\$89" in subsection (c) and inserting in lieu thereof "\$100";
- (4) by striking out "\$122" in subsection (d) and inserting in lieu thereof "\$137";
- (5) by striking out "\$171" in subsection (e) and inserting in lieu thereof "\$192";
- (6) by striking out "\$211" in subsection (f) and inserting in lieu thereof "\$241";
- (7) by striking out "\$250" in subsection (g) and inserting in lieu thereof "\$285";
- (8) by striking out "\$289" in subsection (h) and inserting in lieu thereof "\$329";
- (9) by striking out "\$325" in subsection (i) and inserting in lieu thereof "\$371";
- (10) by striking out "\$584" in subsection (j) and inserting in lieu thereof "\$666";
- (11) by striking out "\$52" and "\$727" and "\$1,017" in subsection (k) and inserting in lieu thereof "\$58" and "\$814" and ["\$1,139"] "\$1,159", respectively;
- (12) by striking out "\$727" in subsection (l) and inserting in lieu thereof "\$829";
- (13) by striking out "\$800" in subsection (m) and inserting in lieu thereof "\$912";
- (14) by striking out "\$909" in subsection (n) and inserting in lieu thereof "\$1,036";
- (15) by striking out "\$1,017" in subsections (o) and (p) and inserting in lieu thereof "\$1,159";
- (16) by striking out "\$437" in subsection (r) and inserting in lieu thereof "\$498"; and
- (17) by striking out "\$654" in subsection (s) and inserting in lieu thereof "\$746".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation pursuant to chapter 11 of title 38, United States Code.

SEC. 102. Section 315(1) of title 38, United States Code is, amended—

- (1) by striking out "\$36" in subparagraph (A) and inserting in lieu thereof "\$40";
- (2) by striking out "\$61" in subparagraph (B) and inserting in lieu thereof "\$68";
- (3) by striking out "\$77" in subparagraph (C) and inserting in lieu thereof "\$86";
- (4) by striking out "\$95" and "\$17" in subparagraph (D) and inserting in lieu thereof "\$106" and "\$19", respectively;
- (5) by striking out "\$24" in subparagraph (E) and inserting in lieu thereof "\$27";
- (6) by striking out "\$41" in subparagraph (F) and inserting in lieu thereof "\$46";
- (7) by striking out "\$61" and "\$17" in subparagraph (G) and inserting in lieu thereof "\$68" and "\$19", respectively;
- (8) by striking out "\$29" in subparagraph (H) and inserting in lieu thereof "\$32"; and
- (9) by striking out "\$55" in subparagraph (I) and inserting in lieu thereof "\$63".

SEC. 103. Section 362 of title 38, United States Code, is amended by striking out "\$150" and inserting in lieu thereof "\$175".

Sec. 104. Section 3010 of title 38, United States Code, is amended—

- (1) by redesignating paragraph (2) of subsection (b) as paragraph (3); and

(2) by inserting immediately after paragraph (1) thereof the following new paragraph:

"(2) The effective date of an award of increased compensation shall be the earliest date as of which it is ascertainable that an increase in disability had occurred, if application is received within one year from such date."

TITLE II—SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION

SEC. 201. Section 411 of title 38, United States Code, is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$245	W-4	\$350
E-2	252	O-1	309
E-3	260	O-2	320
E-4	275	O-3	343
E-5	283	O-4	363
E-6	290	O-5	399
E-7	303	O-6	449
E-8	320	O-7	487
E-9	335	O-8	532
W-1	309	O-9	572
W-2	321	O-10	626
W-3	332		

¹ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$360.

² If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$671.

"(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by \$30 for each such child.

"(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by \$73 if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person."

SEC. 202. Section 413 of title 38, United States Code, is amended to read as follows:

"Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

"(1) One child, \$123.

"(2) Two children, \$178.

"(3) Three children, \$229.

"(4) More than three children, \$229, plus \$46 for each child in excess of three."

SEC. 203. (a) Subsection (a) of section 414 of title 38, United States Code, is amended by striking out "\$64" and inserting in lieu thereof "73".

(b) Subsection (b) of section 414 of such title is amended by striking out "\$108" and inserting in lieu thereof "\$123".

(c) Subsection (c) of section 414 of such title is amended by striking out "\$55" and inserting in lieu thereof "\$63".

SEC. 204. Section 410(a) of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall pay dependency and indemnity compensation to the widow, children, and parents of any veteran who dies after December 31, 1956, and who—

"(1) dies from a service-connected or compensable disability; or

"(2) was at the time of his death in receipt of or entitled to receive compensation for a [total] service-connected disability [permanent in nature.] *total and permanent in nature, which disability was so rated for not less than one year prior to such death.*

The standards and criteria for determining whether or not a disability is service-connected shall be those applicable under chapter 11 of this title."

TITLE III—EFFECTIVE DATE

SEC. 301. The provisions of this Act shall become effective on July 1, 1975.

INTRODUCTION AND SUMMARY OF S. 1597, AS REPORTED

The Subcommittee on Compensation and Pension, chaired by Senator Herman E. Talmdage, conducted a hearing on May 8, 1975. This hearing reviewed the Veterans' Administration service-connected disability compensation and dependency and indemnity and death compensation programs. The hearing also examined pending legislation which included Chairman Hartke's bill, S. 1597, the "Veterans Disability Compensation and Survivor Benefits Act of 1975."

The subcommittee received testimony from Senator Daniel K. Inouye. Administration spokesmen testifying included Rufus Wilson, Chief Benefits Director, Veterans' Administration. Testimony was also received from the Disabled American Veterans, The American Legion, Veterans of Foreign Wars, Paralyzed Veterans of America, the Military Wives Association, Incorporated, the Non Commissioned Officers Association of the United States, the Disabled Officers Association, the Retired Officers Association, the Gold Star Wives of America, Incorporated, and the Blinded Veterans Association.

By agreement of the Subcommittee on Compensation and Pensions, S. 1597 was reported without recommendation to the full committee for its consideration. The full Committee on Veterans' Affairs met in executive session on June 19, 1975 to consider S. 1597. After careful consideration, the committee unanimously approved and ordered favorably reported S. 1597 with amendments.

The basic provisions of the bill as reported would:

(1) provide a 12-percent cost-of-living increase in the rates of disability compensation for those veterans rated 50 percent disabled or less and a 14-percent increase for more severely disabled veterans rated 60 percent to totally and permanently disabled;

(2) provide a 12-percent cost-of-living increase in the rates of additional compensation for dependents of veterans whose disability is rated 50 per centum or more;

(3) provide an increase in the annual clothing allowance of \$25 for a veteran who because of his compensable disability wears or uses a prosthetic or orthopedic appliance, including a wheelchair, which tends to wear out or tear his clothing, from \$150 to \$175;

(4) provide that the effective date of an award of increased compensation shall be the earliest date it is ascertainable that an increase in disability occurred if the application is received within a year of such date;

(5) provide a 14-percent cost-of-living increase in the rates payable for dependency and indemnity compensation (DIC), for widows and children, as well as for additional allowances for those in receipt of DIC and death compensation in need of aid and attendance; and

(6) provide that the survivors of a veteran who was rated totally disabled and permanently service-connected disabled at the time of death would be automatically entitled to dependency and indemnity compensation.

BACKGROUND AND DISCUSSION

Increases in Disability Compensation

The Veterans' Administration disability compensation program provides income for 2,217,557 veterans who have service-connected disabilities. Of this number, about 55,000 are disabled World War I veterans; 1,312,800 World War II veterans; 239,800 Korean conflict veterans; and 415,700 Vietnam era veterans. Compensation is paid according to the degree of disability. Section 355 of title 38, United States Code, provides that the ratings of disability which range from 10 to 100 percent (with additional allowances for statutory awards)

for certain disabilities shall be based "as far as practical on the average impairment of earning capacity resulting from such injury for civilian occupation." In addition, other less tangible factors have also traditionally been considered by Congress in establishing compensation rates for those who sustained service-connected disabilities in the defense of their country.

The following table reveals average cost and caseloads for disabled veterans:

TABLE 1.—AVERAGE COST AND CASELOAD OF VETERANS DISABILITY AND SURVIVOR COMPENSATION CASES

Total costs	Fiscal year 1974			Fiscal year 1975			Fiscal year 1976 (Estimated)		
	Average cases	Average cost	Total cost (In thousands)	Average cases	Average cost	Total cost (In thousands)	Average cases	Average cost	Total cost (In thousands)
Spanish-American War.....	11	\$6,270	\$69	5	\$7,225	\$36	5	\$7,225	\$36
Mexican border period.....	13	5,253	68	12	6,250	75	10	6,300	63
World War I.....	61,937	2,105	130,349	56,900	2,379	135,370	52,400	2,379	124,660
World War II.....	1,336,747	1,376	1,844,035	1,318,500	1,565	2,063,711	1,300,000	1,570	2,041,058
Korean conflict.....	240,573	1,682	404,745	1,240,200	1,921	481,438	1,200,000	1,827	462,415
Vietnam era.....	377,824	1,587	591,581	405,800	1,778	721,705	425,500	1,777	756,134
Peacetime service.....	191,866	1,639	314,564	193,000	1,864	357,865	194,000	1,865	360,034
Veterans—total.....	2,207,001	1,489	3,285,411	2,214,417	1,689	3,740,220	2,211,915	1,693	3,744,400

In light of the foregoing, the Committee periodically reviews the service-connected disability compensation program to ensure that the benefits will provide reasonable and adequate compensation for loss of earning power.

Normally, this review of disability compensation and dependency and indemnity compensation (DIC) program occurs biennially. These rates were most recently adjusted last year by the Veterans Disability Compensation Survivor Benefits Act of 1974 (Public Law 93-295). However, as the Disabled American Veterans noted in their testimony this year, "these are not normal economic times." Disabled veterans and their survivors during the past year have experienced a persistent, continuing rapid inflation in the cost of living. Following the hearing on this matter, the Committee believes that a 12 to 14 percent cost-of-living increase in compensation payments is both warranted and necessary to protect disabled veterans and their survivors from a continued loss of purchasing power. From May 1, 1974, the effective date of Public Law 93-295, to April 31, 1975, the Consumer Price Index has risen 10.1 percent as shown in the following table:

TABLE 2.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS—CONSUMER PRICE INDEX
[PERCENT]

	1974	1975
January.....	139.7	156.1
February.....	141.5	157.2
March.....	143.1	157.8
April.....	144.0	158.6
May.....	145.6	
June.....	147.1	
July.....	148.3	
August.....	150.2	
September.....	151.9	
October.....	153.2	
November.....	154.3	
December.....	155.4	

On a twelve-month basis, this represents an increase of 0.84 percent per month. For the calendar year 1975, the President's Council of Economic Advisers has estimated an inflation rate of 9 percent or 0.75 percent per month. Thus, actual inflation to date plus projections for the two additional months to a July 1, 1975 effective date, would require a minimum 12-percent increase as adopted in the Committee's reported bill. Veterans rated 50 percent disabled or less would receive a uniform 12-percent increase if the reported measure is enacted.

For those veterans who are rated 60 percent to totally and permanently disabled, and for those with severe anatomical losses, the Committee believes that they are in need of even greater increased compensation and that the majority of those veterans having lesser disability ratings are more able to supplement their compensation with earnings. Accordingly, the Committee has authorized slightly higher compensation increases of 14 percent for veterans with disabilities

rated 60 percent to totally and permanently disabled. As the Disabled American Veterans noted in their testimony before the Subcommittee on Compensation and Pensions, "Most serious of all is the plight of service-connected disabled veterans who have no earnings from employment. The totally and permanently disabled veteran who cannot work, and who depends on his disability compensation for life's basic necessities, is today in a very precarious financial position."

In this connection, the Committee notes that in 1974 a totally and permanently disabled service-connected veteran with a wife and one child received compensation totalling \$7,352, as compared with the median gross annual earnings of Federal Government employees which was \$11,402.

Compensation payments for anatomical losses rated in paragraphs (l) through (s) of section 314 of title 38, United States Code, are also increased by 14 percent while paragraph (k) is increased by 12 percent. The following table shows the current rates for disability compensation and those proposed in S. 1597, as reported, together with the number of veterans placed in each rating:

TABLE 3.—COMPARISON OF COMPENSATION RATES UNDER PRESENT LAW AND UNDER S. 1597

Disability	Present law	S. 1597	Number of veterans
(a) Rated at 10 percent.....	\$32	\$36	867,474
(b) Rated at 20 percent.....	59	66	343,550
(c) Rated at 30 percent.....	89	100	314,173
(d) Rated at 40 percent.....	122	137	179,542
(e) Rated at 50 percent.....	171	192	112,546
(f) Rated at 60 percent.....	211	241	115,104
(g) Rated at 70 percent.....	250	285	75,348
(h) Rated at 80 percent.....	289	329	37,380
(i) Rated at 90 percent.....	325	371	13,016
(j) Rated at total.....	584	666	122,215
Limit for veterans receiving payments under (a) to (j) above.....			
(l) Anatomical loss or loss of use of both hands, both feet, 1 foot and 1 hand, blindness in both eyes (5/200 visual acuity or less), permanently bedridden or so helpless as to require regular aid and attendance.....	727	829	9,129
(m) Anatomical loss of use of 2 extremities so as to prevent natural elbow or knee action with prosthesis in place, blind in both eyes, rendering veteran so helpless as to require regular aid and attendance.....	800	912	5,387
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthesis, anatomical loss of both eyes.....	909	1,036	1,602
Limit for veterans receiving payments under (l) to (n) above.....			
(o) Disability under conditions entitling veteran to 2 or more of the rates provided in (l) through (n), no condition being considered twice in the determination, or total deafness in combination with total blindness (5/200 visual acuity or less).....	1,017	1,159	29
(p) If disabilities exceed requirements of any rates prescribed, Administrator of VA may allow next higher rate or an intermediate rate, but in no case may compensation exceed.....	1,017	1,159	6,370
(r) If veteran entitled to compensation under (o) or to the maximum rate under (p), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to whatever he is receiving under (o) or (p).....	437	498	8,285
(s) Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound.....	654	746	7,135
Total number of cases affected.....			2,211,915

Finally, the following tables show statutory increases in the compensation program since 1933:

TABLE 4.—HISTORY OF WARTIME SERVICE-CONNECTED COMPENSATION INCREASES—1933 TO 1952

Sec. 314, title 38, subpar.—	Percent	July 1, 1933	Plus percent increase equals—	Jan. 19, 1934	Plus percent increase equals—	Public Law 312, 78th Cong., June 1, 1944	Plus percent increase equals—	Public Law 182, 79th Cong., Oct. 1, 1945	Plus percent increase equals—	Public Law 662, 79th Cong., Sept. 1, 1946	Plus percent increase equals—	Public Law 339, 81st Cong., Dec. 1, 1949	Plus percent increase equals—	Public Law 356, 82d Cong., July 1, 1952	Plus percent increase equals—	Public Law 427, 82d Cong., Aug. 1, 1952	Plus percent increase equals—
(a).....	10	\$9	11.1	\$10	15	\$11.50	20	\$13.80	8.7	\$15	5	\$15.75	.....	.....	.....	.....	7.9
(b).....	20	18	11.1	20	15	23.00	20	27.60	8.7	30	5	31.50	.....	.....	.....	.....	4.8
(c).....	30	27	11.1	30	15	34.50	20	41.40	8.7	45	5	47.25	.....	.....	.....	.....	5.8
(d).....	40	36	11.1	40	15	46.00	20	55.20	8.7	60	5	62.00	.....	.....	.....	.....	4.8
(e).....	50	45	11.1	50	15	57.50	20	69.00	8.7	75	15	86.25	.....	.....	.....	.....	5.5
(f).....	60	54	11.1	60	15	69.00	20	82.80	8.7	90	15	103.50	.....	.....	.....	.....	5.3
(g).....	70	63	11.1	70	15	80.50	20	96.60	8.7	105	15	120.75	.....	.....	.....	.....	5.2
(h).....	80	72	11.1	80	15	92.00	20	110.40	8.7	120	15	138.00	.....	.....	.....	.....	5.0
(i).....	90	81	11.1	90	15	103.50	20	124.20	8.7	135	15	155.25	.....	.....	.....	.....	5.0
(j).....	190	90	11.1	100	15	115.00	20	138.00	8.7	150	15	172.50	.....	.....	.....	.....	4.9
Subpar. (s) (house-bound cases) Public Law 86-663, effective Sept. 1, 1960.....																	
(l).....		150	.....	.....	33.3	.....	\$200	20	240.00	.....	.....	.....	.....	.....	10.8	\$266	4.9
(m).....		175	.....	.....	34.3	.....	235	20	282.00	.....	.....	.....	.....	.....	11.0	313	5.1
(n).....		200	.....	.....	32.5	.....	265	20	318.00	.....	.....	.....	.....	.....	11.0	353	5.1
(o).....		250	.....	.....	20.0	.....	300	20	360.00	.....	.....	.....	.....	.....	11.1	400	5.0
(p).....		.....	.....	.....	.....	.....	300	20	360.00	.....	.....	.....	.....	.....	11.1	400	5.0
Subpar. (r) "A and A" nonhospitalization, Public Law 85-782, effective Oct. 1, 1958.....																	
(k).....		25	.....	.....	40.0	.....	35	20	42.00	.....	.....	.....	.....	.....	11.9	47	.....
(q).....		.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	67	.....

TABLE 5.—HISTORY OF WARTIME SERVICE-CONNECTED COMPENSATION INCREASES—1954 TO PRESENT

Sec. 314, title 38, subpar.—	Public Law 695, 83d Cong., Oct. 1, 1954	Plus percent increase equals—	Public Law 85-168, Oct. 1, 1957	Plus percent increase equals—	Public Law 87-645, Oct. 1, 1962	Plus percent increase equals—	Public Law 89-311, Oct. 31, 1965	Plus percent increase equals—	Public Law 90-493, Jan. 1, 1969	Plus percent increase equals—	Public Law 91-376, July 1, 1970	Plus percent increase equals—	Public Law 92-328, Aug. 1, 1972	Plus percent increase equals—	Public Law 93-295, May 1, 1974	Plus percent increase equals—	S. 1597	Percent increase from Jan. 1, 1969
(a).....	\$17	11.8	\$19	5.3	\$20	5.0	\$21	9.5	\$23	8.7	\$25	12.0	\$28	15	\$32	12	\$35	47.7
(b).....	33	9.1	36	5.6	38	5.3	40	7.5	43	7.0	45	10.8	51	15	59	12	66	44.7
(c).....	50	10.0	55	5.5	58	3.4	60	8.3	65	7.7	70	10.0	77	15	89	12	100	44.7
(d).....	66	10.6	73	5.5	77	6.6	82	8.5	89	7.9	95	10.4	105	15	122	12	137	45.3
(e).....	91	9.9	100	7.0	107	5.6	113	8.0	122	10.7	135	10.3	149	15	171	12	192	48.0
(f).....	109	10.1	120	6.7	128	6.3	136	8.1	147	10.9	163	9.8	179	18	211	14	241	52.7
(g).....	127	10.2	140	6.4	149	7.4	161	8.1	174	10.9	193	9.8	212	18	250	14	285	52.7
(h).....	145	10.3	160	6.3	170	9.4	186	8.1	201	10.9	223	9.9	245	18	289	14	329	52.8
(i).....	163	9.8	179	6.7	191	9.4	209	8.1	226	10.6	250	10.0	275	18	325	14	371	52.6
(j).....	181	24.3	225	11.1	250	20.0	300	33.3	400	12.5	450	10.0	495	18	584	14	663	54.5
Subpar. (s) (house-bound cases) Public Law 86-663, effective Sept. 1, 1960.....																		
(l).....	279	10.8	309	10.0	340	17.6	409	25.2	500	12.0	560	10.0	616	18	727	14	829	54.0
(m).....	329	9.1	359	8.6	390	15.4	450	22.2	550	12.0	616	10.1	678	18	800	14	912	54.1
(n).....	371	8.1	401	9.7	440	19.3	525	18.2	625	12.0	700	10.0	770	13	909	14	1,036	54.0
(o).....	420	7.1	450	16.7	525	14.3	600	16.7	700	12.0	784	9.9	852	18	1,017	14	1,159	53.9
(p).....	420	7.1	450	16.7	525	14.3	600	16.7	700	12.0	784	9.9	862	18	1,017	14	1,159	53.9
Subpar. (r) "A and A" nonhospitalization, Public Law 85-782, effective Oct. 1, 1958.....																		
(k).....			150	33.3	200	25.0	250	20.0	300	12.0	335	10.1	370	18	437	14	493	54.1
(q).....														10	52	12	58	22.0

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Increases in Monthly Dependents Allowances

Under existing law, additional allowances are provided for dependents of veterans who are rated 50 percent or more disabled. S. 1597, as reported, provides 12 percent increases in dependency allowances to 365,000 veterans currently in receipt of these benefits. The additional compensation rates payable for dependents under present law and the Committee bill are shown in the following table:

TABLE 6.—MONTHLY DEPENDENTS' ALLOWANCES (FOR DEPENDENTS OF VETERANS RATED 50- TO 100-PERCENT DISABLED)

	Present law	S. 1597
Wife, no children.....	\$36	\$40
Wife and 1 child.....	61	68
Wife and 2 children.....	77	86
Wife and 3 children.....	95	106
Each additional child.....	17	19
No wife, 1 child.....	24	27
No wife, 2 children.....	41	46
No wife, 3 children.....	61	68
Each additional child.....	17	19
Mother or father, each.....	29	32

Increases in Survivors Dependency and Indemnity Compensation

The dependency and indemnity compensation (DIC) program was created in 1965 with enactment of the Servicemen's and Veterans' Survivor Benefits Act (Public Law 84-881).

DIC payments are authorized for widows, unmarried children under 18 (as well as certain helpless children and those between 18 and 23 enrolled in school under chapter 35), and certain parents of servicemen or veterans who died on or after January 1, 1957, from: (a) a disease or injury incurred or aggravated in line of duty while on active duty or active duty for training; or (b) an injury incurred or aggravated in line of duty while on inactive duty training; or (c) a disability otherwise compensable under laws administered by VA.

Widows, children, and parents who are on the rolls, or found to be eligible, for death compensation by reason of a death occurring before January 1, 1957 may elect to receive DIC payments in lieu of death compensation. They cannot thereafter choose to receive death compensation.

Prior to enactment of the DIC programs, the survivors of military personnel whose deaths were due to service-connected causes might have been eligible for as many as five differing survivor benefits.

In 1969, Public Law 91-96 was enacted which replaced the original DIC formula with a table of rates related to the pay grade of the uniformed services at specific dollar rates. An effort was made at that time to increase all widows payments by an amount equal to increases in the cost of living since the effective date of the 1965 act. A subsequent adjustment in Public Law 92-197 provided an additional 10-percent increase in benefits. Finally, last year DIC rates were increased 17 percent by Public Law 93-295.

The current DIC program provides benefits to more than 369,000 beneficiaries. The following table shows the current and anticipated survivor caseloads and costs by fiscal years:

TABLE 7.—AVERAGE COST AND CASELOAD OF SURVIVOR COMPENSATION CASES

Total costs	Fiscal year 1974			Fiscal year 1975			Fiscal year 1976 (Estimated)		
	Average cases	Average cost	Total cost (In thousands)	Average cases	Average cost	Total cost (In thousands)	Average cases	Average cost	Total cost (In thousands)
Indian wars.....	1	\$1,814	\$2	1	\$2,064	\$2	1	\$2,064	\$2
Civil War.....	12	2,267	27	9	2,556	23	6	2,556	15
Spanish-American War.....	291	2,395	697	265	2,751	729	245	2,751	674
Mexican border period.....	2	3,098	6	2	3,011	6	2	3,011	6
World War I.....	35,164	2,415	87,336	35,400	2,773	98,178	34,500	2,792	96,309
World War II.....	198,350	1,745	346,176	194,200	2,020	392,294	189,700	2,036	386,171
Korean conflict.....	39,238	1,985	78,005	39,000	2,289	89,280	39,800	2,305	89,438
Vietnam era.....	49,187	2,587	127,252	52,000	2,971	154,507	54,500	2,990	162,977
Peacetime service.....	48,941	2,463	120,559	48,800	2,629	137,189	48,300	2,847	137,514
Survivors—total.....	372,236	2,042	760,060	369,377	2,361	872,208	366,054	2,385	873,106

Title II of S. 1597, as reported, provides a uniform cost-of-living increase in dependency and indemnity compensation rates of 14 percent for widows and children effective July 1, 1975. The Committee believes these increases are justified by the fact that since DIC rates were last adjusted May 1, 1974, the Consumer Price Index has increased by over 10 percent by April 30, 1975 as reflected in table 2 cited previously and continuing to increase. Additional allowances for widows in need of aid and attendance, helpless children, children between the ages of 18 and 23 attending schools, and widows and dependent parents in receipt of death compensation in need of aid and attendance are also increased by 14 percent. Existing and proposed rates are shown in the following table:

TABLE 8.—COMPARISON OF DIC RATES UNDER PRESENT LAW AND S. 1597

Pay grade	Present law	S. 1597	Estimated number of DIC widows—fiscal year 1976
E-1	\$215	\$245	38,900
E-2	221	252	24,400
E-3	228	260	21,200
E-4	241	275	20,000
E-5	248	283	19,700
E-6	254	290	18,260
E-7	266	303	19,700
E-8	281	320	2,400
E-9	294	335	1,100
W-1	271	309	1,200
W-2	282	321	1,800
W-3	291	332	640
W-4	307	350	680
O-1	271	309	3,300
O-2	281	320	6,100
O-3	301	343	9,500
O-4	318	363	8,100
O-5	350	399	6,800
O-6	394	449	5,500
O-7	427	487	440
O-8	467	532	420
O-9	502	572	98
O-10	549	626	40

Clothing Allowance Increase

Section 103 would increase from \$150 to \$175 the annual clothing allowance. This is a special clothing allowance for veterans who because of a compensable disability wear or use a prosthetic appliance which tends to wear or tear out their clothing and was first authorized in 1972 by enactment of Public Law 92-328. The clothing allowance was first authorized then because previous law had proved to be inadequate. Prior to that time, the Administrator had been authorized to furnish "special clothing" made necessary by the wearing of prosthetic appliances. The law did not, however, authorize furnishing a replacement of conventional clothing by reason of extraordinary wear and tear occasioned by the use of a prosthetic appliance. For this reason, Congress authorized a \$150 annual clothing allowance.

Although the Veterans' Administration was and still is unsure as to how many severely disabled veterans are eligible for this allowance, it sent 61,378 computer-generated letters to prospective entitlees, who were identified by "anatomical loss" and "loss of use" codes. For the first nine months of fiscal year 1975, the most recent period for which complete statistics are available, 52,273 veterans had been awarded

the clothing allowance. Thus, according to VA supplied information, over 9,000 veterans or approximately 15 percent of those veterans tentatively identified as eligible, have not been awarded the clothing allowance.

Accordingly, the Committee expects that additional outreach efforts will be made by the Veterans' Administration this year to identify and contact all those disabled veterans who are eligible for the allowance and encourage them to apply for it.

Since enactment of the clothing allowance in August 1972, the Consumer Price Index has risen from 125.7 to 158.6 at the end of April 1975. Accordingly, the Committee believes that the modest \$25 increase in the clothing allowance is thoroughly justified.

Increasing the clothing allowance would thus give further recognition to the difficulties these veterans must endure daily because of the special nature of their service-incurred disabilities. The first year additional cost of this provision will be \$1.4 million, slowly increasing to \$1.5 million at the end of five years.

AUTOMATIC ENTITLEMENT TO DIC BENEFITS

S. 1597, as reported, would also, in certain limited circumstances, grant automatic entitlement to dependency and indemnity compensation (DIC). Widows of veterans who were rated totally and permanently disabled for a period of one year or more would be automatically entitled to receive DIC survivor benefits following the veteran's death. This has been a matter of continuing concern as expressed in testimony by representatives of various veterans' organizations during the past several years. Last year, a similar provision was originally included in the Committee bill when it considered compensation adjustments. At that time, the Committee received considerable testimony in favor of the automatic entitlement from veterans' organizations. The administration, however, opposed this provision. In light of contrasting viewpoints and lack of available information, the Committee did not report the provisions but instead directed the Veterans' Administration pursuant to section 207 of Public Law 93-295 to conduct a study of DIC claims of survivors of those veterans who had been rated totally and permanently disabled at the time of their death. The Committee directed the Veterans' Administration to place particular emphasis in its analysis of DIC applications, first to the difficulties in establishing service-connected death by widows; and second, to the financial situation of those widows and families denied DIC benefits.

The study was submitted to the Committee on January 20, 1975 and was reprinted as Senate Committee Print No. 2, 94th Congress, 1st session. The study contains much information which bears on both of those questions. First, the study revealed that nearly 25 percent of all claims for death benefits filed by widows of veterans who were totally and permanently disabled in their lifetime were denied by the Veterans' Administration. The Committee is convinced that many of these denials were caused by the VA's failure, despite however well-meaning claims adjudicators may be, to take into account adequately the total impact of a total and permanent disability. Such a condition may be a contributing factor to a death resulting from a disease or

dysfunction, which of itself may not be regarded as service connected in origin. Existing procedures often do not take into account the recognized fact that catastrophic disabilities cannot be isolated in the body to one organ, one limb or particular dysfunction, but rather affects in one way or another a person's entire physical and mental system.

The Disabled American Veterans testified, for example, that:

In many instances, even though a claimant may submit medical evidence which supports the claim for contributory cause of death, DIC benefits are denied by the VA on the basis of difference in medical opinion. This holds true even in cases where a veteran prior to his death had a service-connected disability permanent and total in nature of many years duration. . . . We hold to the view that such a total disability must in and of themselves virtually affect the general wellbeing of a veteran and therefore materially hasten the death process.

The Paralyzed Veterans of America testified:

How can you justify to his widow or his children that once the veteran is dead, we no longer have a responsibility to you? Any veteran determined to be totally and permanently disabled has suffered a traumatic injury to substantially shorten his life expectancy. In the instance of a spinal injury, he is expected to live to the age of 57, substantially less than a normal life expectancy. Excessive strain on certain vital organs, susceptibility to infection and accident, drastically shorten the number of years he will be able to live and provide for his family. This affliction is again a result of service to his country and the responsibility is ours.

The Committee further believes that present practice also fails to acknowledge adequately that a total and permanent disability can severely shorten life expectancy of a veteran. The American Legion testified that:

Ratings of disability under the Veterans' Administration schedule for rating disabilities do not take into consideration reduced life expectancy flowing from total service-connected disability.

Thus, the current system is often imprecise and vague. In its comments accompanying the report on the study of DIC denials, the Veterans' Administration said that its determinations were made on a "very liberal basis". Nevertheless, the VA recently recognized the inherent problems and difficulties in making such judgments in a program guide issued on March 27, 1975, subsequent to its mandated report to the Committee. The purpose of the program guide was to "reemphasize and encourage more equitable use of the broad discretionary power" of the rating boards with respect to death claims. The Committee believes that this program guide underscores the need for increased compassion when dealing with the surviving spouses of veterans who were totally and permanently disabled during their lifetime. The program guide also acknowledges that greater consideration should be given to whether service connection impaired the general

health of the individual so that he or she was less able to ward off the effects of disease or trauma. This program guide is printed in full in the section of this report entitled "Agency Reports."

Aside from the difficult question of deciding whether or not a death was service connected, there is the additional and equally important question of the financial condition of those the totally disabled veteran leaves behind. According to the study submitted by the Veterans' Administration, the total income of those veterans' widows denied DIC benefits averaged \$2,621 a year. The American Legion in its testimony noted that:

Because of the severity of this level of disability, veterans so rated have a reduced earning capacity. Both reduced life expectancy and diminished earnings resulting from such disability deny the survivors an economic status they might otherwise have experienced.

The Disabled American Veterans further testified:

Any veteran who suffers from physical and economic effects of a total service-connected disability should have the statutory assurance that upon his death, his widow and children will receive the measure of security available for DIC entitlement. It has long been our contention that totally disabled veterans due to the economic impairment caused by a service-connected disability are not in a position to provide any substantial financial security for their families following their death.

The meager economic resources available to widows as reported in the VA's study would appear to strongly support this contention.

Further, special recognition for those married to veterans with disabilities total and permanent in nature would not be unique. For example, educational and training assistance benefits are currently provided under chapter 35 of title 38, United States Code. Second, medical benefits are authorized for the spouses of totally disabled veterans under the CHAMPVA program, created by the Veterans Health Care Expansion Act of 1973 (Public Law 93-82). And finally, job counseling, training, and placement assistance under chapter 41 of title 38, United States Code, was made available to this group under the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508). Thus, automatic entitlement to DIC benefits would be a logical extension of the special status we accord to the spouses of severely disabled veterans. Further, the assurance of this additional income for the survivors should provide peace of mind for severely disabled veterans during their lifetime with the knowledge that their widows and children will be cared for after their death.

Thus, the Committee believes that even in these cases where there is no ambiguity with respect to service connection, a strong argument can be made for compassionate generosity to this group of widows who have devoted so much of their lives to their totally disabled veteran spouses.

Accordingly the Committee, after studying this difficult problem last session and carefully considering the agreed upon study of DIC denials this year, believes the provisions adopted in the reported bill are thoroughly justified.

In testimony before the Subcommittee, the Veterans of Foreign Wars strongly supported this provision and noted that a similar provision was reported by a Senate committee some years ago.

The cost of this provision would, according to the Veterans' Administration, be "negligible"—probably less than \$1 million a year. In addition, this cost will be offset by reduced administrative costs currently entailed in determining such claims.

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510, 91st Congress), the Committee, based on information supplied by the Veterans' Administration, estimates that the costs attributable to this bill, S. 1597, are approximately \$584.8 million the first year, gradually decreasing to \$583.4 million the fifth year.

The Chairman in a March 15, 1975, letter to the Budget Committee as required by section 301(c) of the Congressional Budget Act of 1974 (Public Law 93-344), indicated that due to rapid increases in the Consumer Price Index, there was a "pressing need for rate adjustments this year in the range of 10 to 14 percent producing first full-year additional costs of \$300 to \$600 million" for veterans' disability compensation and survivor benefits. The Budget Committee, in executive session deliberations, clearly indicated with near unanimous agreement (including a specific voice vote), that such cost-of-living adjustments should be part of their overall concurrent resolution. Complete and accurate information as to the cost of this proposal was, however, neither available to the Veterans' Affairs Committee or the Budget Committee at that time. Consequently, in providing for compensation and dependency and indemnity compensation (DIC) increases, the Budget Committee apparently utilized the lower parameter of \$300 million in first estimating costs. Subsequent to initial Senate action on the Budget Resolution, the Committee received and relayed to the Budget Committee, official estimates submitted by the Veterans' Administration which show that the rate adjustments contemplated in S. 1597 would actually be closer to the upper parameter with a first full-year cost of \$584.8 million. A breakdown of that cost estimate is contained in the following table:

TABLE 9.—5-YR COST OF S. 1957, AS REPORTED

Section and provision	Fiscal year cost (in millions)					
	1976	Transition period	1977	1978	1979	1980
101. 12 to 14 percent increase in disability compensation.....	\$466.0	\$116.1	\$463.9	\$462.1	\$460.8	\$459.4
102. 12-percent increase in additional allowances for dependents.....	16.0	4.0	15.9	15.9	15.8	15.8
103. \$25 increase in clothing allowance.....	1.4	1.2	1.4	1.5	1.5	1.5
104. Change in effective date of award of increased compensation.....	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
201. 14-percent DIC for widows.....	94.0	23.7	96.2	98.3	100.6	102.8
202. 14-percent increase in DIC for children.....	6.2	1.6	5.7	5.1	4.2	3.1
203. 14-percent increase in additional DIC allowance for children.....	1.2	.3	1.1	1.0	.9	.8
204. Automatic DIC entitlement for service-connected disabled veterans' survivors.....	(²)	(²)	(²)	(²)	(²)	(²)
Total.....	584.8	146.9	584.2	583.9	583.9	583.4

¹ Estimate of cost is unknown.

² Negligible cost; less than \$1 million a year.

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes cast in person or by proxy of the Members of the Committee on Veterans' Affairs on a motion to report S. 1597, with amendments, favorably to the Senate:

Yeas—9

Vance Hartke
Herman E. Talmadge
Jennings Randolph
Alan Cranston
Richard (Dick) Stone

Clifford P. Hansen
Strom Thurmond
Robert T. Stafford
William L. Scott

Nays—0

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 1597

Section 1

This section provides that the proposed act may be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975."

TITLE I—VETERANS DISABILITY COMPENSATION

Section 101

Subsection (a) provides increases in the basic rates of service-connected disability compensation payable under section 314 of title 38, United States Code, ranging from 12 percent to 14 percent depending upon the degree of severity of disability. Increases of 12 percent are provided for disabilities rated 10 to 50 percent. Increases of 14 percent are provided for disabilities rated 60 to totally and permanently disabled. Currently, a veteran with a 10-percent disability receives \$32 monthly and a veteran with a disability rated at 100 percent receives \$584. The rates would be increased to \$36 and \$666, respectively. An increase of 14 percent is provided for all higher statutory awards involving combinations of severe disabilities. A 12-percent increase is provided for the statutory awards payable under section 314(k).

Subsection (b) authorizes administrative adjustment consistent with the rate increases specified in *subsection (a)*, of the rates of disability compensation payable to persons under section 10 of Public Law 85-857 who are not in receipt of compensation under chapter 11 of title 38, United States Code.

Section 102

This section provides increases in the additional allowances payable under section 315 of title 38, United States Code to service-connected disabled veterans with spouses, children, and dependent parents when the veteran is rated 50 percent or more disabled. These allowances are increased by 12 percent and would affect approximately 365,000 veterans.

Section 103

This section would provide an increase in the clothing allowance of \$25 payable under section 362 to any veteran who because of his compensable disability wears or uses a prosthetic or orthopedic appliance, including a wheelchair, which tends to wear out or tear his clothing, from \$150 to \$175.

Section 104

This section would provide that the effective date of an award of increased compensation shall be the earliest date at which it is ascertainable that an increase in disability occurred if the application is received within one year from such date. This amendment is consistent with amendments concerning pension awards made last year by Public Law 93-177.

TITLE II—SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION

Section 201

Subsection (a) would increase the rates of dependency and indemnity compensation (DIC) payable under section 411 to the widows of veterans who died of service-connected causes. Currently, the minimum amount of DIC payable is for the widow of a veteran who attained the grade of E-1, \$215 monthly, ranging upward to the DIC payable to the widow of a veteran who attained the grade of O-10, of \$549 per month. These rates would be increased by 14 percent or \$245 per month for an E-1 up to \$626 per month for an O-10.

Subsection (b) would increase the additional monthly allowance payable under section 411(b) to a widow receiving DIC for each child under eighteen by 14 percent from \$26 to \$30.

Subsection (c) would provide a 14-percent increase in the additional allowance payable under section 411(c) to a widow in receipt of DIC who is in need of aid and attendance from \$64 per month to \$73.

Section 202

This section would provide a 14-percent increase in the rates of DIC payable under section 413 for children when there is no widow entitled. Currently the rates range from \$108 for one child to \$201 for three children plus \$40 per month for each additional child. The increases would provide rates of \$123 to \$229, respectively, with \$46 for each additional child.

Section 203

Subsection (a) would provide a 14-percent increase in the additional allowance payable under section 414(a) to a child eligible for DIC who had attained the age of eighteen and is permanently incapable of self-support from \$64 to \$73 per month.

Subsection (b) would provide an increase of 14 percent in the additional allowance (from \$108 to \$123 per month) payable under section 414(b) to a widow receiving DIC when there is a child eligible who has attained the age of eighteen and is permanently incapable of self-support.

Subsection (c) would provide a 14-percent increase (from \$55 per month to \$63) in the additional allowance payable under section 414(c) to a widow in receipt of DIC when there is a child pursuing a course of education approved under section 104.

Section 204

This section would amend section 410(a) to provide that the survivors of a veteran who was rated totally and permanently service-connected disabled for a period of at least one year would be automatically entitled to dependency and indemnity compensation.

TITLE III—EFFECTIVE DATE

Section 301

Provides that the provisions of this Act shall become effective on July 1, 1975.

AGENCY REPORTS

The Committee requested and received a number of reports from the Veterans' Administration on several bills pending before the Committee which would increase the rates of disability compensation for disabled veterans and also to increase the rates of dependency and indemnity compensation for their survivors. These reports follow:

[No. 14]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 9, 1975.

HON. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 1597, 94th Congress.

The measure to be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975," would accomplish the following purposes:

(a) increase the monthly rates of service-connected disability compensation payable to veterans, including the additional amount authorized for dependents;

(b) increase the monthly rates of dependency and indemnity compensation (DIC) payable to widows and children of veterans whose deaths were service connected;

(c) increase the annual clothing allowance to certain veterans wearing or using a prosthetic or orthopedic appliance; and

(d) authorize payment of service-connected dependency and indemnity compensation to the widow, children and parents of a veteran who died of a non-service-connected cause, but was at the time of his death in receipt of or entitled to receive compensation for a total service-connected disability permanent in nature.

The basic purpose of the disability compensation program, (ch. 11, title 38, United States Code), throughout its history has been to provide relief for the impaired earning capacity of veterans disabled as the result of their military service. The amount payable varies according to the degree of disability which, in turn, is required by the law (38 U.S.C. 355) to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civil occupations. Additional compensation for dependents is payable to any veteran entitled to basic compensation for disability rated at not less than 50 percent.

Under chapter 13 of the stated title 38, DIC payments are made to widows and certain parents and children of veterans who die of a service-connected cause. For widows, the monthly rates are geared to the pay grade of the deceased veteran, ranging from \$215 for the widow of an E-1 to \$549 for the widow of an O-10. The applicable widow's rate is increased by \$26 for each child of the veteran under age 18. An additional amount of \$64 is payable where the widow is (1) a patient in a nursing home or (2) helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

For children where no widow is entitled the monthly rates range from \$108 for one child to \$201 for three children (plus \$40 for each additional child). In the case of certain children specified under 38 U.S.C. 414(a) who are permanently incapable of self-support, the applicable basic rate is increased by \$64 for each child. Under 38 U.S.C. 414 (b) and (c), in cases wherein a widow is receiving benefits, monthly amounts of \$108 and \$55 are respectively paid separately to certain children of the veteran who are (1) permanently incapable of self-support, or (2) attending school while between 18 and 23 years of age.

Title I of S. 1597 relates to compensation payable to veterans for service-connected disabilities. Section 101 provides increases in the basic compensation rates of 12 percent for veterans up to 50 percent disability, and 14 percent for those disabled 60 percent or more.

Statutory awards, relating to more serious disabilities, which are set forth in 38 U.S.C. 314 would be increased approximately 14 percent by section 101 of S. 1597. The additional amounts for dependents provided by 38 U.S.C. 315 in cases of veterans with service-connected disabilities of at least 50 percent would be increased approximately 12 percent by section 102 of the measure.

Section 103 would increase the amount of the annual clothing allowance provided by section 362 of title 38, United States Code, from \$150 to \$175 for a percentage increase of approximately 17 percent.

Title II of S. 1597 is concerned with service-connected dependency and indemnity compensation (DIC) payable to the survivors of deceased veterans. Section 201 provides increases of 14 percent in the monthly benefits payable to widows. The new basic rates would range from \$245 to \$626, according to the pay grade of the deceased veteran. The additional amount for each child under 18 would be raised from \$26 to \$30; and the special rate for aid and attendance would go from \$64 to \$73. Sections 202 and 203 would increase children's DIC rates by approximately 14 percent.

Section 204 of S. 1597 provides for payment of dependency and indemnity compensation (DIC) to the widow, children and parents of any veteran who dies after December 31, 1956, from a non-service-connected cause while entitled to compensation "for a total service-connected disability permanent in nature."

Section 301 (title III) specifies that the provisions of the measure shall take effect on July 1, 1975.

The needs of the disabled have been regularly recognized in the face of changing economic conditions. In fiscal year 1973 compensation benefits were increased by an average of 10 percent and again in fiscal year 1974 they were increased by 17 percent. The widows and children of veterans who die of service-connected causes have not been neglected either. The rates of DIC payable to them have also been regularly increased, the latest increase having become effective May 1, 1974.

It has been the policy of the administration to recommend VA benefit increases for disability compensation and DIC programs when needed to insure that our programs recognize changing economic conditions.

However, such increases should also be related to overall Federal income policies. On March 19, 1975, the President recommended, in the light of considerable inflationary pressures, a temporary 5 percent

limitation on increases in certain monthly benefits in a number of federally supported programs, including social security, supplementary security income (SSI), food stamps, and child nutrition programs.

In a letter transmitting the legislative proposals to the Congress the President said:

"As we move forward with tax reductions to revitalize the economy, with energy conservation and self-reliance measures, and with substantially expanded aid to the unemployed, it is essential that we restrain the overall growth of Federal expenditures. In the interest of the long-run as well as near-term health of the economy, we simply must curb the rate of increase in the budget that has occurred in recent years."

The President further noted that his proposed 5 percent ceiling "would not eliminate or reduce any benefit payments from the present levels, but would merely slow down, through June 30, 1976, the rate at which these payments would be rising. Their enactment would help us begin to gain some control over the longer-run growth in the Federal budget." The President concluded: "During this time when thousands of workers are being laid off and we are still experiencing considerable inflationary pressure, I believe the modest restraint that I am proposing on pay raises and increases in benefit programs makes sense for the future and is urgently needed in the present."

We believe that any increase should be consistent with those proposed in other Federal income maintenance programs. Accordingly, we are prepared to recommend approval of increases of 5 percent disability compensation rates (excepting the 38 U.S.C. 314(k) rate) and in DIC rates for widows and children. It is estimated that the first-year cost of such 5 percent increases in compensation would approximate \$220 million.

We particularly oppose paragraph (11) of subsection (a) of section 101 of S. 1597—which would increase from \$52 to \$58 the special rate provided by 38 U.S.C. 314(k) for certain anatomical and other losses and losses of use. That rate is payable, in addition to basic rates of disability compensation and any higher statutory rates of compensation. Accordingly, it is felt that rates paid under general compensation increases are generally adequate for the pertinent veterans.

Under section 204, the nonservice-connected death of any veteran who died after December 31, 1956, would be conclusively presumed service connected for DIC purposes if at the time of the veteran's death he was in receipt of or entitled to receive, compensation for a service-connected disability which was permanently and totally disabling.

By presuming, contrary to fact, service connection as the cause of death in cases covered by the subject proposal, enactment would constitute a major departure from the policy of the Congress in maintaining separate systems of monetary benefits for deaths due to service and those unrelated to service. Such enactment would be tantamount to superimposing on the present pension program new non-service-connected death benefits equivalent to the present service-connected benefits, and would result in new and highly discriminatory benefits for surviving dependents of certain disabled veterans.

The Veterans' Administration believes that existing law and regulations provide liberal and equitable conditions for determining that death is service connected. For example, a Veterans' Administration

study required by Public Law 93-295 and recently furnished to this Committee showed that the Veterans' Administration recognized 75 percent of the claims filed for DIC. Moreover, there is no justification for presuming a death to be service connected when the evidence does not support such a finding.

Due to lack of data, we are unable to provide an estimate of the cost of section 204 of S. 1597. The other measures proposed by the bill would involve an estimated first-year cost of \$585 million, declining slightly to about \$583 million in the fifth year.

In view of all of the foregoing, the Veterans' Administration opposes enactment of S. 1597. We urge, in lieu of the proposal, general increases in disability compensation (other than the rate provided by 38 U.S.C. 314(k)) and dependency and indemnity compensation for widows and children, not in excess of the President's 5 percent guideline.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report, and that S. 1597 is not in accord with the program of the President. However, enactment of the proposal urged above would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

[No. 15]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 9, 1975.

HON. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 1432, 94th Congress.

Section 1 of this bill would deem any veteran held during any period of war as a prisoner of war for not less than 6 months to have a permanent service-connected disability evaluated as 50 percent disabling. Veterans eligible under this section would also be afforded commissary privileges. Sections 2 and 3 propose to amend section 312 of title 38, United States Code, to grant service connection for a chronic disease, including chronic bronchitis and chronic bronchial asthma, becoming manifest to a degree of 10 percent or more within 10 years from date of separation in the case of veterans held as prisoners of war for 6 months or more.

Section 4 of S. 1432 would add a new subsection to 38 U.S.C. 314, to provide that if a veteran was detained through no misconduct of his own for 6 months or more, such detained status shall be deemed to be a service-connected disability if the captor government persistently and grossly violated the provisions of the Geneva Convention Relative to Treatment of Prisoners of War. The proposed text is not clear and it appears that additional words may have been unintentionally omitted. Section 5 provides that any veteran who was a prisoner of war for 6 months or more shall, for the purpose of this title, be deemed to have a service-connected disability evaluated as 50 percent disabling. The term "prisoner of war" for the purpose of section 5 is stated as meaning any veteran who while on active duty was held as a prisoner of war for more than 6 months during World War II, the Korean conflict, the Pueblo incident or during the Vietnam conflict. To a major degree, this section seems duplicative of the first section of the measure, *supra*.

Section 6 also provides for a 50 percent service-connected rating for certain prisoners of war, like the first and fifth sections of the bill. Sections 7 and 8 provide for entitlement to hospital, domiciliary and nursing home care and medical treatment (except dental), for any condition as if it were service-connected for a veteran who was a prisoner of war for more than 6 months.

Under existing law (38 U.S.C. 355), the Administrator of Veterans Affairs is required to adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combinations of injuries. The law provides that the ratings shall be based, so far as

practicable, upon the average impairment of earning capacity resulting from such injuries in civil occupations. Under existing Veterans' Administration procedures for evaluating the disability resulting from injuries and diseases, the ratings assigned to disabled veterans—including former prisoners of war—are based on the extent or severity of the disabling manifestations in the individual case.

Former prisoners of war are given special consideration under the laws administered by the Veterans' Administration, and our regulations and directives also contain liberal provisions with respect to the claim of any such person for disability compensation or other benefits based on service-incurred or aggravated disability. Section 354(a) of title 38, United States Code, requires that in the adjudication of service connection for any disability due consideration will be given to the places, types, and circumstances of service. Section 354(b) provides liberalized criteria for determining service connection of any disease or injury for those veterans who engaged in combat with the enemy.

Veterans' Administration regulations emphasizing the liberality which is accorded prisoner of war cases include, for example, a provision that the development of symptomatic manifestations of a pre-existing injury or disease during or closely following a status as a prisoner of war will establish aggravation. Physical examinations of former prisoners of war are conducted with particular thoroughness and all disabilities common to prisoners of war are searched for even when they are not complained of. Further, existing instructions provide that in the evaluation of disabilities resulting from or incident to military service great weight must be assigned to imprisonment or internment under unsanitary conditions or to food deprivation in the service connection of dysentery and other gastrointestinal diseases. All of these conditions permit the Veterans' Administration to reach an equitable decision on the basis of the facts of each individual case, with any reasonable doubts being resolved in favor of the former prisoner of war.

Congress has recognized the extraordinary hardship of prisoners of war as evidenced by its enactment of Public Law 91-376. This law presumes service connection for certain dietary diseases and for psychosis manifested to a degree of 10 percent or more within 2 years from the date of separation from service for veterans of World War II, the Korean conflict, and the Vietnam era who were held as prisoners of war for not less than 6 months. Such prisoners are deemed to have suffered from dietary deficiencies, forced labor or inhumane treatment. Nonetheless, this law, while establishing service connection for such diseases, does not provide for a set evaluation of such disease or disability. This remains a determination to be made by the Veterans' Administration under its Schedule for Rating Disabilities based upon the individual facts.

In addition to granting service connection for disability compensation purposes in a substantial number of cases, the bill, if enacted, would confer the same priority right in such cases to hospitalization and domiciliary and nursing home care by the Veterans' Administration which is now afforded by law to veterans having directly service-connected conditions. Under existing law, the Veterans' Administration is required to furnish hospital care to eligible veterans needing

such care for service-connected conditions, and this may be provided in hospitals under the direct control of the Veterans' Administration, through bed allocations in other Government hospitals, or in appropriate cases, by contract with public or private institutions. By contrast, veterans suffering from non-service-connected disabilities generally may be furnished hospital care by the Veterans' Administration only if beds are available in Veterans' Administration hospitals or within the bed allocations in other Federal Government hospitals. Further, admission on non-service-connected cases is generally conditioned on the inability of the applicant to defray the cost of hospitalization unless the applicant is at least sixty-five years old. The bill would also have the effect of providing outpatient treatment for the groups affected because of the service-connected status which would be granted to them under the bill.

The Veterans' Administration believes that special consideration should be given to former prisoners of war and strives to assure that they will receive compensation and other benefits in full measure under existing law. However, we do not think the fact that a veteran was a prisoner of war for 6 months, standing alone, justifies a guaranteed disability rating of 50 percent, contrary to fact, which would be compensable under current rates at \$171 per month for the balance of his lifetime. This bill would create an exception to the mentioned statutory requirement that ratings shall be based, so far as practicable, on impairment of earning capacity. It would be discriminatory against all other veterans whose disabilities are rated in accordance with that concept. It can be seen that every effort has been made to assist former prisoners of war in establishing service connection for disabilities that were incurred in or aggravated by military service and that no justification is apparent for granting presumptive service connection for all chronic diseases manifested within 10 years after separation.

Since there are no meaningful data available that will permit us to identify those veterans who would benefit from this bill, if enacted, we are unable to furnish any estimate of the cost of the measure.

For the reasons indicated above and since we believe that sufficiently liberal treatment is already accorded former prisoners of war under existing laws and procedures, the Veterans' Administration opposes enactment of S. 1432.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

[No. 16]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 9, 1975.

HON. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 110, 94th Congress.

The purpose of the bill is to authorize payment of limited service-connected dependency and indemnity compensation benefits to the widow of a veteran who died of a non-service-connected cause, but was at the time of his death totally disabled as a result of one or more service-connected disabilities. In such cases the basic monthly DIC payment for widows would be reduced by an amount equal to one-half of other payments received by the particular widow excepting payments of the type excluded from annual income by 38 U.S.C. 415(g) for purposes of determining entitlement of parents to DIC.

S. 110 is identical with or similar to bills which have been introduced in the Congress over a number of years. A recent example is S. 3414, 93d Congress, an identical measure which was pending before your Committee at the close of that Congress.

Non-service-connected death pension based upon need is payable by the Veterans' Administration to qualified widows and children of war veterans. In cases of service-connected deaths, dependency and indemnity compensation is payable to widows and children of veterans of war or peacetime service without regard to need and at higher rates than are generally applicable to pension in non-service-connected cases. Death pension is not payable to parents, but they may qualify for dependency and indemnity compensation for a service-connected death on the basis of income.

Where service-connected disability is found to be the principal or contributory cause of death, such death is considered to be service connected. These determinations are made on a very equitable basis. For example, there are disabilities which by their very nature are so overwhelming that eventual death can be anticipated irrespective of coexisting conditions. Even though such disabilities are non-service-connected and the primary cause of death, consideration is given as to whether the coexisting service-connected conditions were of such severity as to have a material influence in accelerating death. Where death has been so accelerated it will be considered service connected.

Under S. 110, certain non-service-connected deaths would be conclusively presumed service connected if, at the time of the veteran's death, he was totally disabled as a result of service-connected disability or disabilities. There is no provision concerning the length of time such

total disability must have been present and accidental death having no relation to the service-connected disability is not excluded as a qualifying death. The proposal would thus place the widows of certain veterans who die of a non-service-connected cause on a parity with the survivors of veterans who die of an actually service-connected cause. In the case of war service veterans, the bill would have the liberalizing effect of providing greater DIC benefits for some widows who would otherwise only be entitled to non-service-connected pension, and for others whose income would bar payment of pension. In cases of veterans of peacetime service, the bill would provide basic eligibility for certain widows for monetary death benefits where none now exists.

By presuming, contrary to fact, service connection as the cause of certain deaths, enactment of this bill would constitute a major departure from the policy of the Congress of maintaining separate systems of monetary benefits for death due to service and those not due to service. Its enactment would superimpose on the present pension program new non-service-connected death benefits possibly equivalent to the present service-connected benefits, and would result in new and highly discriminatory benefits for surviving widows of certain disabled veterans.

Data are not available upon which to base an estimate of the cost of S. 110, if enacted.

The Veterans' Administration believes that existing law and regulations provide equitable conditions for determining that death is service connected. Moreover, there is no justification for presuming a death to be service connected when the evidence does not support such a finding.

For the foregoing reasons, the Veterans' Administration opposes enactment of S. 110.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

[No. 17]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 9, 1975.

HON. VANCE HARTKE,
*Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: We are pleased to respond to your request for a report on S. 770, 94th Congress. It is identical in the dollar amount proposed with S. 1001, 93d Congress, which was pending before your committee at the close of the 93d Congress.

The bill proposes to increase to \$80 the existing \$52 monthly rate of disability compensation provided in 38 U.S.C. 314(k) for certain anatomical and other losses or losses of use. This rate is payable in addition to the basic percentage and higher statutory rates of disability compensation.

The monthly rate (\$52) provided by section 314(k) was most recently increased by Public Law 93-295, 93d Congress, May 1, 1974. Prior to that the last increase was on August 1, 1952, under Public Law 427, 82d Congress. Between those dates the rates of disability compensation were generally increased on seven occasions (Public Law 83-695, August 28, 1954; Public Law 85-168, August 27, 1957; Public Law 87-645, September 7, 1962; Public Law 89-311, October 31, 1965; Public Law 90-493, August 19, 1968; Public Law 91-376, August, 12, 1970; and Public Law 92-328, June 30, 1972). During the circumscribed period of 22 years, the \$47 rate had been maintained without change. In reporting the rate-increase bill which was ultimately enacted as Public Law 87-645 (S. Rept. No. 1806, 87th Congress), the Senate Committee on Finance explained the absence of an increase in the particular statutory rate as follows:

"... Inasmuch as all veterans who are entitled to receive the \$47 statutory rate will be benefited by the bill by an increase in the basic rate, the committee felt fully justified in taking the action indicated."

In reporting on the measures which became the abovementioned Public Laws 90-493 and 91-376, the House Committee on Veterans' Affairs also pointed out that the \$47 rate, not increased, was paid in addition to basic rates of compensation, which were increased. The Senate Committee on Finance did not propose an increase in the \$47 rate in connection with Public Laws 90-493 and 91-376.

Additionally, your committee did not recommend such an increase at the time of consideration of the proposal which became Public Law 92-328; and no recommendation for an increase in the particular rate was made by the House Committee on Veterans' Affairs. Each committee report relating to the compensation measure which became

Public Law 92-328 contained a chart reflecting that the \$47 rate had not been increased since 1952, notwithstanding intervening general increases in basic disability compensation rates.

The rate payable under section 314(k) does not reflect impairment in earning capacity as do the percentile evaluations under sections 314(a) through (j). Veterans who now receive the additional \$52 monthly rate are, in the overwhelming majority of cases, also compensated for the same disability under sections (a) through (j) based on evaluations under provisions of the rating schedule. Scheduling evaluations are granted in addition to the benefit under section 324(k). Thus, a veteran who is paid special monthly compensation is also being separately compensated for any impairment in earning capacity. The Veterans' Administration, of course, recognizes that human life has value beyond economic factors and that disablement may also be reimbursed in other terms.

The congress did increase by 10 percent the \$47 rate when it passed the general compensation increase of Public Law 93-295, but in doing so your committee expressed the view:

"The 'K' award while a minor portion of the total award of compensation is nonetheless a compensatory award for anatomical loss. Thus in the light of the extraordinary inflation disabled veterans are experiencing, the committee is of the opinion that a 10 per cent increase in the 'K' awards is warranted."

No similar predicate is apparent for the proposed \$28 (52 percent) increase in the statutory award.

We believe that the foregoing history indicates a consistent Congressional feeling that rates paid under general compensation increases are generally adequate for the veterans contemplated by this measure, especially in the light of the mentioned Public Law 93-295 raise. As stated in our report on S. 1597, 94th Congress, the administration favors a 5 percent increase in general compensation rates. We feel that a further increase in the 38 U.S.C. 314(k) rate is not warranted.

The estimated first-year cost of the bill, should it be enacted, would be \$28.7 million. Costs would be expected to remain about the same during the ensuing four years.

In the light of the foregoing, the Veterans' Administration opposes the legislative proposal, S. 770, to provide an unreasonable increase of \$28 in the current allowance of \$52 provided for certain anatomical losses, over and above the basic service-connected compensatory rates based upon average impairment of earning capacity.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

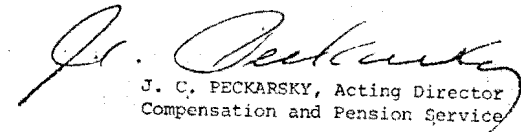
Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

PG 21-1
Change 215
March 27, 1975.


Department of Veterans Benefits PG 21-1, "Program Guide, Compensation and Pension", is changed as follows:

Pages P-2-1 and P-2-2: Insert these pages attached.

These pages are added to reemphasize and encourage a more equitable use of the discretionary power which is vested in the rating boards by controlling regulations and instructions pertaining to contributory cause of death.


J. C. PECKARSKY, Acting Director
Compensation and Pension Service

APPROVED:


RUFUS H. WILSON
Chief Benefits Director

Distribution: RPC 2099 plus VBC and VROC, 1 each
FD EX: HNSO and AR

March 27, 1975

PG 21-1
Section P-2
Change 215

RATING PRACTICES AND PROCEDURES

DEATH

The purpose of this program guide is to reemphasize and encourage a more equitable use of the broad discretionary power which is vested in the rating boards by controlling regulations and instructions pertaining to contributory cause. Toward this end, the provisions of VAR 1312(C) and PG 21-1, section P-1, should be carefully studied and applied.

In giving more thought as to how a service-connected condition can contribute to death, the following should be considered by the rating board:

(1) Does it impair the general health of the individual so that he or she is less able to ward off the effects of disease or trauma?

(2) Does it act together with other conditions so as to produce a combined effect that overwhelms the individual's natural defenses?

(3) Does it deprive his body of its built-in reserve capabilities such as when one lung, or one kidney is removed and death is later due to a non-service connected involvement of the paired organ?

(4) Does it leave a vital organ so damaged that it renders it incapable of resisting the effects of an unrelated superimposed pathology such as a viral pneumonia upon fibrotic lungs?

(5) Does it materially adversely affect the natural psyche to live, leading in the obvious cases to suicide and in the more subtle cases to subconscious behavior patterns, such as alcoholism, gluttony and drug addiction; or such as a profound and total disregard of normal self care measures leading inevitably to fatal consequences? These mental processes are often observed in psychotics and psychoneurotics with severe symptoms bordering on

P-2-1

March 27, 1975

PG 21-1
Section P-2
Change 215

psychosis and those with very incapacitating conditions such as paraplegia, gross mutilation and disfigurement.

During the rating board's deliberation, the following guideposts should trigger in-depth consideration of the issue of contributory cause of death:

Does he have service connection for:

- (1) A cardiovascular condition?
- (2) A genitourinary condition?
- (3) Other involvement of a vital organ?
- (4) A chronic constitutional disease?
- (5) A disability ratable at 50% or more?

Minor service-connected disabilities of a static nature which do not affect a vital organ do not, as a general rule, play a part in hastening death from an unrelated disease. It is to be recognized, however, that these disabilities of low evaluation can increase in severity prior to and at time of death and may as an active process become a material factor in hastening death.

P-2-2

CHANGES IN EXISTING LAW MADE BY S. 1597, AS REPORTED

In accordance 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 italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

PART II—GENERAL BENEFITS

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

Subchapter II—Wartime Disability Compensation

§ 314. Rates of wartime disability compensation

For the purposes of section 310 of this title—

- (a) if and while the disability is rated 10 per centum the monthly compensation shall be **[\$32]** *\$36*;
- (b) if and while the disability is rated 20 per centum the monthly compensation shall be **[\$59]** *\$66*;
- (c) if and while the disability is rated 30 per centum the monthly compensation shall be **[\$89]** *\$100*;
- (d) if and while the disability is rated 40 per centum the monthly compensation shall be **[\$122]** *\$137*;
- (e) if and while the disability is rated 50 per centum the monthly compensation shall be **[\$171]** *\$192*;
- (f) if and while the disability is rated 60 per centum the monthly compensation shall be **[\$211]** *\$241*;
- (g) if and while the disability is rated 70 per centum the monthly compensation shall be **[\$250]** *\$285*;
- (h) if and while the disability is rated 80 per centum the monthly compensation shall be **[\$289]** *\$329*;
- (i) if and while the disability is rated 90 per centum the monthly compensation shall be **[\$325]** *\$371*;
- (j) if and while the disability is rated as total the monthly compensation shall be **[\$584]** *\$666*;

(k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception,

or has suffered complete organic aphonia with constant inability to communicate by speech, or deafness of both ears, having absence of air and bone conduction, the rate of compensation therefor shall be **[\$52]** *\$58* per month for each such loss or loss of use independent of any other compensation provided in subsections (a) through (j) or subsection (s) of this section but in no event to exceed **[\$727]** *\$814* per month; and in the event the veteran has suffered one or more of the disabilities heretofore specified in this subsection, in addition to the requirement for any of the rates specified in subsections (l) through (n) of this section, the rate of compensation shall be increased by **[\$52]** *\$58* per month for each such loss or loss of use, but in no event to exceed **[\$1,017]** *\$1,159* per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both hands, or both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be **[\$727]** *\$829*;

(m) if the veteran, as the result of service-connected disability has suffered the anatomical loss or loss of use of two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or has suffered blindness in both eyes having only light perception, or has suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, the monthly compensation shall be **[\$800]** *\$912*;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance or has suffered the anatomical loss of both eyes, the monthly compensation shall be **[\$909]** *\$1,036*;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle him to two or more of the rates provided in one or more subsections (l) through (n) of this section, no condition being considered twice in the determination, or if the veteran has suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 60 per centum or more disabling and the veteran has also suffered service-connected total blindness with 5/200 visual acuity or less, in combination with total blindness with 5/200 visual acuity or less, the monthly compensation shall be **[\$1,017]** *\$1,159*;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Administrator, in his discretion, may allow the next higher rate or an intermediate rate, but in no event in excess of **[\$1,017]** *\$1,159*. In the event the veteran has suffered service-connected blindness with 5/200 visual acuity or less and (1) has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at no less than 40 per centum disabling, the Administrator shall allow the next higher rate, or (2) has also suffered service-connected total

deafness in one ear, the Administrator shall allow the next intermediate rate, but in no event in excess of **[\$1,107]** \$1,159;

* * * * *

(r) if any veteran, otherwise entitled to the compensation authorized under subsection (o), or the maximum rate authorized under subsection (p), is in need of regular aid and attendance, he shall be paid, in addition to such compensation, a monthly aid and attendance allowance at the rate of **[\$437]** \$498 per month, subject to the limitations of section 3203(f) of this title. For the purposes of section 334 of this title, such allowance shall be considered as additional compensation payable for disability;

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disabilities independently ratable at 60 per centum or more, or, (2) by reason of his service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall be **[\$654]** \$746. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to his house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will remain throughout his lifetime.

§ 315. Additional compensation for dependents

Any veteran entitled to compensation at the rates provided in section 314 of this title, and whose disability is rated not less than 50 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

(A) has a wife but no child living, **[\$36]** \$40;

(B) has a wife and one child living, **[\$61]** \$68;

(C) has a wife and two children living, **[\$77]** \$86;

(D) has a wife and three or more children living, **[\$95]** \$106 (plus **[\$17]** \$19 for each living child in excess of three);

(E) has no wife but one child living, **[\$24]** \$27;

(F) has no wife but two children living, **[\$41]** \$46;

(G) has no wife but three or more children living, **[\$61]** \$68 (plus **[\$17]** \$19 for each living child in excess of three);

(H) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, **[\$29]** \$32 for each parent so dependent; and

(I) notwithstanding the other provisions of this subsection, the monthly amount payable on account of each child who has attained the age of eighteen years and who is pursuing a course of instruction at an approved educational institution shall be **[\$55]** \$63 for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this subsection.

* * * * *

(2) If and while rated partially disabled, but not less than 50 per centum, in an amount having the same ratio to the amount specified in paragraph (1) as the degree of his disability bears to total disability. The amounts payable under this paragraph shall be adjusted upward or downward to the nearest dollar, counting fifty cents and over as a whole dollar.

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Subchapter VI—General Compensation Provisions

* * * * *

§ 362. Clothing allowance

The Administrator under regulations which he shall prescribe, shall pay a clothing allowance of **[\$150]** \$175 per year to each veteran who because of disability which is compensable under the provisions of this chapter, wears or uses a prosthetic or orthopedic appliance or appliances (including a wheelchair) which the Administrator determines tends to wear out or tear the clothing of such a veteran.

CHAPTER 13—DEPENDENCY AND INDEMNITY COMPENSATION FOR SERVICE-CONNECTED DEATHS

* * * * *

Subchapter II—Dependency and Indemnity Compensation

§ 410. Deaths entitling survivors to dependency and indemnity compensation

[(a) When any veteran dies after December 31, 1956, from a service-connected or compensable disability, the Administrator shall pay dependency and indemnity compensation to his widow, children, and parents. The standards and criteria for determining whether or not a disability is service-connected shall be those applicable under chapter 11 of this title.

[(b) Dependency and indemnity compensation shall not be paid to the widow, children, or parents of any veteran dying after December 31, 1956, unless he (1) was discharged or released under conditions other than dishonorable from the period of active military, naval, or air service in which the disability causing his death was incurred or aggravated, or (2) died while in the active military, naval, or air service.]

(a) The Administrator shall pay dependency and indemnity compensation to the widow, children, and parents of any veteran who dies after December 31, 1956, and who—

(1) dies from a service-connected or compensable disability; or

(2) was at the time of his death in receipt of or entitled to receive compensation for a service-connected disability total and permanent in nature, which disability was so rated for not less than one year prior to such death.

The standards and criteria for determining whether or not a disability is service-connected shall be those applicable under chapter 11 of this title.

§ 411. Dependency and indemnity compensation to a widow

(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$215	W-4	\$307
E-2	221	O-1	271
E-3	228	O-2	281
E-4	241	O-3	301
E-5	248	O-4	318
E-6	254	O-5	350
E-7	266	O-6	394
E-8	281	O-7	427
E-9	294	O-8	467
W-1	271	O-9	502
W-2	282	O-10	549
W-3	291		

¹ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$316.

² If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$389.

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$245	W-4	\$350
E-2	252	O-1	309
E-3	260	O-2	320
E-4	275	O-3	343
E-5	283	O-4	363
E-6	290	O-5	399
E-7	303	O-6	449
E-8	320	O-7	487
E-9	335	O-8	532
W-1	309	O-9	572
W-2	321	O-10	626
W-3	332		

¹ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$360.

² If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$671.

(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by **[\$26] \$30** for each such child.

(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by **[\$64] \$73** if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

§ 413. Dependency and indemnity compensation to children

Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

- (1) One child, **[\$108] \$123**.
- (2) Two children, **[\$156] \$178**.

(3) Three children, **[\$201] \$229**.

(4) More than three children, **[\$201] \$229** plus **[\$40] \$46** for each child in excess of three.

§ 414. Supplemental dependency and indemnity compensation to children

(a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to him shall be increased by **[\$64] \$73**.

(b) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of **[\$108] \$123**.

(c) If dependency and indemnity compensation is payable monthly to a woman as a "widow" and there is a child (of her deceased husband) who has attained the age of eighteen and who, while under the age of twenty-three, is pursuing a course of instruction at an educational institution approved under section 104 of this title, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the widow, in the amount of **[\$55] \$63**.

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PART IV—GENERAL ADMINISTRATIVE PROVISIONS

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CHAPTER 51—APPLICATIONS, EFFECTIVE DATES, AND PAYMENTS

* * * * *

Subchapter II—Effective Dates

§ 3010. Effective dates of awards

(a) Unless specifically provided otherwise in this chapter, the effective date of an award based on an original claim, a claim reopened after final adjudication, or a claim for increase of compensation, dependency and indemnity compensation, or pension, shall be fixed in accordance with the facts found, but shall not be earlier than the date of receipt of application therefor.

(b)(1) The effective date of an award of disability compensation to a veteran shall be the day following the date of his discharge or release if application therefor is received within one year from such date of discharge or release.

(2) The effective date of an award of increased compensation shall be the earliest date as of which it is ascertainable that an increase in disability had occurred, if application is received within one year from such date.

【(2)】 (3) The effective date of an award of disability pension to a veteran shall be the date of application or the date on which the veteran became permanently and totally disabled, if an application therefor is received within one year from such date, whichever is to the advantage of the veteran.

* * * * *





Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans Disability Compensation and Survivor Benefits Act of 1975".

TITLE I—VETERANS DISABILITY COMPENSATION

SEC. 101. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "\$32" in subsection (a) and inserting in lieu thereof "\$35";

(2) by striking out "\$59" in subsection (b) and inserting in lieu thereof "\$65";

(3) by striking out "\$89" in subsection (c) and inserting in lieu thereof "\$98";

(4) by striking out "\$122" in subsection (d) and inserting in lieu thereof "\$134";

(5) by striking out "\$171" in subsection (e) and inserting in lieu thereof "\$188";

(6) by striking out "\$211" in subsection (f) and inserting in lieu thereof "\$236";

(7) by striking out "\$250" in subsection (g) and inserting in lieu thereof "\$280";

(8) by striking out "\$289" in subsection (h) and inserting in lieu thereof "\$324";

(9) by striking out "\$325" in subsection (i) and inserting in lieu thereof "\$364";

(10) by striking out "\$584" in subsection (j) and inserting in lieu thereof "\$655";

(11) by striking out "\$727" and "\$1,017" in subsection (k) and inserting in lieu thereof "\$814" and "\$1,139", respectively;

(12) by striking out "\$727" in subsection (l) and inserting in lieu thereof "\$814";

(13) by striking out "\$800" in subsection (m) and inserting in lieu thereof "\$896";

(14) by striking out "\$909" in subsection (n) and inserting in lieu thereof "\$1,018";

(15) by striking out "\$1,017" in subsections (o) and (p) and inserting in lieu thereof "\$1,139";

(16) by striking out "\$437" in subsection (r) and inserting in lieu thereof "\$489"; and

(17) by striking out "\$654" in subsection (s) and inserting in lieu thereof "\$732".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

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SEC. 102. Section 315 (1) of title 38, United States Code, is amended—

- (1) by striking out "\$36" in subparagraph (A) and inserting in lieu thereof "\$40";
- (2) by striking out "\$61" in subparagraph (B) and inserting in lieu thereof "\$67";
- (3) by striking out "\$77" in subparagraph (C) and inserting in lieu thereof "\$85";
- (4) by striking out "\$95" and "\$17" in subparagraph (D) and inserting in lieu thereof "\$105" and "\$19", respectively;
- (5) by striking out "\$24" in subparagraph (E) and inserting in lieu thereof "\$26";
- (6) by striking out "\$41" in subparagraph (F) and inserting in lieu thereof "\$45";
- (7) by striking out "\$61" and "\$17" in subparagraph (G) and inserting in lieu thereof "\$67" and "\$19", respectively;
- (8) by striking out "\$29" in subparagraph (H) and inserting in lieu thereof "\$32"; and
- (9) by striking out "\$55" in subparagraph (I) and inserting in lieu thereof "\$61".

SEC. 103. Section 362 of title 38, United States Code, is amended by striking out "\$150" and inserting in lieu thereof "\$175".

SEC. 104. Section 3010 of title 38, United States Code, is amended—

- (1) by redesignating paragraph (2) of subsection (b) as paragraph (3); and
- (2) by inserting immediately after paragraph (1) thereof the following new paragraph:

"(2) The effective date of an award of increased compensation shall be the earliest date as of which it is ascertainable that an increase in disability had occurred, if application is received within one year from such date."

**TITLE II—SURVIVORS DEPENDENCY AND
INDEMNITY COMPENSATION**

SEC. 201. Section 411 of title 38, United States Code, is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	\$241	W-4	\$344
E-2	248	O-1	304
E-3	255	O-2	315
E-4	270	O-3	337
E-5	278	O-4	356
E-6	284	O-5	392
E-7	298	O-6	441
E-8	315	O-7	478
E-9	329	O-8	523
W-1	304	O-9	562
W-2	316	O-10	615
W-3	326		

¹ If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$354.

² If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be \$660.

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“(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by \$29 for each such child.

“(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by \$72 if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.”

SEC. 202. Section 413 of title 38, United States Code, is amended to read as follows:

“Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

“(1) One child, \$121.

“(2) Two children, \$175.

“(3) Three children, \$225.

“(4) More than three children, \$225, plus \$45 for each child in excess of three.”

SEC. 203. (a) Subsection (a) of section 414 of title 38, United States Code, is amended by striking out “\$64” and inserting in lieu thereof “\$72”.

(b) Subsection (b) of section 414 of such title is amended by striking out “\$108” and inserting in lieu thereof “\$121”.

(c) Subsection (c) of section 414 of such title is amended by striking out “\$55” and inserting in lieu thereof “\$62”.

SEC. 204. (a) The Administrator of Veterans' Affairs shall make a detailed study of claims for dependency and indemnity compensation relating to veterans, as defined in section 101(2), title 38, United States Code, who at time of death during the six-month period September 1, 1975, to March 1, 1976, were receiving disability compensation from the Veterans' Administration based upon a rating total and permanent in nature.

(b) The report of such study shall include (1) the number of the described cases; (2) the number of cases in which the specified benefit was denied; (3) an analysis of the reasons for each such denial; (4) an analysis of any difficulty which may have been encountered by the claimant in attempting to establish that the death of the veteran concerned was connected with his or her military, naval, or air service in the Armed Forces of the United States; (5) data regarding the current financial status of the widow, widower, children, and parents in each case of denial; and (6) an analysis of whether there has been a significant increase in the use of discretionary authority consistent with revised Veterans' Administration program guide instructions issued March 27, 1975 concerning rating practices and procedures.

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(c) The report together with such comments and recommendations as the Administrator deems appropriate shall be submitted to the Speaker of the House and the President of the Senate not later than October 1, 1976.

TITLE III—EFFECTIVE DATE

SEC. 301. The provisions of this Act shall become effective August 1, 1975.

Speaker of the House of Representatives.

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

AUGUST 6, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have approved H.R. 7767, a bill to raise compensation payments for service-disabled veterans and their survivors.

Early this year, I called for a temporary 5 percent limit on cost-of-living increases in certain domestic benefit programs to slow the growth in Federal spending for these programs. I proposed that this limit be applied to veterans' and survivor compensation as well as to other Federal programs. The limit I recommended would not have reduced or eliminated any benefit payments, but would have slowed the excessive growth of the budget and given us some control over spending in coming years. I still believe this is sound policy in our present economic climate.

The Congress refused to go along, however, and other groups have received Federal benefit increases exceeding my proposed limit. Therefore, it would not be equitable to apply this limit only to veterans disabled in the service of their country and to their survivors. The Nation owes them a special debt of gratitude.

H.R. 7767 will cost the Federal Government one-half billion dollars a year. In the current fiscal year, this is more than double the cost of a 5 percent benefit increase.

I must, therefore, remind the Congress that we simply cannot continue adding to Federal deficit spending without facing a day of reckoning.

My pledge still stands to do all in my power to hold this year's budget deficit to \$60 billion. I urge the Congress to hold spending in future legislation to the limits proposed in my 1976 budget requests and to find sufficient savings in other programs to make up for the added spending called for in H.R. 7767.

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July 25, 1975

Dear Mr. Director:

The following bills were received at the White House on July 25th:

- S. 555 ✓✓
- H.R. 5447 ✓✓
- H.R. 5522 ✓✓
- H.R. 7767 ✓✓

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 James T. Lynn
Director
Office of Management and Budget
Washington, D. C.