

President's Commission on Veterans' Pensions: Recommendations

by MICHAEL S. MARCH*

In April 1956 the President's Commission on Veterans' Pensions submitted its report, Veterans' Benefits in the United States: Findings and Recommendations. As part of the Bulletin's continuing effort to report developments in the major income-maintenance programs, the following pages present a summary report by the technical adviser to the Commission, taken from the Findings and Recommendations and other reports made by the Commission.

THE President's Commission on Veterans' Pensions, established by Executive Order No. 10588 of January 14, 1955, was instructed to make a comprehensive study of the laws and policies concerning pensions, compensation, and related non-medical benefits for veterans and their dependents. It was also asked to make recommendations for policies to guide the granting of such benefits in the future.

The Executive order set a broad framework by specifying that in its study the Commission should appraise the structure, scope, and administration of the various veterans' programs, with particular attention to:

- (a) Changes in basic military, social, fiscal, and economic factors in our society affecting the role of these benefits.
- (b) The conditions under which benefits should be provided to different categories of veterans.
- (c) The relationship of various veterans' benefits to each other, to benefits for persons still in the military service, and to the broader social security and other benefits which are provided to persons without regard to their status as veterans.

The seven public members of the Commission, headed by General of the Army Omar N. Bradley, were appointed on March 5, 1955. The Commission functioned actively from

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March 28, 1955, to May 22, 1956. Its 415-page report to the President was issued on April 23, 1956.¹

This report was based on extensive research into factors conditioning the need for veterans' benefits—such as conditions of military service, comparative economic and social status of veterans, attitudes of veterans—and into more specific matters relating to particular benefits, including pensions, compensation, and readjustment aids. Much of the information has never before been available. In addition, 12 factfinding reports prepared by the Commission's staff are being issued as Committee Prints by the House Committee on Veterans' Affairs.² The Committee has held general hearings on the Commission's report, but no legislation to carry out its recommendations has been drafted and none is likely to be until after the executive agencies have completed their review of the recommendations.

General Findings and Recommendations

Findings

Five main points are highlighted by the Commission's general findings.

1. Veterans' programs are on the whole meeting veterans' needs effectively. In many specific areas,

¹ President's Commission on Veterans' Pensions, *Veterans' Benefits in the United States: Findings and Recommendations*.

² For a list of the reports see *Hearings before the Committee on Veterans' Affairs, House of Representatives, 84th Congress, Second Session, on the Report of the President's Commission on Veterans' Pensions, April-May 1956*.

however, the Commission felt improvements were possible, and it made 70 recommendations.

2. Veterans as a group are in better circumstances than nonveterans in comparable age groups. Both the veterans of World War II and those of the Korean conflict, who received GI bill benefits, as well as the older World War I veterans, have more education than nonveterans, according to data from the Bureau of the Census, and likewise higher incomes and better jobs. As a result, veterans as a group can better provide for their own economic security than nonveterans.

3. Basic conditions affecting veterans' benefits have greatly changed in the past several decades. The number of veterans has increased fivefold since 1940—from 4.3 million in that year to 22 million at the present. In 1940, veterans and their families represented only 11 percent of the whole population. Today, they constitute 45 percent—49 percent if persons in the Armed Forces and their families are included. Veterans are no longer a minority. By 1965, wartime veterans, peacetime ex-servicemen, and servicemen, with their families, will total 99 million and make up 52 percent of the population (chart 1).

Data assembled for the Commission by the Department of Defense indicate that conditions of military service have improved for the men serving in recent conflicts. Selective Service helps equalize burdens by imposing the requirement of military service on all strata of society. The Military Establishment has grown more technical and complex and requires that more and more of the personnel be in occupations parallel to those in civilian life. During the Civil War, 93 percent of the enlisted men were in jobs of a military nature; during World War II, 39 percent; and in 1955, 25 percent. Training on an extensive scale is carried on in the Armed Forces to develop the needed

specialists. The skills used or acquired in military service increasingly have value in civilian life. At the same time, benefits and compensation of military personnel have been increased. When compensation "in kind" and through special allowances and tax exemptions is considered, "gross" military pay for the average man in uniform (\$4,000 in 1955) compares favorably with that of the average civilian nonagricultural worker (\$3,800 in 1954). Even in the past, the disparity has been less than is customarily assumed.

Still more striking has been the continuing drop in mortality rates in recent wars. During the Civil War, 104 deaths occurred in military service per 1,000 man-years; the ratios were 35.5 during World War I, 11.6 during World War II, 5.5 during the Korean conflict, and, in the fiscal year 1954-55, only 1.7 per 1,000 man-years. Military service, of course, still has many adverse factors, but conditions have improved greatly for the serviceman.

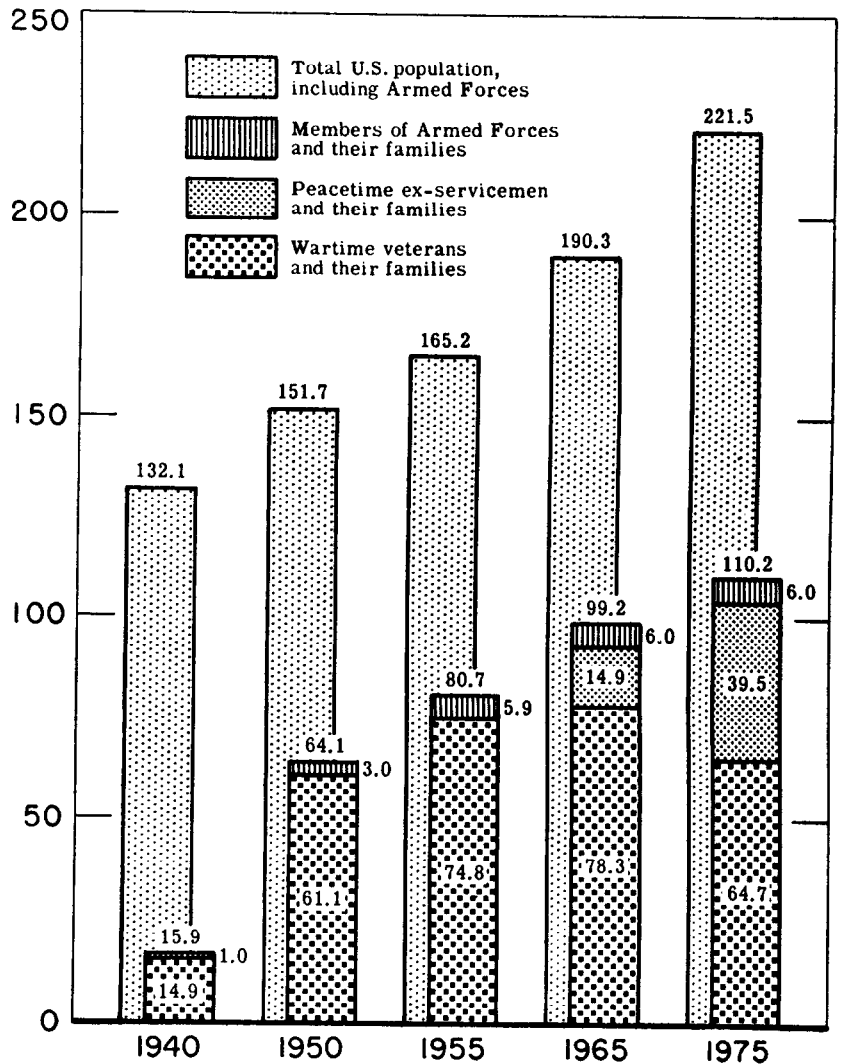
Another survey made for the Commission by the Bureau of the Census found that veterans regard their military service as more helpful than is commonly supposed. A national sample of veterans in all age categories showed that 41 percent regard their military experience as helpful in later life, 50 percent view it as neither helpful nor harmful, and only 9 percent believe it was a handicap. Of the 9 percent, two-thirds consider it a permanent handicap.

Changes in the nature of warfare are making the old concept of "veterans" obsolete. Peacetime conscription, total war, and the threat of atomic warfare tend to blur or erase the line between the man in uniform and the civilian. New and effective readjustment benefits have been developed to help veterans immediately after discharge. This type of benefit was first provided for veterans of World War I in the form of vocational rehabilitation benefits³ and was extended in broadened form for

³ Though World War I veterans did not receive readjustment benefits, in the 1930's they all shared in a substantial bonus payment (adjusted compensation) of \$3.8 billion.

Chart 1.—Estimated number of persons in families of male wartime veterans, peacetime ex-servicemen,¹ and servicemen and estimated total United States population, June 30 of selected years, 1940-75

MILLIONS OF PERSONS



¹ With service since Feb. 1, 1955.

Source: Veterans Administration, the Bureau of the Census, and the Department of Defense.

both disabled and nondisabled veterans of World War II and the Korean conflict. The benefits under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952—principally, education and training, unemployment allowances, and loan benefits—have given constructive assistance to newly discharged veterans when they needed it most. This assistance in achieving successful readjustment, the Commission held, has basically discharged the Government's obligation to nondisabled veterans and eliminated the

need for special lifetime preferences or pensions for them.

In addition, new general social security programs are increasingly meeting the economic security needs of veterans as well as nonveterans. Special pension programs for veterans arose in the nineteenth century when the poorhouse was the main recourse for the needy. Since 1935, extensive social security programs have been developed. In a decade or so, 9 out of 10 men—veterans and nonveterans alike—reaching age 65 will be eligible for old-age and survivors

insurance benefits. The availability of these benefits profoundly affects the veterans' non-service-connected pension program, which historically has been the most costly of all veterans' benefits.

4. Present veterans' programs are not a "system." They have grown up piecemeal over many years. There is no consistent national philosophy regarding veterans' benefits. The nature and extent of the Government's obligation to war veterans have never been clearly defined. Many of the veterans' benefits are based on precedent

and do not take into account fundamental changes in military and social factors, the development of new veterans' programs, or the emergence of new general social welfare benefits of a type closely related to veterans' benefits.

5. As the result of these considerations, the Commission concluded that there is need for positive leadership on veterans' programs and policies and for better coordination, both in the Veterans Administration and in the executive branch generally. The lack, it felt, is especially great with

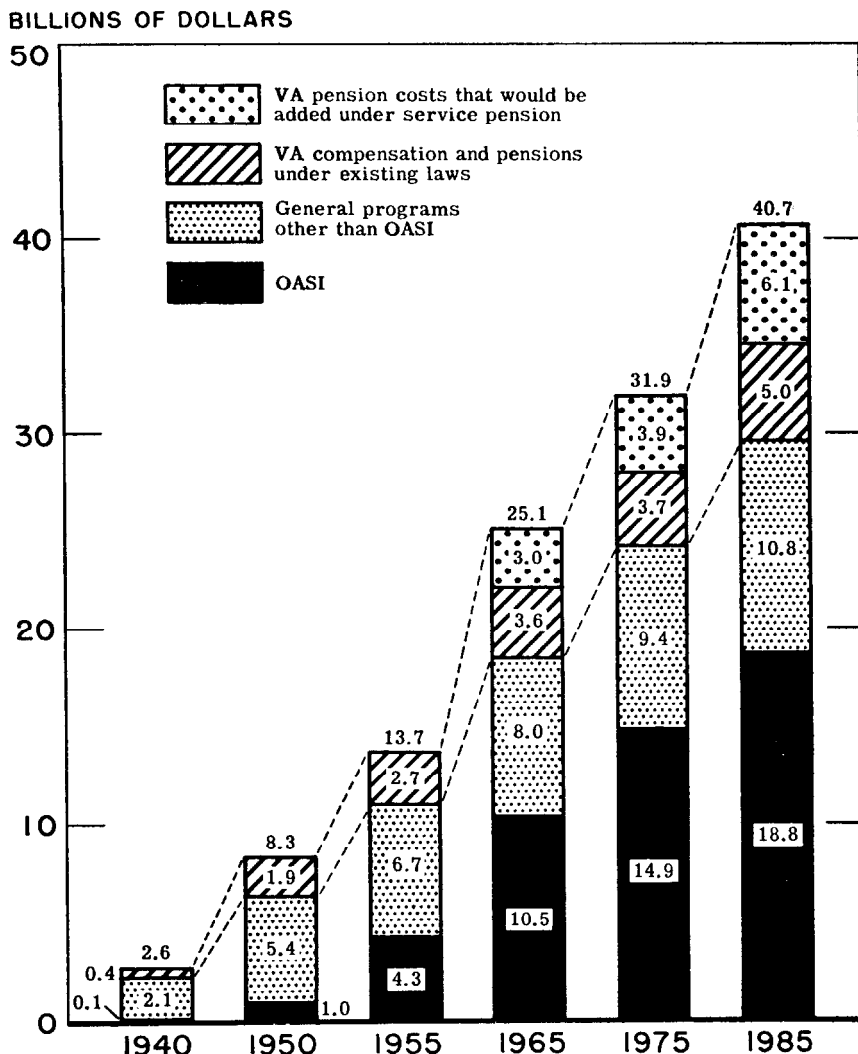
respect to using the Government's total resources in meeting the needs of veterans and in fitting special veterans' programs into a pattern consistent with the more general programs.

Much of the Commission's analysis centered on the problem of the overlap between veterans' non-service-connected pensions and the general social security programs. In this connection, the Commission analyzed at length the past, present, and future costs of veterans' benefits under both existing and assumed future legislation. Table 1 indicates that under present laws and regulations there will be a gradual increase in Veterans Administration outlays in the next 30 years, largely as a result of the continuing growth in non-service-connected pension payments; at the end of that period they will be four times the amount paid in 1955.

Traditionally, of course, this country has granted so-called service pensions for veterans and their widows, based solely on a requirement of minimum wartime service—usually 90 days or less. At present such pensions are being paid for service in the Spanish-American and earlier wars. The Commission's figures in the lower part of table 1 assume service pensions of \$100 monthly for all war veterans at age 65 and of \$65 for widows of deceased war veterans. On this basis, there would be a sixteenfold increase in non-service-connected pensions by the year 2000, and total Veterans Administration expenditures would increase from \$4.4 billion in 1955 to \$14.9 billion in 2000.

The Commission also studied the total expenditures under public programs for income maintenance. This analysis is summarized in chart 2, which shows income-maintenance payments under all public programs. The data given are for compensation and pensions under the Veterans Administration programs and for payments under other public income-maintenance programs (Federal, State, and local). The projected figures are on the basis of existing legislation, with two exceptions: assumptions made by the Commission for (1) disability benefits under old-age and survivors insurance at age 50 (amounting to less than \$1 billion by

Chart 2.—Payments (actual and projected) under Federal, State, and local government income-maintenance programs,¹ selected years 1940–85²



¹ Old-age and survivors insurance, public assistance, railroad and military retirement, workmen's compensation, unemployment insurance, and State and local government retirement programs.

² Data for Veterans Administration programs are on a fiscal-year basis.

Source: Veterans Administration, the Department of Labor, and the Department of Health, Education, and Welfare.

1985), and (2) veterans' service pensions at increased rates.

As the chart shows, there has been a relatively rapid expansion in expenditures for both veterans' and general programs since 1940. Moreover, outlays under the general programs are expected to increase from \$11 billion in 1955 to \$29.6 billion in 1985, with a quadrupling of old-age and survivors insurance payments accounting for most of the increase. During the same period, compensation-pension payments made by the Veterans Administration would increase from \$2.7 billion to \$5 billion under present laws and to more than \$11 billion if a service pension were to be provided.

The annual expenditures per capita for the income-maintenance programs show an increase from \$18 in 1940 to \$83 in 1955 and to \$156 by

1985. The Commission's estimates also indicate that, even with an expanding national income, the total income-maintenance expenditures would increase from 4.3 percent of national income in 1955 to 8.3 percent in 1985.⁴

Recommendations

The Commission outlined in its first nine recommendations a set of guiding principles, based on its studies, for the future national policy toward veterans. It made the following summary of these guidelines.

1. Military service is an obligation of citizenship. It should not in itself be

⁴ In this calculation it was assumed that the benefit outlays would increase in the future, because of program liberalizations, at half the rate of increase in national productivity per man-hour.

considered a basis for special privilege and benefits.

2. Veterans' benefits are a means of equalizing significant sacrifices that may result directly from military service.

3. The Government should adopt a positive policy of meeting fully and promptly the needs of veterans resulting from service.

4. Service-connected death or disability benefits should be accorded the highest priority. Readjustment needs are almost equal in importance. Veterans' nonservice-connected needs should be met when possible through programs for the general population; the nonservice-connected veterans' programs retained only to meet minimum needs not covered by general programs.

5. Veterans with equal handicaps should have equal treatment.

6. Benefits for veterans with similar needs should, in most programs, be uniform throughout the country.

7. We must bear our own responsibilities. We should not burden a future generation with obligations we ourselves are not willing to shoulder.

8. We should keep the whole range of our national needs in perspective, so our veterans' programs will be in balance with each other and with other general programs.

9. Our national veterans' policy should be developed in the open forum of public discussion. The people should be given complete factual information on the economic and social status of veterans and their needs.

Specific Recommendations

The Commission centered its attention on three program areas: service-connected disability benefits, readjustment benefits, and non-service-connected disability and death pensions. It also devoted substantial attention to survivor benefits with respect to service-connected deaths and veterans' insurance programs, benefits for peacetime ex-servicemen, and the administration of veterans' benefits, particularly from the standpoint of programming in the executive branch. Various other studies were also made.

Compensation for Service-Connected Disability

The veterans' disability compensation program is the largest disability

Table 1.—Budget expenditures of the Veterans Administration, selected fiscal years, 1920–2000

[In millions]

Fiscal year	Total	Service-connected disability compensation ¹	Service-connected survivors' benefits ²	Non-service-connected pensions to veterans and dependents	Medical, hospital, domiciliary care, including construction costs	Readjustment and rehabilitation benefits	Administrative and miscellaneous benefits
<i>Actual</i>							
1920	\$494	\$85	\$141	\$209	\$6	\$35	\$18
1930	639	170	157	214	69		29
1940	558	184	80	185	88	(3)	21
1941	553	187	75	187	83	(3)	21
1942	556	189	74	184	86	(3)	23
1943	606	190	107	191	89	(3)	29
1944	744	228	188	191	103	1	33
1945	2,085	382	1,253	235	118	41	56
1946	4,425	744	1,613	254	248	1,401	165
1947	7,467	1,171	1,069	332	573	3,863	459
1948	6,497	1,202	384	386	551	3,572	402
1949	6,660	1,181	381	424	709	3,588	377
1950	6,627	1,229	784	476	750	3,065	323
1951	5,296	1,205	361	520	700	2,219	291
1952	4,930	1,203	560	566	776	1,574	257
1953	4,332	1,337	479	662	752	861	241
1954	4,229	1,364	472	718	762	715	198
1955	4,405	1,432	464	800	718	800	191
<i>Estimated</i>							
Under present laws:							
1960	4,697	1,436	534	1,340	814	398	175
1965	4,679	1,395	584	1,704	824	19	153
1970	4,568	1,348	555	1,720	823	-31	153
1975	4,766	1,295	529	1,971	822	-8	157
1985	6,002	1,133	434	3,442	825		168
2000	5,813	859	324	3,652	807		171
Under assumed laws:							
1960	6,836	1,388	535	3,526	814	398	175
1965	7,697	1,334	584	4,783	824	19	153
1970	7,797	1,297	555	5,000	823	-31	153
1975	8,625	1,247	529	5,877	822	-8	157
1985	12,129	1,052	434	9,650	825		168
2000	14,900	770	324	12,828	807		171

¹ Includes World War I emergency officers' disability retirement. For wars before World War I, all compensation expenditures are included under pensions.

² Includes death compensation, indemnities, and reimbursements to National Service Life Insurance

and United States Government Life Insurance trust funds.

³ Less than \$500,000.

Source: Veterans Administration and President's Commission on Veterans' Pensions.

program in the country and also the largest program operated by the Veterans Administration. It is now paying benefits of \$1.4 million annually to nearly 2.1 billion veterans, of whom 6 percent are rated as 100-percent disabled and 57 percent have a rating of 20-percent disability or less. Disability must have been caused or been aggravated by service to be compensable; however, statutory prescriptions of various sorts grant "presumptions" of service connection.

Two bases for awarding benefits are used. First, all veterans are rated for percentage of disability according to the Veterans Administration's *Schedule for Rating Disabilities*. This schedule is, by law, based on the average impairment of earning capacity, and the ratings are in 10 intervals, ranging from 10-percent disability to 100-percent. The monetary compensation rates set by law range from \$17 a month for a 10-percent rating to \$181 for total disability, plus extra dependents' allowances that may be as high as \$91 monthly for veterans disabled 50 percent or more. (These are the rates for wartime cases; peacetime cases receive 80 percent of the wartime rates.)

Second, specific statutory awards are made for certain, stated disabilities. These awards are of two kinds: rates of \$47 monthly, paid in addition to the basic percentage awards for the loss or the loss of use of a hand, foot, or creative organ or for blindness in one eye; and higher rates, paid in lieu of the basic percentage awards for various, often more serious, conditions. In the second group are wartime awards of \$279-\$371 monthly for the loss or the loss of use of both hands, both feet, or one hand and one foot, or for blindness in both eyes; and rates of up to \$420 monthly (plus extra allowances for dependents) for other, more serious disabilities. In addition, there is by statute a lifetime compensation of \$67 monthly for arrested tuberculosis.

For the Commission's investigations in this field, data from more than 12,000 veterans on the disability compensation rolls were obtained by a survey made to ascertain their incomes, occupational and employment status, and related characteristics.

This information was then compared with data on income and other characteristics secured by the Bureau of the Census from a sample of more than 7,000 veterans, selected from the general population. The comparison of median total incomes for the year ended September 30, 1955, is shown in table 2.

The *Schedule for Rating Disabilities* has not been revised thoroughly since 1945. The Commission obtained responses to a substantial questionnaire regarding this schedule from 155 medical specialists throughout the country. Mortality rates of the veterans on the compensation rolls were also studied for the first time, and considerable background research was carried out, particularly on the history of the program, its comparison with workmen's compensation, and its relation to rehabilitation.

From these studies the Commission concluded that the disability compensation system is working fairly well but needs to be brought up to date so

Table 2.—Median total income of veterans receiving disability compensation under Veterans Administration program and of all veterans in total population, by age and disability group, year ended September 30, 1955

Age and degree of disability	All veterans (disabled and nondisabled) ¹	Veterans receiving VA disability compensation ²	Percentage difference
Total.....	\$4,068	\$3,940	-3
Age:			
Under 25.....	2,260	2,255	(3)
25-34.....	4,126	4,118	(3)
35-44.....	4,525	4,111	-9
45-54.....	4,066	3,793	-7
55 and over.....	3,505	3,072	-12
Degree of disability: ⁴			
10 percent.....		4,051	(3)
20 percent.....		3,923	-4
30 percent.....		3,857	-5
40 percent.....		3,956	-3
50 percent.....		4,038	-1
60 percent.....		4,106	+1
70 percent.....		3,930	-3
80 percent.....		4,294	+6
90 percent.....		5,066	+25
100 percent.....		2,885	-30

¹ Data from the 7,100 respondents in the survey of veterans in the civilian noninstitutional population made by the Bureau of the Census for the Commission.

² Data from the survey of veterans (more than 12,000 respondents) on the disability compensation rolls of the Veterans Administration.

³ Less than 0.5 percent.

⁴ Figures in the last column represent the percentage difference between \$4,068—the median total income of all veterans—and the median total income of disabled veterans for each of the 10 disability groups.

that it will incorporate the latest advances in medical science and rehabilitation techniques. The Commission endorsed the present method of compensation, in which the amount is based on average impairment of earning capacity, but proposed consolidation of the statutory awards into a single, comprehensive rating schedule scale with allowances for social inadaptability, shortened life expectancy, loss of physical integrity, and related factors. It also suggested, in view of the relatively low median income of the veterans with 100-percent disability, that the rate of compensation should be relatively greater as the severity of disability increases, and that compensation benefits be periodically adjusted in line with the average earnings of a representative group of workers. In determining eligibility for disability compensation the Commission proposed that existing presumptions of service-connection be repealed and reliance be placed on accepted medical principles. Existing laws already provide that reasonable doubt should be adjudicated in favor of the veteran.

The Commission also gave considerable attention to the relationship between other Federal disability compensation programs and that of the Veterans Administration. It found that disability standards tend to differ and suggested that an effort be made to standardize them when they are comparable in purpose. It also found wide variation between disability ratings in the same cases by the Armed Services and the Veterans Administration, as well as an overlapping between the military disability retirement and the Veterans Administration disability compensation programs.

Service-Connected Survivor Benefits and Veterans' Insurance

Survivor benefits for military personnel and veterans have been under intensive study both in the executive branch and Congress for several years. The Commission's review confirmed the impression of complexity and inequity now prevailing in this field, with four agencies (the Veterans Administration, the Department

of Defense, the Department of Labor, and the Department of Health, Education, and Welfare) administering six different programs and with benefits excessive in some cases and inadequate in others.

The Commission strongly endorsed the improvements embodied in the Hardy bill (H.R. 7089),⁵ which includes provisions extending old-age and survivors insurance coverage to military personnel on a contributory basis and gearing Veterans Administration benefits to military pay.

The Commission's study of veterans' insurance programs led to a number of recommendations in this field, including the main one that the provision of Government insurance in the future be limited to veterans with service-connected disabilities that prevent them from securing commercial insurance at standard rates. It also recommended that benefits under the Uniformed Services Contingency Option Act—which provides survivorship coverage for retired military personnel—be coordinated with Veterans Administration benefits. In this way a definite amount of protection could be obtained and paid for on a predictable basis.

Readjustment Benefits

The Commission viewed the benefits for veterans of World War II and the Korean conflict and the related vocational rehabilitation benefits as a dramatic improvement over the earlier pension and bonus benefits because (1) help is given when it is needed most, (2) the amount of aid is fitted to individual needs, and (3) the aid is constructive and of lasting value.

Data obtained by the Commission from the Bureau of the Census survey and other sources indicate that World War II veterans, as a group, have successfully reestablished themselves in civilian life. As a group, they have higher incomes, better jobs, and more education than nonveterans in corresponding age groups. The difference reflects in part the advantages derived by these veterans from the more than \$24 billion in readjustment ben-

efits—education and training, unemployment compensation, mustering-out pay, and loan subsidy—that the Government provided between 1945 and December 31, 1955. The Commission accordingly recommended that future policy be based on the premise that benefits under these bills substantially discharged the Government's obligation to nondisabled veterans.

The Commission's studies confirmed the existence of certain defects in the programs under the Servicemen's Readjustment Act of 1944 and noted the improvements in the Veterans' Readjustment Assistance Act of 1952 that resulted from the earlier experience. The Commission suggested further improvements in any future veterans' educational program. Under another recommendation the loan guaranty program would be transferred from the Veterans Administration to the Federal Housing Administration and would be tapered off gradually, after appropriate intervals.

Non-Service-Connected Pensions

The most important single subject assigned to the Commission was that of pensions for the veterans who have no disabilities arising from service and for their dependents. Pensions of this sort have historically been the most costly of all veterans' benefits. Pensions paid to Civil War veterans, for example, have been nearly double the military cost of that war (\$4 billion) to the Union.

The cost of veterans' pensions typically comes many years after a war ends. Through 1955, pension expenditures for veterans of the two world wars and the Korean conflict have totaled \$4 billion—most of this amount for World War I veterans. The Commission's estimates made on the basis of existing laws indicate that, for these three wars, future pension outlays of \$189 billion would be necessary. Under the assumption that service pensions would be provided for all war veterans, future outlays would total \$584 billion and, for every serviceman who served at any time during these three conflicts, would average \$22,000.

While pensions have been justified on the basis of service to the country

in wartime, their basic purpose has been to prevent veterans, or their dependents, from suffering economic need. Generally, provisions for each war group have been made separately. The usual pattern has been the enactment of a "limited" pension, restricted to veterans who are unemployable because of non-service-connected disability, who have passed a certain age, who meet a minimum income test, or who meet all these requirements. These restrictions have then been gradually liberalized for each war group until a "service" pension is provided for the veteran or his widow and children subject only to a minimum requirement of wartime military service by the veteran of 90 days or less. Before World War II the "limited" pension was not provided until after a war had ended. The "service" pension usually came much later—often as much as 40-50 years after the war's end.

At the present time a "service" pension is provided for veterans of the Spanish-American War and earlier wars. Veterans of World War I, World War II, and the Korean conflict have only a "limited" pension. The veteran receives a pension only if he is totally and permanently disabled, is unemployable, and his income is not more than \$1,400 a year if single and \$2,700 if he is married or has dependent children. For the veteran who has reached age 65, however, a 10-percent disability is regarded as "total" under Veterans Administration regulations. As a result, the Commission estimated that half the veterans of the recent wars would be eligible for a pension upon attaining age 65. Widows of all deceased World War I veterans are eligible for a pension if they meet the income test, but widows of veterans of World War II and the Korean conflict are entitled only if, in addition, the veteran at time of death had a service-connected disability, even if not compensable in degree. Only about 1 out of 5 of these veterans has a service-connected disability.

While veterans' legislation has followed its accustomed ways, new developments of profound importance have taken place in public income maintenance programs since the passage of the Social Security Act in

⁵ Public Law No. 881, Eighty-fourth Congress, signed August 1, 1956.

1935. In particular, extension of old-age and survivors insurance coverage—to the point where it assures 9 out of 10 workers and their dependents basic income-maintenance protection in old age or in the event of premature death—fundamentally affects the role of veterans' pensions, which have performed the same function for veterans. Benefit outlays under old-age and survivors insurance, as well as in other public programs have gone up sharply, as shown in chart 2. At the same time, of course, a substantial expansion is also taking place in industrial retirement and other private income-maintenance programs.

The Commission's recommendations regarding non-service-connected veterans' pensions may be summarized as follows:

1. The veterans' pension program should be continued as a separate, independent program providing special protection to veterans without service-connected disabilities, and to their dependents, as it has in the past.

2. The historic function of providing disability payments to veterans disabled from any cause at any age should be continued as one of the main functions of the pension program, since today disability benefits are not provided under old-age and survivors insurance⁶ and are available under public assistance only to a limited extent. For veterans at age 70, moreover, disability requirements for pensions should be in effect dropped, and only income and employability tests used. Efforts to encourage employment and rehabilitation should be strengthened.

3. Eligibility requirements for dependents' pensions should be liberalized by eliminating the present requirement of a service-connected disability for veterans of World War II and the Korean conflict.

4. Certain inequities and inadequacies of the pension program call for adjustment of pension levels and of the income limitations affecting the receipt of benefits. The present

"all-or-nothing" application of the income limitations, for example, means that a veteran whose income exceeds the stated maximums by even a small amount receives no pension at all, yet a veteran in essentially similar circumstances but with a few dollars less in income may be getting a pension of almost \$1,000 a year. The present exemption of certain types of income from the limitation means that veterans with substantial total incomes can continue to receive a pension, while others whose income is derived solely from work may be denied payment. Furthermore, the present limitations are no longer realistic as measures of presumptive need: They no longer bear any relation to Federal income-tax deductions, on the basis of which they were originally set; they are high enough to permit receipt of the maximum old-age and survivors insurance benefit for a retired worker in the future without disqualifying the individual for the veteran's pension; they are related to individual income without recognition of family obligations; they apply a different measure of need for veterans than that used for nonveterans.

Lower benefit rates under the contributory old-age and survivors insurance program than under the gratuitous pension program for veterans would be unsound and contrary to American economic philosophy. Consequently, the scope of the veterans' program should be narrowed to meet only minimum needs and to provide for only those veterans and their families not covered or not adequately protected by old-age and survivors insurance or other means.

The Commission therefore recommended that pension rates should be adjusted in line with the national average of the standard of need used to determine public assistance payments and that the pension levels should be maintained below the amount of the average old-age and survivors insurance benefit when that program reaches reasonable maturity. With these considerations in mind, it is proposed that the present monthly rates (\$66.15 for those under age 65 and \$78.75 for those over age 65 or on the rolls more than 10 years) be replaced by a maximum of \$70 for

a single veteran and \$105 for a veteran with dependents. These rates of pension would be on a sliding scale, under a test that considers as income all family income and exempts as income only work income not in excess of \$100 a year and public assistance. Work income of more than \$100 a year would be offset at the rate of \$50 for every \$100 earned.

These steps would result in a practical coordination of benefits under the old-age and survivors insurance and Veterans Administration programs that would avoid duplication of payments when old-age and survivors insurance reaches reasonable maturity. At the same time, Veterans Administration pensions would serve as a "reserve line of economic defense" for veterans or families of veterans who lack old-age and survivors insurance coverage or whose old-age and survivors insurance benefits are inadequate.

Benefits for Peacetime Ex-Servicemen

Persons entering the Armed Forces after January 31, 1955, are eligible under the Veterans Administration programs for disability and death compensation benefits at 80 percent of wartime rates and for certain other benefits. They are not eligible for benefits under the Veterans' Readjustment Assistance Act. The Commission's studies indicated that maintenance of the Armed Forces at their present level of almost 3 million will mean an annual turnover of 700,000 persons—roughly one-third of them draftees. By the year 2000, on these assumptions, there will be 26 million living peacetime ex-servicemen.

The Commission noted that military service at present is better paid than formerly and provides more servicemen with training and experience useful in civilian life. It observed also that peacetime service, unlike service in wartime, can be foreseen and included in a young man's plans. It concluded, therefore, that the interruption and handicap of peacetime military service are not sufficient to require substantial readjustment assistance.

The Commission recommended that the following benefits be provided for

(Continued on page 32)

⁶ Public Law 880, enacted since the Commission reported, provides for the payment of disability benefits under old-age and survivors insurance to disabled insured workers at age 50, beginning July 1957.

Table 7.—Amount of vendor payments for medical care for recipients of public assistance, by program and State, May 1956¹

State	Old-age assistance	Aid to dependent children	Aid to the blind	Aid to the permanently and totally disabled	General assistance ²
Total	\$11,737,471	\$2,078,906	\$319,946	\$2,211,451	³ \$6,276,000
Alabama	<i>1,582</i>	<i>889</i>	<i>4</i>	<i>735</i>	<i>1</i>
Alaska				(⁴)	29,536
California	219,807		19,178	(⁴)	74,240
Colorado			<i>527</i>		(⁵)
Connecticut	279,378	96,966	5,958	72,998	(⁵)
District of Columbia	<i>465</i>	<i>846</i>	<i>18</i>	<i>1,946</i>	500
Hawaii	17,952	6,001	963	15,852	(⁵)
Illinois	1,859,223	276,912	55,894	362,095	550,024
Indiana	510,539	77,713	19,545	(⁴)	187,512
Iowa				(⁴)	233,877
Kansas	<i>219,184</i>	<i>41,884</i>	<i>4,755</i>	<i>34,746</i>	42,679
Louisiana	<i>164</i>	<i>5,450</i>	<i>149</i>	<i>2,311</i>	2,094
Maine	47,468	13,578	1,572	3,648	45,747
Massachusetts	2,219,725	184,024	<i>2,472</i>	514,350	143,250
Michigan	164,178		2,496	27,493	106,964
Minnesota	1,413,927	129,318	42,014	12,083	338,420
Montana					175,819
Nebraska					171,588
Nevada	6,601			(⁴)	71,400
New Hampshire	71,364	13,797	2,358	5,620	(⁵)
New Jersey		<i>18,128</i>	<i>40</i>		157,975
New Mexico	28,533	23,237	1,888	6,488	2,401
New York	2,305,680	749,912	94,361	872,625	(⁵)
North Carolina	47,616	18,689		12,882	185,435
North Dakota	145,032	18,705	539	26,558	26,039
Ohio	285,487	<i>13,998</i>	<i>12,279</i>		1,005,372
Oregon					229,161
Pennsylvania	131,979	116,610	31,390	48,763	55,137
Rhode Island	50,115	34,790	1,204	17,496	41,631
South Carolina					20,097
South Dakota					103,334
Utah	<i>770</i>	<i>917</i>	<i>112</i>	<i>422</i>	235
Virgin Islands	350	114	15	51	134
Virginia					10,115
Washington	1,134,633	128,939	8,881	128,920	272,798
Wisconsin	<i>676,919</i>	<i>137,485</i>	<i>11,634</i>	<i>43,989</i>	143,547
Wyoming					41,613

¹ For the special types of public assistance figures in italics represent payments made without Federal participation. States not shown made no vendor payments during the month or did not report such payments.

² In all States except California, Illinois, Kansas, Louisiana, Massachusetts, Nevada, New Jersey, Pennsylvania, Utah, and the Virgin Islands includes payments made on behalf of recipients of the special types of public assistance.

³ Includes an estimated amount for States making vendor payments for medical care from general assistance funds and from special medical funds and reporting these data semiannually but not on a monthly basis.

⁴ No program for aid to the permanently and totally disabled.

⁵ Data not available.

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peacetime ex-servicemen: Service-connected disability and death compensation at wartime rates; vocational rehabilitation for service-connected disabilities through the Federal-State programs; insurance by the Veterans Administration for those with significant service-connected disabilities; reemployment rights as provided by existing laws; and unemployment compensation, through State programs, like that

provided civilian employees of the Federal Government.

It proposed that the following special benefits should not be provided for peacetime ex-servicemen: mustering-out pay, loan guaranty benefits, non-service-connected pensions, and education and training benefits. In connection with training benefits, the Commission considered at length the national need for more persons with scientific training and education but concluded that, if a national educational assistance program is considered necessary, it should be on a general basis and fill the needs of all

qualified young aspirants—including ex-servicemen.

Administration

In addition to dealing with substantive issues, the Commission considered the administration of the veterans' programs. In this facet of its recommendations it stressed the need for more research than is now being done, more program analysis, and greater concern—on the part of the Veterans Administration and the executive branch generally—with long-range policy and coordination of programs in this important field.