

EXHIBIT E

AMEND THE WORLD WAR VETERANS' ACT

FEBRUARY 18, 1925.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. JOHNSON of South Dakota, from the Committee on World War Veterans' Legislation, submitted the following

REPORT

[To accompany H. R. 12308]

The Committee on World War Veterans' Legislation, to whom was referred the bill (H. R. 12308) to amend the World War veterans' act, 1924, having considered the same, report thereon with the recommendation that it do pass.

The bill as now presented proposes several substantial changes in the law, to which the attention of the House of Representatives should be specifically directed. These are:

1. Section 1 proposes to amend section 3 (3) of the World War veterans' act, 1924, by deleting the reference to sections 301 and 302 and making reference to section 300 as the section to be excepted from the definition of the word "child" and "grandchild" as contained in section 3 (3). This amendment is merely for the purpose of correcting what is now an erroneous reference.

2. Section 2 proposes to amend section 4 of the World War veterans' act, 1924, by adding thereto a specific provision authorizing the director to appoint a chaplain for each hospital operated or controlled by the United States Veterans' Bureau.

3. Section 3 proposes to amend section 10 of the World War veterans' act by adding thereto a provision authorizing and directing the director to create in the United States Veterans' Bureau a permanent medical organization to be known as the United States Veterans' Bureau medical service. This service is to consist of medical officers, dental officers, and nurses. The pay and allowances of such officers are to be the same as that provided for officers in the Medical Corps of the Army in corresponding grades, and the pay and allowances of nurses are to be the same as nurses in the corresponding grades in the Army Nurse Corps. The establishment of such a service in the bureau will provide a permanent medical organization which it has

long been felt is vital to the bureau in administering the benefits of medical, hospital, surgical, and dental treatment provided by the bureau's laws providing for the relief of disabled ex-service men.

4. Section 4 of the bill amends section 19 of the World War veterans' act relating to suits on contracts of insurance. In effect the amendment will give the claimant the right to a jury trial, thus differing from the ordinary judicial procedure in suits on claims against the United States where the United States district courts have concurrent jurisdiction with the Court of Claims. A jury trial may, however, be waived by consent. The existing law is clarified by specifically providing the procedure for service upon the proper officials of the Government and in the matter of appeals to the United States circuit courts of appeal, the findings of which courts are to be final except as provided in sections 239 and 240 of the Judicial Code, under which an appeal lies to the Supreme Court of the United States when a constitutional question is involved. In order to clear up any ambiguity in the present law, section 19, as amended, is made applicable to pending as well as future suits. The provisions relating to attorneys and fees now appearing in section 19 have been incorporated in an amendment to section 500 of the World War veterans' act and will be discussed in connection with that amendment.

5. Section 5 is a redraft of section 23, section 31, and section 208 of the statute, having for its purpose the combining of these three sections, all of which relate to forfeiture of benefits and the reconciliation of conflicts now existing. Section 23 as now written in the statute provides that the discharge or dismissal of any person on the ground that *he is an enemy alien or conscientious objector shall terminate any insurance granted or bar any right of compensation or maintenance and support allowance.* This section further provides that an *enemy alien* who volunteers or who was drafted into service during the World War and who was not discharged from the service *on his own application or solicitation by reason of his being an enemy alien, and whose service was honest and faithful,* shall be entitled to the benefits of the act. Section 31 as it appears now in the statute provides that the provisions of the World War veterans' act shall not apply to any conscientious objector *who refused to perform military duty or refused to wear the uniform or to any alien who was discharged from the military or naval forces prior to November 11, 1918, on account of his alienage.* Section 208 provides that a dismissal or discharge by sentence of court-martial from the service shall bar and terminate all rights to any compensation under the provisions of the act *for the period of service from which such discharge is given.* The language in italic reveals the inconsistencies now contained in these three sections which it is the purpose of section 23 as contained in this bill to overcome. The redraft makes the section applicable to conscientious objectors only where they refused to perform military duty or to wear the uniform, and inapplicable to aliens, enemy, allied, or neutral, if their service was honest and faithful and they were not discharged prior to November 11, 1918, on their own solicitation because of alienage. The proposed amendment goes further and removes contracts of insurance entirely from the operation of the provisions now in the statute under which all insurance rights are terminated upon conviction by court-martial

for any of the offenses enumerated therein, except where death is inflicted as a lawful punishment for crime or military offense. The principle underlying this amendment is that insurance being an entirely contractual relationship, it is not consistent with the law of contracts that the personal conduct of the insured should vitiate the contract after it has been sealed.

A new proviso is added to the effect that the discharge of a person for having concealed the fact that he was under age at time of enlistment shall not be a bar to benefits if service was otherwise honorable.

6. Section 6 proposes to amend section 26 of the present statute by providing that where the accrued compensation, insurance, or maintenance and support allowance payable at the death of the beneficiary amounts to \$500 or less, such sum may be paid, in the absence of a duly appointed legal representative, to such person or persons as would under the laws of the State of residence of the decedent be entitled to his personal property in case of intestacy. The purpose of this amendment is to obviate the necessity for appointment of an administrator in cases where the sole estate left by the veteran is accrued compensation, insurance, or maintenance and support allowance in a small amount. Under the present law it is necessary to require the appointment and qualification of an administrator or executor no matter how small the amount payable is, and it often causes great inconvenience and delay as well as expense to the person entitled.

7. Section 7 proposes to repeal section 31. The repeal of this section is part of the proposal to overcome the conflict existing between the present sections 23 and 31, Title I, and section 208, Title II, as stated above.

8. Section 8 proposes to insert a new section to permit payment by the bureau for official telephone service and rental in cases where official telephones are installed in private residences, or private apartments or quarters. The object of this amendment is to relieve the bureau from the operation of the act of August 23, 1912, which provides that no part of any appropriation shall be expended for the purpose of providing telephones in private residences or apartments. In the administration of Veterans' Bureau hospitals it is imperative that certain officers be in constant touch with the hospitals and that some facilities be provided whereby they can be called at any time of the day or night. To accomplish this it is necessary that they either be supplied with telephones which are a part of the general telephone system of the hospital attached to the hospital switchboard, or that, in cases where they reside such a distance from the reservation that it is impracticable to furnish phones which are a part of the hospital system, they be given a separate wire.

9. Section 9 proposes to amend section 200 of the World War veterans' act by rewriting the first proviso (which now provides that no person suffering from paralysis, paresis, blindness, or constitutional lues requiring hospitalization as a result of disease shall be denied compensation while a patient in a Veterans' Bureau hospital by reason of willful misconduct) to omit the language which makes it mandatory that any person suffering from the specified diseases must be in need of hospitalization and actually hospitalized in a Veterans' Bureau hospital before compensation can be paid. The proviso is further amended by including within the classes which

can not be denied compensation by reason of willful misconduct any person who is helpless or bedridden as the result of any disability. It is not necessary that this class be hospitalized. It is further proposed to amend the section by including encephalitis lethargica in the class of diseases which are conclusively presumed to be of service origin when developing to a 10 per cent degree prior to January 1, 1925. Under the present statute encephalitis lethargica is included in the rebuttable presumption.

10. Section 10 proposes to amend section 201 (1) which contains the provision for burial expenses. Under the present law before the allowance for burial expenses can be paid for veterans who die while not receiving the benefits of compensation, hospitalization, or training, from the bureau, it is necessary for the bureau to make an administrative finding that the veteran does not leave sufficient assets to meet the expenses of his burial and the transportation of his body and that such expenses are not otherwise provided for. If subdivision (1), section 201, is enacted as proposed, the effect will be to make the director's administrative finding as to the insufficiency of the assets conclusive, and to render it unnecessary to determine whether provision is made by any other law or organization for the payment of such expenses. The present first proviso of section 201 (1), which makes allowance for payment of funeral expenses where the veteran dies while receiving compensation or vocational training from the bureau is amended by striking out the phrase "without reference to the indigency of the deceased" and by including the words "in all cases." This makes no substantial change in the effect of the provision. The second proviso of the same subdivision which makes allowance for the payment of funeral expenses where the veteran dies away from home while receiving from the bureau medical, surgical, or hospital treatment, or vocational training, at a place to which he has been ordered by the bureau or while traveling under orders of the bureau, is amended by deleting the language which makes the allowance payable "without reference to the indigency of the deceased," and also by amending the language which now limits the payment of transportation of the body to a place of burial within the continental limits of the United States, to permit transportation to any place of burial within the United States, its Territories, and possessions. Under the present subdivision (1), section 201, where a veteran dies away from home at a place to which he has been ordered by the bureau for the purpose of medical, surgical, or hospital treatment, or vocational training, there is no authority for paying the expenses of transportation of the body to the place of burial unless it be within the continental limits of the United States. There are numerous cases in which veterans have died while receiving benefits from the bureau within the United States and in which it has been the desire of the relatives to have the body interred at the home of the veteran outside of the continental limits, for instance, the Philippines, or Porto Rico. Under the present law this is impossible. The section has also been amended to provide for payment of "funeral and burial expenses." At present the allowance is only for "burial expenses" and under the strict construction of the word "burial" by the General Accounting Office, many items which are ordinarily regarded as part of the necessary burial expenses have been disallowed. The last proviso of this section has

been redrafted to include accrued insurance due at the time of death among those items which shall not be deducted from the sum allowed for burial expenses. The allowance for a flag is increased to \$7.

Section 10 further proposes to amend section 201 (2) by the substitution of the word "such" for the word "each" which now appears immediately preceding the word "parent" in this subdivision. This amendment is merely for the purpose of clarification.

Section 201 (7) is also amended by section 10 to provide that the receipt of a gratuity, pension, or compensation, including adjusted compensation by widow, child, or parent on account of the death, disability, or service of any person shall not bar the payment of compensation on account of the death or disability of any other person. Under the present law the bureau can pay compensation to the widow of a soldier of a previous war who is drawing a pension, but it can not pay compensation to a soldier of a previous war who is drawing pension. This amendment will permit payment of compensation to a pensioner who was dependent upon a son who was killed in the World War. It also brings within the operation of the subsection children, and adds adjusted compensation to the exceptions made.

11. Section 11 proposes to amend section 202 (2) to provide that any ex-service person shown to have had a tuberculous disease of a compensable degree who has reached a condition of complete arrest shall receive a compensation rating of not less than \$50 per month for three years. The present section provides that where a person suffering with a tuberculous disease of a compensable degree has been discharged from a one-year period of hospitalization in an arrested condition he shall be rated as temporarily totally disabled for a period of six months. The underlying reason for the amendment proposed is the belief that persons who have recovered from active tuberculosis should be compensated to such an extent that they will have some money to rely on for a reasonable period of time during their industrial readjustment. This provision is not retroactive.

Subdivision 3 of section 202, second paragraph, is amended by section 11 to provide that any person suffering with a tuberculous disease of a compensable degree who is discharged from a one-year period of hospitalization, and who in the judgment of the director will not reach a condition of arrest by further hospitalization, shall be rated not less than temporarily and totally disabled for a period of three years, and further provides that whenever a person has been rated temporarily and totally disabled continuously for a period of 24 months he shall be adjudged permanently totally disabled, such rating not to be decreased during the continuance of total disability.

Section 11 also proposes to amend section 202, subdivision (4) (a), to provide for combinations of temporary disabilities, as well as those of a permanent character. The language "similar to the occupation of the injured man at time of enlistment" is omitted. With the omission of this language this subdivision, which provides for a schedule of ratings, will be in practically the same language as it was before the amendment of June 7, 1924, except for the language permitting combinations of specific temporary injuries for the purpose of arriving at a compensable disability rating. (Under the present law and under the law as it stood prior to June 7, 1924, it is permissible to

combine specific disabilities of a permanent nature for the purpose of a general disability rating but not those of a temporary nature.) Disability ratings will be based upon the average impairments of earning capacity in civil occupations. It has been found impracticable to devise a rating table under the present law which requires that ratings shall be based upon the average impairments of earning capacity in occupations similar to the occupations of the injured man at time of enlistment and not upon the impairment in individual cases.

Subdivision 6 of the same section is amended to provide specifically for the furnishing of dental appliances to persons suffering with compensable disabilities. This provision makes no change in the effect of the law. This subdivision is further amended to provide for special clothing made necessary by the wearing of prosthetic appliances furnished by the bureau. The word "institutions" is also substituted for the word "hospitals" in this subdivision.

Subdivision 7 is amended by substituting the words "institution or institutions" for the words "neuropsychiatric hospital or hospitals." The amendment to this language is simply for the purpose of clarification and makes no difference in the effect of the law as construed at the present time. The word "permanently" has been stricken out before the word "insane." The elimination of this word will make it unnecessary for the director to find that the person is permanently insane before he is authorized to reduce the compensation to \$20 per month while such person is an inmate of an institution. The second paragraph of subdivision 7 is redrafted to provide that the compensation of any mentally incompetent inmate of an institution may in the discretion of the director be paid to the chief officer of the institution to be properly accounted for and to be used for the benefit of such inmate or be apportioned to the wife, child, children, or dependent parents of the inmate, in accordance with regulations. Under the present law there is no authority for apportionment to the dependents of such inmates.

The only amendment offered to subdivision 8 of this section is the substitution of the word "persons" for "neuropsychiatric patients" in the second paragraph.

Subdivision 9 is amended to provide dental appliances for persons entitled to the other benefits under the subdivision only to the extent that the director may find such appliances to be reasonably necessary.

Section 202, subdivision (10), is redrafted for the purpose of eliminating distinctions now made between veterans of different wars in so far as the rights under that subdivision are concerned. Under the amendment veterans of any war, military occupation or expedition are eligible for hospitalization as far as Government facilities permit. Such veterans are further entitled under the amendment to dental, medical, surgical care, and prosthetic appliances (including dental appliances where they are a part of the treatment). A new proviso is proposed to subdivision 10 to the effect that in emergencies hospitalization may be extended by officers in charges of hospitals when application is made direct to hospital. This proviso further authorizes the bureau to furnish hospitalization in other than Government hospitals in the insular possessions. At the present time there are no Government hospitals in the insular possessions which will admit patients irrespective of the nature of origin of their disabilities. The Comptroller General has said that there is no statutory authority

for furnishing treatment in contract hospitals, but that in view of the situation existing in the insular possessions he would approve payments made for hospitalization in contract hospitals. The consensus of opinion on this phase of the matter is that amendatory legislation should be passed to cover it.

There is a slight change in the grammatical construction of subdivision 12 which will not affect the provision except to clarify it.

Subdivision 15 is repealed. The repeal of this provision makes the payment of compensation independent of the receipt by a veteran of a pension or gratuity as a result of service or disability incurred in service at a time other than during the World War.

12. Section 12 of the bill proposes to amend section 205 by deleting the phrase "subject to the provisions of section 210 hereof" and by adding a proviso to the effect that where a disability has once been held to be of service origin it can not at a later date, except upon new evidence of a conclusive nature, or evidence of glaring error, or fraud, be held to be not of service origin. These two provisions will not make any change in the law as now construed and administered by the bureau. They merely write into the law the construction now placed upon section 205.

13. Section 13 proposes to repeal section 208. The reason for proposing to repeal this section is that its provisions have been incorporated in the redraft of section 23. This redraft as stated before includes the provisions of sections 23, 31, and 208, all of which relate to penalties and forfeitures and which now contain conflicting provisions.

14. Section 14 proposes to amend section 209 of the World War veterans' act, 1924, by the addition of a paragraph which makes the section inapplicable to those persons who died in the military service between April 6, 1917, and October 6, 1917, or who were separated from the service between those two dates, and died prior to December 24, 1919. It further provides that the time provided by said section for filing claims shall not begin to run against persons discharged from the service between those dates until December 24, 1919, which is the date of the amendatory act which first made these persons eligible for compensation.

15. Section 15 proposes to amend section 212 of the present law by striking out the phrase "in the event of death" in the second sentence. This phrase is redundant and the deletion is simply for the purpose of correcting the grammatical construction. The second proviso of this section, however, is amended to include the phrase "for disability incurred in the service between April 6, 1917, and July 2, 1921" immediately succeeding the words "retirement pay." The purpose of this amendment is to preclude persons receiving retirement pay from receiving compensation only where the retirement pay is on account of disabilities received in the World War between April 6, 1917 and July 2, 1921.

16. Section 16 proposes to amend section 213 by including within its terms persons suffering an injury or aggravation of an existing injury as a result of having submitted to examination ordered by the director under authority of section 303 of the war risk insurance act or section 203 of the World War veterans' act, 1924. When section 213 was originally written into the law by the act of June 7, 1924, it was intended that these cases should be covered but through some

inadvertence the language was not sufficiently broad to take in these cases. It is further proposed to amend section 213 by deleting the language therein which provides that from payments due thereunder shall be deducted all amounts paid by any person other than the United States as damages or compensation for injury, aggravation, or death. It is proposed to supersede this provision by enacting a new section into the law to be known as section 214 (which next succeeds this section in this bill) providing for the subrogation of the rights of the claimant in such cases to the Government.

17. Section 17 proposes to add to the World War veterans' act a new section to be known as section 214 which will provide for subrogation of the bureau to the rights of the beneficiary in any case where a beneficiary suffers injury or death, for which compensation is payable under section 213, under circumstances creating a legal liability on some person other than the United States. This section is in substantially the same language as the subrogation provisions of the war risk insurance act, which was repealed by the act of June 7, 1924.

18. Section 18 of the bill amends section 300 of the World War veterans' act in that it specifically provides only for the granting of United States Government life insurance (converted insurance). This is the interpretation placed upon the section by the Veterans' Bureau and as it apparently is in harmony with the intent of the Congress at the time the World War veterans' act, 1924, was enacted, in rewriting the section at this time it is specifically covered. The reference now contained in section 300 to such form or forms of insurance as is prescribed in section 301 of the World War veterans' act is eliminated for the reason that the latter section does not prescribe the forms of insurance. The section further amends the World War veterans' act by reinserting in the act that provision of the war risk insurance act as amended which provides that where a beneficiary at the time of designation is within the permitted class and is the designated beneficiary at the time of the maturity of the insurance because of the death of the insured such beneficiary shall be deemed to be within the permitted class even though the status of such beneficiary shall have been changed. The reinsertion of this provision in the law is made for the reason that it is felt that it was not the intention that it should be omitted when the World War veterans' act was drafted. The section is further amended by providing that it shall be deemed to be in effect as of June 7, 1924. It is essential that this section be made effective as of that date in order that there may be a continuity of this essential provision in the various laws pertaining to insurance.

19. Section 19 of the bill amends section 301 of the World War veterans' act, reinserting those provisions formerly contained in the war risk insurance act as amended, but omitted in the World War veterans' act, 1924, which provide for the manner in which the insurance shall be payable, the specific authorization for the various cash, loan, paid-up, and extended values, dividends, etc., which it is considered are essential in order that no controversy may arise with reference to the bureau's authority to incorporate the provisions in policies issued after June 7, 1924. It also reincorporates in the law the provision granting specific authority to the insured to change the beneficiary or beneficiaries of his insurance without the consent of such beneficiary or beneficiaries. These provisions are deemed

essential to the contract of insurance and for the reason above stated it is believed advisable that they should be reinserted in the law. The bill further reinserts those provisions with reference to the devolution of converted insurance where no beneficiary within the permitted class is designated by the insured for converted insurance. The only change in the provision which formerly existed in the war risk insurance act as amended is that where insurance is payable to the estate of a person the bill authorizes the payment of the present value rather than monthly installments. This provision is in the interest of economy of administration for the bureau and at the same time it permits the closing of estates which otherwise would have to be continued for approximately 20 years. This section of the bill is likewise made effective of June 7, 1924, in order that there may be a continuity in the laws pertaining to insurance.

20. Section 20 amends section 303 of the World War veterans' act, in that it provides with reference to yearly renewable term insurance that where no beneficiary of the permitted class survives the insured, or if no beneficiary be designated by the insured during his lifetime the present value of the unpaid installments shall be payable to the estate of the insured. This measure is in the interest of economical administration on the part of the bureau and also to eliminate the necessity for continuing estates for indefinite periods. It also prevents those spectacles of injustice where the bureau by reason of the existing provisions of the law or the war risk insurance act as amended, has been paying absurdly small amounts monthly to a large class of beneficiaries. This section in no way affects the eventual liability of the United States, but it does accelerate to some extent that liability.

21. Section 21 of the bill amends section 304 of the World War veterans' act, in that it permits those disabled persons who are eligible to reinstate under its terms except that they have not sufficient money to pay all premiums in arrears, to create an interest-bearing lien in the amount of the unpaid premiums, which lien will be deducted from the insurance at the time of its maturity. The amendment also strikes from the law the words "if any." These words were inserted in the World War veterans' act, but the reason for such insertion is not shown by the committee reports. In view of the presence of this language in the law it has been necessary to cancel a regulation pertaining to reinstatement of insurance which had been in existence for an extended period and which is in accord with insurance practice, namely, that an insured may reinstate his insurance within three months of date of lapse provided he is in as good health at date of reinstatement as at date of lapse, irrespective of whether or not the health condition arose in the service. The committee felt in view of the fact that this provision in the bureau regulations was in accord with insurance practice the words "if any," which prohibit the bureau from continuing such regulation should be omitted.

22. Section 22 adds a new section to the World War veterans' act in that it provides automatic insurance for those men who were discharged prior to the passage of the amendment to the war risk insurance act of October 6, 1917, or so shortly thereafter as not to have had an opportunity to apply for insurance, and who have since become permanently disabled or died.

23. Section 23 adds a new section to the World War veterans' act by providing for the continuance in force of insurance of those men who died without receiving their \$60 bonus where the amount of such bonus equals or exceeds the amount of unpaid premiums.

24. Section 24 proposes to amend section 406 of the World War veterans' act, which now provides that no training shall be granted or continued after June 30, 1926, and no training allowance thereafter to be paid, to permit persons who are eligible for training but who are not feasible to commence training by June 30, 1925 (as provided by section 405), to be excepted from the operation of the limiting date. It also provides that the final date for termination of training shall be not applicable to any person whose final rehabilitation would be prejudiced by modification or shortening of his training, or proposed course of training by reason of the limiting date of June 30, 1926. Under the present section 406 any person who is nonfeasible to commence training prior to June 30, 1925, would lose his right to training even though his nonfeasibility was due to service-connected disability. The proposed amendment is designed to overcome this discrimination, and further to allow trainees who can not complete their prescribed courses satisfactorily prior to the termination date, June 30, 1926, fixed by sections 401 and 402, because of a late start or for some other good reason, to continue their courses until finished.

25. Section 25 adds a new section to the statute to provide that equipment, supplies, and books which have been used by trainees during their course of training may be released to them on termination of training. Prior to the enactment of the World War veterans' act, 1924, the bureau had authority to release such equipment, supplies, and books to rehabilitated trainees by virtue of the act approved February 26, 1919.

26. Section 26 amends section 500 of the World War veterans' act in that it inserts the provisions with reference to recognition of attorneys, now contained in section 19 of the World War veterans' act. It further amends the World War veterans' act by providing for a fee of not to exceed 10 per cent of amounts due up to the date of judgment, instead of 5 per cent as the existing law now provides. It was felt by the committee that this increase in attorney's fees was reasonable in view of the fact that the fee is not based upon the total amount of insurance but only upon those installments which have accrued to date of judgment. It also amends the act by providing that the bureau shall deduct from payments due the claimant all attorney's fees and pay the same to the attorney. In this way the bureau can properly regulate the fees. It also provides a penalty for an attorney charging a fee in excess of 10 per cent whereas the existing law does not cover this situation.

27. Section 27 proposes to amend section 503, which provides a penalty of fine and imprisonment for persons who receive money, checks, compensation, insurance, or maintenance and support allowance under any of the laws administered by this bureau without being entitled thereto with intent to defraud the United States or any person in the military or naval forces. The amendment proposes to strike out the words "person in the military or naval forces" and to substitute therefor the words "beneficiary of the United States Veterans' Bureau." The reason for this amendment is obvious.

28. Section 28 proposes to amend section 504 to include those persons who make fraudulent claims for maintenance and support allowance in the penalty provision. Claims for maintenance and support allowance are not mentioned in this section as now written.

29. Section 29 proposes to add a new section to the World War veterans' act to be known as section 505 to provide for the punishment by fine or imprisonment, or both, of guardians, curators, conservators, committees, or persons otherwise legally vested with the responsibility or care of a claimant or his estate who shall embezzle or fraudulently convert to their own use money paid to them in a fiduciary capacity under any of the laws administered by this bureau.

Attached hereto is a letter from Gen. Frank T. Hines, Director, United States Veterans' Bureau, estimating the probable cost of the bill.

UNITED STATES VETERANS' BUREAU,
Washington, February 17, 1925.

Hon. ROYAL C. JOHNSON,
*Chairman Committee on World War Veterans' Legislation,
House of Representatives.*

DEAR MR. JOHNSON: In accordance with request of the Committee on World War Veterans' Legislation, there is transmitted herewith an estimate on the probable cost of the provisions of H. R. 12308, a bill to amend the World War veterans' act, 1924. It has not been possible to estimate the cost of some of the provisions.

Section 1 will entail no increased expenditure on the part of the bureau.

Section 2 of the bill will result in an expenditure of approximately \$100,000 per annum.

Section 3, which provides for the establishment of a permanent medical service, will result in practically no increase in the bureau's budget for medical, dental, and nursing personnel for the first three years.

Section 4, which proposes to amend section 19 relating to the rules governing suits on contracts of insurance, will involve no additional expense on the part of the bureau.

The amendment to section 23 proposed by section 5 of the bill will involve no appreciable increase.

Section 6, which proposes to amend section 26, will involve no increase in expenditure.

The repeal of section 31, proposed by section 7 of the bill, will not involve an increase in cost.

It has been impossible to estimate the expense incident to the furnishing of official telephone service in private quarters of field officials which the amendment proposed by section 8 is designed to authorize. There will, however, be a slight increase in the administration cost incident to this item.

Section 9 proposes to amend the first proviso of section 200 to provide for the payment of compensation to all persons suffering from paralysis, paresis, blindness, or constitutional lues, and to persons who are helpless or bedridden as the result of any disability, irrespective of whether such disease or disability is the result of willful misconduct. The estimated cost of this amendment is \$2,245,000 for the first year. The amendment with reference to encephalitis lethargica will involve no additional increase.

Section 10 provides to amend section 201 and will involve an increased expenditure of approximately \$20,000 per annum.

That part of the section which relates to payment of compensation independent of pension will result in a slight additional expenditure over and above the \$20,000, but it is impossible to estimate the exact cost.

Section 11 proposes an amendment to section 202 (2), providing for a permanent rating of \$50 per month for three years in cases of arrested tuberculosis, and will involve an increased expenditure of \$217,485 for the first year.

The amendment to section 202 (3), second paragraph, which provides for a temporary total rating for a period of three years in tuberculosis cases after discharge from a one-year period of hospitalization is estimated to involve an increased expenditure of \$560,112 for the first year. The amendment which

provides for permanent total ratings in those cases where persons have been temporarily totally disabled for a period of two years during the continuance of total disability will involve a slight increase in expenditures.

The proposed amendment to section 202 (4) providing for combinations of temporary injuries will involve a slight increase in expenditure, which it is impossible to estimate.

The proposed amendment to section 202 (6), providing for the furnishing of clothing made necessary by the furnishing of prosthetic appliances is estimated to involve an approximate cost of \$10,000 per year.

The proposed amendments to section 202 (7, 8, 9, 10, 12, and 15), will involve no materially increased cost.

Section 12 proposes to amend section 205, and will involve no increase in expenditures.

Section 13 proposes to repeal section 208. This amendment will involve no additional expenditure.

Section 14, which provides to amend section 209, will result in an increase in expenditure. It is impossible to estimate what that expenditure will be but it is not believed that it will amount to a large sum.

There will be very little difference in the expenditures to be made under the amendment to section 212 proposed by section 15 of the bill and it has been impossible to furnish any estimate as to what the difference might be.

Section 16 proposes to amend section 213 and will result in a slight increase in expenditure, which it is impossible to accurately estimate.

Section 17 adds a new section to the World War veterans' act, which should result in a material saving to the bureau.

The proposed amendments of sections 18, 19, 20, and 21 of the bill will involve no increase in expenditures.

The enactment of a new section proposed by section 22 of the bill to provide automatic insurance for those men who were discharged from the military service between April 6, 1917, and October 6, 1917, will probably involve no noticeable increase in expenditures. It has not been possible to estimate with any degree of accuracy the number of cases that will come in under this proposed amendment. As a matter of information, however, you are advised that according to the records of the War Department there were 5,400 discharges from the Army on surgeon's certificates of disability between the two dates cited. Many of these cases, however, will not be affected by the proposed amendment inasmuch as they were for other disabilities than those suffered in or aggravated by service during the World War.

There is no way in which the cost of the amendment proposed by section 23 can be estimated. It is not thought, however, that much additional expense will be incurred in connection with this provision.

The amendment to section 406 proposed by section 24, it is estimated, will involve an increase in cost in the year 1927 of \$19,446,640, and for the year 1928, \$4,398,360, a total of \$23,845,000 for the two years.

The amendment proposed by section 25, by virtue of which it will be possible for the bureau to release certain equipment to trainees at the end of their period of training will involve no appreciable increase in expenditures.

The remaining sections of the bill will not involve any increase in cost.

Very truly yours,

FRANK T. HINES, *Director.*

