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[3/6/75]

2

maintain high enlistment rates among this group. In their judgment, termination of the G.I. Bill educational benefits program would result in severe quantity and/or quality reductions in future enlistments in the armed forces.

Principal arguments for the Defense proposal are:

1. Based on attitude survey data, Defense estimates that enlistment applications could drop by 15-25%, thereby lowering the quality of future enlistments and adversely affecting the all volunteer force.

2. Army Secretary Callaway recently initiated a major advertising campaign centered around the G.I. Bill and in-service training programs in cooperation with universities around the country to attract college minded young men.

Principal arguments against the Defense proposal are:

1. Enlistment applications and the quality of enlistees are now at all time highs due to the economic situation. Our analysis suggests that termination would reduce enlistment applications by no more than 7% and that the Defense alternative would result at a loss of 4%. Increased enlistment bonuses could offset these losses at substantially less cost.

2. The proposed alternative would increase costs to the Government by about \$400-500 million annually as opposed to termination. This may understate the annual cost by up to \$300 million if Congress is unwilling to approve the lower monthly stipend of \$200 rather than the current minimum of \$270.

Should you approve the Defense proposal, a decision is required on whether Defense or the Veterans Administration should fund the program. Leaving it in VA would lower the perceived cost of the Defense budget. Shifting the program to Defense would insure continued cost-benefit tradeoffs with other enlistment incentives.

Recommendation

I recommend you reconfirm your decision to terminate the G.I. Bill. We are unlikely to get Congressional approval to terminate the educational benefits until this Summer,



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MAR 6 1975

MEMORANDUM FOR The Director, Office of Management and Budget

SUBJECT: Modification of G.I. Bill

Subsequent to the recent meeting between the President and the Secretary of Defense on the G.I. Bill, the DoD has carefully examined several alternatives to complete termination. Although the current G.I. Bill is very costly, we believe educational benefits are a major recruiting incentive, particularly for the higher quality individual. Consequently, we propose a modification that can attract high quality individuals, provide a stipend of a reasonable amount, and remain within \$500M in out-year annual costs.

The concept I recommend has the following features:

1. The stipend is \$200 per month, with no additional benefits for dependents. (Current bill provides \$270, with increases for dependents.)
2. Eligibility ceases after five years following separation. (Current bill allows ten years.)
3. Use is restricted to accredited schools with classroom participation. (Current bill allows correspondence schools, flying schools, and on-the-job training.)
4. Retirees are excluded. (Current bill includes.)
5. Three in-service programs for tuition assistance will be available:
 - (a) In the first three years of service, a tuition assistance program in fields of utility to the Services will be available. This program will be funded by the Services and will not count against the months of eligibility earned under the new G.I. Bill.
 - (b) After three years of service, education certified by the Service as related to a Service required skill will be funded by the Service and will not count against the months of eligibility earned under the new G.I. Bill.

- (c) After three years of service, education not certified by the Service as related to a job-related skill can be funded using G.I. benefits. Use of this program will count against the months of eligibility.

(Based upon current use rates, the \$30M for in-service programs for high school graduates in the FY 76 DoD budget would have to be raised to about \$85M when the above program becomes effective.)

6. Use of G.I. benefits is restricted to those without an undergraduate degree. (Current bill allows graduate work and work towards an additional undergraduate degree. Graduate study can be supported in the future under the proposed concept by Service-funded programs.)
7. The program would award 18 months of eligibility after three years of service and provide an additional month for every two months served, up to a maximum of 36 months of eligibility for six years of service.
8. The estimated annual out-year steady state cost is about \$400M per year, assuming 50% of those eligible use their benefits. (This assumes the current average of 20 months of education. Estimate of current bill with same assumptions is \$1.3B steady state.)

I believe retaining this version of the G.I. Bill is essential to providing a stable volunteer force with an adequate number of high quality soldiers, sailors, and airmen. Therefore, I request you forward this recommended concept, with the features described above, to the President for his consideration.

H. P. Clement

THE WHITE HOUSE
WASHINGTON

February 3, 1975

ADMINISTRATIVELY ~~CONFIDENTIAL~~

MEMORANDUM FOR: PAUL O'NEILL
FROM: JERRY H. JONES
SUBJECT: Termination of Wartime
Veterans Benefits

Roy Ash's memorandum to the President of January 27 on the above subject has been reviewed and Alternative 3 -- Prepare materials necessary for a concurrent issuance of a Proclamation and proposed legislation terminating the GI Bill for future veterans -- was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 27 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

We are submitting the following decision memorandum for your resolution.

Statement of Issue:

Should an Executive Order be issued and legislation sought terminating wartime veterans benefits for future veterans of the All Volunteer Force?

Background

The Administrator of Veterans Affairs has proposed that a Presidential proclamation be issued fixing the delimiting date for determining whether servicemen qualify for wartime benefits. Any service before this date would qualify; entry into active service on or after the date would not qualify.

There is ample precedent for the proposal. Similar proclamations have been issued by Presidents Truman and Eisenhower after World War II and the Korean Conflict, respectively.

The critical question is whether the proposal goes far enough. As submitted, it would affect only a few veterans benefits, of remote budget and policy impact--primarily VA pension and burial programs having their chief effect in the period beyond 1990.

Another group of veterans benefits, namely GI bill education and loan benefits, have a greater and nearer term impact,

but can only be modified through legislation. Like the first group, they originated in public concern for the hazards imposed upon youth drafted into wartime service. And, like the first group, they have been terminated after the cessation of war, either by the passage of legislation (after World War II) or by executive proclamation (after the Korean Conflict).

Alternatives

#1. Take no action for now.

#2. Prepare materials necessary for a Presidential Proclamation only, to be ready for consideration as soon as possible.

#3. Prepare materials necessary for a concurrent issuance of a Proclamation and proposed legislation terminating the GI Bill for future veterans.

#4. Prepare materials necessary for a concurrent issuance of a Proclamation and proposed legislation modifying the GI Bill for future veterans. The GI Bill would be a discretionary benefit to be used by the Department of Defense in filling shortage skills much as the various bonuses now are used. (Under this alternative legislation would be drafted and submitted to Congress by no later than April 30, 1975.)

Analysis

There are three considerations which should be taken into account in resolving this issue.

The first consideration involves the question of projected budgetary impact. The following table displays the anticipated outlay savings of the four benefit alternatives.

Outlays Saving

(\$ Millions)	1975	1976	1977	1978	1979	1980	2025
Alternative #1	0	0	0	0	0	0	0
Alternative #2	0	0	0	0	0	0	-3030
Alternative #3	0	0	-39	-133	-418	-861	-4264
Alternative #4	0	0	-33	-110	-346	-715	-4058

Alternative #1 represents no change from present law. Alternative #2 represents the present law extended but terminates by Proclamation burial and pension benefits for future peacetime veterans. Because the impact of terminating pension and burial benefits will begin to have a significant effect only when post 1975 veterans reach old age, an estimate for FY 2025 is included. Alternative #3 assumes total termination of GI Bill education and loan benefits, as well as issuance of an Executive Proclamation. Finally, Alternative #4 assumes modification of the existing GI Bill package, as well as issuance of the Proclamation.

Alternative #3--complete termination--represents the largest budgetary savings, both in the relatively near term, and in the long run.

The second consideration involves the issue of the Department of Defense's military manpower objectives. Together with Defense pay, retirement, and bonus incentives, VA benefits are fringe benefits used to attract and retain military manpower. Since VA benefits are provided outside the Defense budget, however, they have the status of a "free good" for Defense, and are not subject to the same tests of effectiveness in meeting Defense manpower goals as other military personnel benefits. In a preliminary draft report, an interagency task force studying this situation last year concluded that the present GI Bill program is not efficient because it requires more resources than are necessary to meet Defense manpower requirements. The task force draft study found that, in addition to eventually saving over a billion dollars annually, termination of the GI Bill with but minor changes in existing incentives, would permit the Department of Defense to meet its military force level objectives. (The Department of Defense was reluctant to endorse the conclusions of the task force study, with

respect to 1975 budget action. They did indicate a willingness to explore alternatives to the present system to be implemented in future budgets.)

The third consideration, which is in some respects the most fundamental, involves the question of equity. Today military service occurs in the context of a well-paid all volunteer force, fully competitive with civilian job alternatives. Should benefits, traditionally granted in periods of conscription into wartime service, be maintained in a peacetime, voluntary context?

Recommendations

1. The Secretary of Defense and the Secretary of Health, Education, and Welfare recommend adoption of Alternative #4.

2. The Administrator of Veterans Affairs recommends the adoption of either Alternative #3 or Alternative #4. However, Alternative #3 represents the Veterans Administration view "that veterans benefits dependent upon wartime service should be terminated to the extent possible by way of proclamation, and that eligibility for GI Bill benefits should be terminated by legislation for future veterans insofar as these benefits represent a 'veterans benefit'."

3. The Secretary of Labor recommends the adoption of Alternative #3. "So long as our armed force is manned on an all volunteer basis, military service should be treated as much as possible like other employment."

4. The Secretary of Housing and Urban Development recommends the adoption of either Alternative #3 or Alternative #4. However, "if benefits are retained solely as an incentive, it would seem ... that a strong, logical case would exist for budgeting those benefits like other personnel costs reflected in the Defense budget."

5. The Attorney General has no objection to a shift from wartime to peacetime benefits for new enlistees. However, "... any comprehensive legislative proposal for the elimination, reduction or restructuring of veterans' benefits should await a most careful assessment of the rationale justifying the initial establishment of each benefit and the role that such a benefit might play in the future, assuming an all-volunteer military force can be maintained."

6. The Chairman of the Civil Service Commission defers to the views of those agencies with program responsibilities for the veterans benefits mentioned in the memorandum. However, it is the feeling of the Chairman that veterans preference laws should be included in any consideration of proposed legislation to terminate wartime benefits for future service in the All Volunteer Force. But "in view of the far reaching implications of such a proposal /the Civil Service Commission/ is not prepared to recommend such legislation without further study."

7. The Secretary of Transportation recommends Alternative #4.

8. The Office of Management and Budget recommends Alternative #3.

Decision:

☐ Alternative #1

☐ Alternative #2

☐ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

WARREN:

APPARENTLY THIS ALREADY CAME IN. VIRGINIA
SENT OUT FRIDAY. HAVE YOU SEEN IT? WE NEED
TO CROSS IT OFF OUR LOG.

PAT MENTIONED JIM ASKED ABOUT IT ON FRIDAY
AND WE HAVE NOTHING IN ANY OF OUR FILES
AS TO A FOLLOW UP. THIS IS THE LATEST MATERIAL
WE HAVE.

*OK G.I. Benfield is on
Track & we are waiting for
OMB - We can cross off log.*

Warren -

3/21

Apparently this already
came in. Virginia
sent out Friday. Have
you seen it? We need
to cross off the log if
its been through.

March 12, 1975

MEMORANDUM FOR:

ROGER SEMERAD

VIA:

TOD HULLIN

FROM:

WARREN HENDRIKS

SUBJECT:

G.I. Bill

Jack Marsh has suggested that the Domestic Council, in conjunction with OMB, take the necessary steps to implement the President's decision to terminate the G.I. Bill for future veterans. This decision, based on Roy Ash's January 27th memorandum (alternative #3 was selected), is currently being appealed by DOD. A decision to Jim Lynn's March 7th decision memorandum is expected shortly.

Assuming the President will reconfirm his original decision, Jim Cannon asked if you would work with OMB in developing a package to be submitted to the President.

Jim would like to give Marsh a status report before the weekend so could you please provide Jim with a progress report by COB Friday, March 14th.

Many thanks.

Sent over status report 3/15.

Full report due March 19th.



THE WHITE HOUSE

WASHINGTON

March 8, 1975

MEMORANDUM FOR: JIM CANNON

FROM: JACK MARSH *Jack*

As you are probably aware, there has not been an official termination of the Vietnam conflict insofar as it relates to the veterans benefits. Consequently, individuals who are entering the service today become eligible for veterans benefits.

Such benefits include not only educational programs, but hospitalization, pension, etc. There is a growing consensus that these should be terminated. This comes from leaders in Congress, Veterans Administration, DoD, and other Administration sources. The President is desirous of addressing this question and beginning the process of terminating these benefits. The Domestic Council should undertake the initial steps to accomplish this.*

There is a special situation involving the military departments, particularly the Army, where certain recruitment programs have drawn on GI Bill educational opportunities to encourage enlistments.

Secretary of the Army, Bo Callaway, has pointed out to a number of people the relationship between these benefits and enlistments in the All Volunteer Force. Therefore, this situation deserves special study and the present thought is to try and have a phase out of the benefits so as not to damage the enlistment programs in the Department of Defense, particularly the Army.

* Jim, OMB is also working this, and
I suggest you touch base with
Jim Linn. *Jack*



You might wish to approach this project in stages of two or three steps:

- Stage One: Internal meeting to include Domestic Council and certain White House staff.
- Stage Two: Same participants but expand to include Defense officials, VA officials and others affected.
- Stage Three: Orientation and discussion with key Congressional leaders.



3/12 - Noon



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

ACTION

March 7, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. LYNN
SUBJECT: Termination of G.I. Bill
Educational Benefits

In January you decided to propose legislation terminating the G.I. Bill for future veterans. Secretary Schlesinger has appealed that decision and developed an alternative proposal which would continue G.I. Bill educational benefits at an annual cost of \$.5 billion, compared to the current cost of \$1.3 billion per year. The Defense alternative is described in Tab A and summarized below.

	<u>Current G.I. Bill</u>	<u>DOD Proposal</u>
Annual cost (billions of dollars)	\$1.3	\$.5
Months of education for:		
2 years of service	36	0
3 years of service	36	18
6 years of service	36	36
Years of eligibility after separation	10	5
Eligibility		
Military retirees	Yes	No
Officers	Yes	No
Enlisted personnel	Yes	Yes
Monthly stipend		
Veteran without dependents	\$270	\$200
Veteran with 2 dependents	\$366	\$200

Defense believes these educational benefits are a major recruiting incentive particularly for the more intelligent high school graduates. Their proposal is designed to



thereby enabling Defense to gain the maximum benefits from its recruiting campaign targeted at this year's high school graduation class. If you approve the Defense proposal, I recommend the program be funded in the Defense budget within existing resources.

DECISION

Approve the Defense proposal

- With VA funding.
- With DOD funding.

Reconfirm your original decision.



maintain high enlistment rates among this group. In their judgment, termination of the G.I. Bill educational benefits program would result in severe quantity and/or quality reductions in future enlistments in the armed forces.

Principal arguments for the Defense proposal are:

1. Based on attitude survey data, Defense estimates that enlistment applications could drop by 15-25%, thereby lowering the quality of future enlistments and adversely affecting the all volunteer force.

2. Army Secretary Callaway recently initiated a major advertising campaign centered around the G.I. Bill and in-service training programs in cooperation with universities around the country to attract college minded young men.

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2. The proposed alternative would increase costs to the Government by about \$400-500 million annually as opposed to termination. This may understate the annual cost by up to \$300 million if Congress is unwilling to approve the lower monthly stipend of \$200 rather than the current minimum of \$270.

Should you approve the Defense proposal, a decision is required on whether Defense or the Veterans Administration should fund the program. Leaving it in VA would lower the perceived cost of the Defense budget. Shifting the program to Defense would insure continued cost-benefit tradeoffs with other enlistment incentives.

Recommendation

I recommend you reconfirm your decision to terminate the G.I. Bill. We are unlikely to get Congressional approval to terminate the educational benefits until this Summer,



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The concept I recommend has the following features:

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(c) After three years of service, education not certified by the Service as related to a job-related skill can be funded using G.I. benefits. Use of this program will count against the months of eligibility.

(Based upon current use rates, the \$30M for in-service programs for high school graduates in the FY 76 DoD budget would have to be raised to about \$85M when the above program becomes effective.)

6. Use of G.I. benefits is restricted to those without an undergraduate degree. (Current bill allows graduate work and work towards an additional undergraduate degree. Graduate study can be supported in the future under the proposed concept by Service-funded programs.)
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WASHINGTON

February 3, 1975

ADMINISTRATIVELY ~~CONFIDENTIAL~~

MEMORANDUM FOR: PAUL O'NEILL
FROM: JERRY H. JONES
SUBJECT: Termination of Wartime
Veterans Benefits

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OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

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FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

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Alternatives

#1. Take no action for now.

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Recommendations

1. The Secretary of Defense and the Secretary of Health, Education, and Welfare recommend adoption of Alternative #4.

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6. The Chairman of the Civil Service Commission defers to the views of those agencies with program responsibilities for the veterans benefits mentioned in the memorandum. However, it is the feeling of the Chairman that veterans preference laws should be included in any consideration of proposed legislation to terminate wartime benefits for future service in the All Volunteer Force. But "in view of the far reaching implications of such a proposal /the Civil Service Commission/ is not prepared to recommend such legislation without further study."

7. The Secretary of Transportation recommends Alternative #4.

8. The Office of Management and Budget recommends Alternative #3.

Decision:

☐ Alternative #1

☐ Alternative #2

☐ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

V.A.

Veterans

3/18/75

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- ② Apr 1?

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in an Art Museum

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unwary high

72% on down post
out in Pacific
23% to dates for nuclear
war



*Subject
File
Veterans.*

THE WHITE HOUSE
WASHINGTON
March 18, 1975

*Pat - you may want
to file under VA
issues.*

Too LATE

MEMORANDUM FOR: THE VICE PRESIDENT

FROM: JIM CANNON

SUBJECT: March 18, 1975 Meeting With Richard L.
Roudebush, Administrator, Veterans
Administration and Key VA Officials.
5:00 p. m.

On January 23, Mr. Roudebush met with the President to discuss a number of concerns of particular importance to the Veterans Administration. He may elect to raise these issues with you and it might be useful for you to be aware of the President's response.

- Issuance of a proclamation by the President terminating the Vietnam Wartime Era and support of legislation which would terminate Vietnam Veterans benefits.

The President concurred and a proclamation with appropriate legislative language is now in preparation which will terminate the eligibility for 'GI Benefits' for all persons entering military service subsequent to the effective date of the termination.

- The Administrator suggested that the Veterans Administration accelerate its construction activities in efforts to stimulate the hard hit construction industry in certain locations.

The VA hospital construction program totals \$300 million and the President concurred that every effort should be made to move these projects ahead as swiftly as possible.



- Mr. Roudebush suggested that the office of the Administrator of Veterans Affairs be elevated to Cabinet level.

The Administrator is a member of the Domestic Council. The President's reaction was one of amusement with the remark, "We'll have to think about that." No instructions were given for further review of that proposal nor is serious consideration contemplated at this time.

On balance we feel that they are doing a good job and should be encouraged to continue.

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On balance we feel that they are doing a good job and should be encouraged to continue.

THE WHITE HOUSE
WASHINGTON

Date March 29, 1975

TO: JIM CANNON

FROM: JERRY H. JONES

The attached memo from Cap Weinberger which the President has seen is forwarded to your office for your information.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

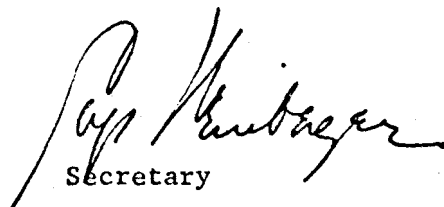
MAR 26 1975

MEMORANDUM FOR THE PRESIDENT:

SUBJECT: Veteran eligibility for student aid programs

At our meeting last Thursday on higher education, you inquired about student aid programs for veterans under the GI Bill. It is estimated that 1,272,000 undergraduate veterans will get GI Bill benefits in FY 1975 and 1,132,000 will participate in FY 1976. Students with veteran benefits are estimated to be 14 percent of all students (including graduate students) in 1975 and 13 percent in 1976. Some additional points are these:

- Roughly 8 percent of the students who receive Office of Education aid other than guaranteed student loans also receive GI Bill benefits.
- Roughly 6 percent of GI Bill undergraduate beneficiaries also receive Office of Education aid.
- Under the Office of Education Basic Grants program half of GI Bill benefits are deducted from the \$1,400 maximum grant. In most cases veterans are eliminated from Basic Grant eligibility by this rule. However, the rule has been changed for next year so that GI Bill benefits will offset Basic Grant eligibility on a sliding scale. Far more veterans will then be qualified for Basic Grants.
- Office of Education campus-administered aid can be used to meet the full need of the veteran remaining after subtracting his GI Bill benefits and other external aid from his college budget.


Secretary

*Jmc
Signed Saturday
in your absence
H.*

ACTION

THE WHITE HOUSE
WASHINGTON
March 29, 1975

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *Jim Cannon*
SUBJECT: Termination of Wartime Veterans' Benefits

In response to your decision to terminate selected wartime veterans' benefits, OMB, with the Veterans Administration, has prepared for your consideration the following:

- Legislation terminating G.I. Bill educational benefits for future veterans effective July 1, 1975 (Tab A)
- Letters to the Congress transmitting the above legislation.
- A proclamation designating March 31, 1975 as the last day of the "Vietnam era" and terminating certain non-service connected pension and burial benefits.
- A proposed statement to be issued upon transmittal of the legislation and issuance of the proclamation.

The Department of Justice, VA, OMB, NSC, Max Friedersdorf, Phil Buchen (Lazarus) and Ted Marrs have approved this package which has been cleared by Paul Theis.

RECOMMENDATIONS

- That you sign the letters to the Speaker of the House and the President of the Senate transmitting the legislation (Tab B)
- That you sign the proclamation (Tab C)
- That you approve the statement (Tab D)

Approve _____ Disapprove _____