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THE WHITE HOUSE

ACTION

WASHINGTON

Last Day - November 29, 1974

November 25, 1974

MEMORANDUM FOR: THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: Vietnam Era Veterans Readjustment Assistance Act of 1974, H.R. 12628

Background

The major provisions of this bill are:

- a. a 23% increase in the overall benefits package
- b. an extension of eligibility for an additional 9 months, from 36 to 45
- c. a \$600 a year direct loan program

The bill provides substantially less than earlier Senate versions of the bill but considerably more than the original House bill which only provided an overall benefits increase consistent with the cost of living increase. This compromise bill was passed overwhelmingly in both Houses.

You have consistently urged the Congress to provide an increase which reflects the actual cost of living increase since the last adjustment, which is in excess of 19%. You have consistently opposed the extension for eligibility, as exceeding the "readjustment" concept and that the Federal obligation is to insure that at least obtaining a baccalaureate degree is possible. You have opposed the loan provision (\$2,000 in original Senate version) as being unnecessary in light of other Federal loan and grant programs as well as being an expensive mechanism. In FY 1975 enactment of this bill would exceed our budgeted goals by over \$500 million. The longer term "suction effect" would have substantial adverse impact on the budget.



### Current Situation

Your recent Message to the Congress indicated a preference for an 18.2% cost of living increase effective in January of 1975, as well as elimination of the 9 month eligibility extension and loan provision. Your message, while stating a preference, did not commit you to a veto, although the media reported it that way. Heavy incoming calls and correspondence all urge you to approve this bill.

Because you are committed to a benefits increase consistent with the rate of inflation, any strategy to sustain a veto will have to be carefully developed and carried out. Frankly, at best, the chances of sustaining a veto are low and there will be considerable unfavorable reaction and public outcry. We must therefore assume that the bill will become law. The question is whether you gain from making this an inflation issue that you can blame on the Congress - or if by losing on another veto you weaken your position on other issues.

If you decide to veto, the Message to the Congress must be strong, citing the Railroad Retirement override and the Federal workers pay deferral vote. You must challenge the Congress to practice what it preaches and join in making the tough decisions so that we can combat inflation.

If a veto is to be effective with public opinion, you must carry this issue to the people. If you decide to veto, you should consider going on television to explain your action and force responsibility on the Congress.

### Options

1. Sign the bill.

Pro: Would be evidence of your concern for the Veteran and your acknowledgement of the will of the Congress.

Con: Would undermine your talk about how inflation is public enemy number 1 and that we are going to WIN that battle.

2. Veto and send the Congress a strong veto message citing their Railroad Retirement and Federal workers pay deferral votes and at the same time pledging to work with them to enact an 18.2% increase effective on January 1.

Pro: Would prevent an additional Federal spending of at least \$500 million and serve as an example of your continuing action to reduce Federal spending.



Con: Could portray the Administration as anti-Vietnam Veteran.

Views

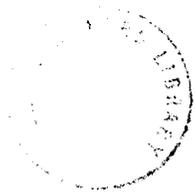
1. Ash - Veto as the bill is very inflationary and excessive in benefits. He feels Congress may possibly sustain a veto after they have reviewed your major budget restraint package.
2. Timmons - Approve - A veto will be quickly and overwhelmingly overridden. Rhodes and Scott will join in overriding. Conservatives like Thurmond, Hruska and Buchanan have urged approval. If you decide to veto, recommend heavy P.R. program to toss responsibility for inflation to the Congress.
3. Buchen (Areeda) - Approve the bill.
4. Baroody (Marrs) - Approve the bill - Feels strongly that since sustaining a veto is impossible, there is no benefit to be gained by alienating a large number of Veteran's organizations.
5. Roudebush - Approve - Congressional Veterans Affairs Leadership have told him they will override and that their schedule of business and mood would not permit development of a new bill.

Recommendation

I recommend that you veto this bill. While realizing it's a tough call, the economic situation is such that we must use every reasonable opportunity to drive home to the public the role that the Congress must play in your efforts on inflation. If you elect to veto, we will work with Paul Theis to develop a strong veto message. We will also work with Ron Nessen and his people on a press plan.

Decision

\_\_\_\_\_ Approve (Sign bill at Tab A)      \_\_\_\_\_ Disapprove



THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

November 25, 1974

MEMORANDUM FOR WARREN HENDRIKS

FROM: Alan Greenspan 

This is in response to your request for the Council of Economic Advisers' views on H.R. 12628, the Vietnam Era Veterans' Readjustment Assistance Act of 1974.

We are concerned with easing the transition to civilian life for members of the armed forces. However, we oppose the creation of public programs to provide long-term subsidies to nondisabled veterans, necessarily at the expense of non-veterans. While it is true that young veterans have higher unemployment rates, this is largely due to their recent discharge and readjustment to schooling and the civilian labor force. High unemployment rates are characteristic of all groups of new entrants and re-entrants to the civilian labor force. The unemployment rate of veterans over age 24 is substantially below that of nonveterans.

Seasonally Adjusted Civilian  
Male Unemployment Rates,  
October 1974

<u>Age</u>	<u>Veterans</u>	<u>Nonveterans</u>
20 to 24 years	11.7	8.2
25 to 29 years	4.8	6.2
30 to 34 years	2.1	3.7
20 to 34 years	<u>5.6</u>	<u>6.4</u>

We therefore oppose the extension of "affirmative action" type programs for veterans in the private or public sector (sections 402, 403, and 404). To discourage procrastination in receiving undergraduate education and



adjustment to civilian life, we also oppose the lengthening from four to five academic years of the GI bill benefits for undergraduate schooling.

The proliferation of special Government programs to meet "special needs" should also be discouraged. In addition to GI educational benefits, veterans can receive federally supported loans (up to \$2,500 per year for a maximum of \$7,500). Thus, we oppose as redundant the special educational loan program to be established by H.R. 12628.

Finally, we must be concerned with how this legislation fits into our overall macroeconomic program. At a time when the Administration is calling for wage restraint, this legislation seeks to increase a deferred wage (GI educational benefits) by 22.7 percent. The Administration proposal of an 18.2 percent increase is more in keeping with the rate of inflation. Since the last increase (September 1972) to the proposed month of retroactive increase (September 1974) the CPI increased 18.9 percent.

OMB's estimate of an annual increase of \$500 million in Government expenditures under H.R. 12628 compared to the Administration's proposal raises another serious question: Are increased Government expenditures of this magnitude consistent with our well-publicized policy of budget restraint? We believe the answer is no.

For these reasons we believe it is in the public interest for the President to veto H.R. 12628.



VETOED  
11/26/74  
Delivered to the  
House: 4:15pm

THE WHITE HOUSE

ACTION

WASHINGTON

November 26, 1974

MEMORANDUM FOR: THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: VETERANS EDUCATION BILL  
H.R. 12628

Attached is the veto message on H.R. 12628, The Veterans Education Bill. The message has been reviewed and approved by Paul O'Neill, Jack Marsh, Bill Timmons, Phil Areeda (Buchen's Office) and Ken Cole. Additionally, Paul Theis has approved the text.

RECOMMENDATION

That you sign the veto message at Tab A.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 22 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12628 - Vietnam Era Veterans'  
Readjustment Assistance Act of 1974  
Sponsor - Rep. Dorn (D) South Carolina and 24 others

Last Day for Action

November 29, 1974 - Friday

Purpose

Increases education and training benefits paid under the GI bill; establishes a new direct loan program for veterans' education; extends by 9 months GI bill entitlement for undergraduate study; requires the Federal Government and its contractors to take affirmative action for the employment of disabled and Vietnam Era veterans; and makes other modifications in VA education and training benefit programs.

Agency Recommendation

Office of Management and Budget	Disapproval (Veto message attached)
Department of the Treasury	Concurs in veto recommendation
Veterans Administration	Approval
Civil Service Commission	Approval
D.C. Government	Approval
General Services Administration	No objection
Department of Justice	No objection to Sections 403 and 404
Federal Trade Commission	No objection to Section 212
Department of Labor	Defers to other agencies, but opposes Section 402
Department of Health, Education, and Welfare	Defers to VA, but opposes new loan program
U.S. Postal Service	No recommendation, but opposes Section 404



## Discussion

H.R. 12628 is an omnibus veterans education bill which would increase and broaden veterans education and training benefits in several significant respects. Primarily, it would provide for across-the-board increases in benefit rates under the GI bill. It would also create a new direct loan program for veterans' education, extend the benefit entitlement period for undergraduate study and make numerous other modifications in education benefits. In addition, it would require more intensive efforts by Federal agencies and Federal contractors to promote employment opportunities for disabled and Vietnam Era veterans.

## Legislative background

The 1975 Budget last January proposed an 8.2 percent increase in GI bill benefits, effective July 1, 1974. H.R. 12628 was originally passed by the House in February 1974 with a 13.6 percent increase in education benefits. In June the Senate approved an 18.2 percent increase and conferees in August raised the increase further to 22.7 percent.

In your August 19, 1974 address to the VFW annual convention, you urged Congress to reduce the 22.7 percent rate of increase contained in the conference bill. In your September 12, 1974 message to the Congress you indicated support for an 18.2 percent increase. Nevertheless, a second conference version of H.R. 12628--the enrolled enactment--provided for a 22.7 percent increase in benefits and was approved unanimously in the House (388-0) and by voice vote in the Senate on October 10, 1974. However, the bill was not delivered to the White House for your action until November 18. Your November 18 message to the Congress reiterated your support for an 18.2 percent increase and further recommended that it be made effective January 1, 1975.

## Description of enrolled bill

The enrolled bill differs from the measure approved by the conferees in August in only three areas:

-- the cost-of-living increase has been reduced to 18.2 percent for vocational rehabilitation and apprentice/on-the-job training allowances, instead of the 22.7 percent previously provided for these allowances.



-- the new direct loan program would be limited to \$600 per academic year instead of \$2,000, would be financed from the readjustment benefits account rather than from the National Service Life Insurance (NSLI) Trust Fund, and would become effective on January 1, 1975 instead of November 1, 1974.

-- the extension of GI bill entitlement from 36 to 45 months would be limited to undergraduate college education instead of being open-ended.

The major provisions of H.R. 12628 are discussed in some detail in the attached VA letter and are summarized below.

GI bill rate increase and tuition study--The 22.7 percent increase in monthly educational benefits (from \$220 to \$270 for a single veteran for full-time study) and 18.2 percent increase for vocational rehabilitation and apprenticeship/on-the-job training benefits in H.R. 12628 would be effective retroactive to September 1, 1974.

As noted above, we are currently supporting an 18.2 percent increase, effective January 1, 1975, pursuant to your recent decisions on the 1975 budget restraint package.

In addition to the rate increase, a strong effort was made by the Senate to enact a tuition assistance allowance for veterans. This provision was dropped in conference at the insistence of the Administration and the House. Instead, the bill directs VA to study and report to Congress and the President within 12 months on the "administrative difficulties and opportunities or abuse" that might result from enactment of a tuition assistance program.

Veterans' education loan program--H.R. 12628 would establish a new direct loan program, effective January 1, 1975, for veterans pursuing a program of education. Under its provisions, a veteran who meets the specified income test and is unable to obtain an HEW guaranteed student loan would be entitled to borrow up to \$600 annually from VA at rates similar to HEW student loan rates.

The new loan program would be financed through a revolving fund established from funds appropriated for readjustment benefits and supplemented from such appropriated funds in the future as needed over and above collections of principal, interest, and fees on the loans. Any surplus funds in the revolving fund would be deemed to be available for readjustment benefits (which include education and training benefits



and several special assistance programs for disabled veterans).

The bill would require VA to submit a report to Congress annually on the default experience at each institution. It would also require VA to notify all eligible veterans of entitlement to the program.

The Administration opposed the establishment of the new loan program on the grounds that student loan programs and other forms of financial assistance for needy students are available through HEW. In addition, VA strongly opposed the provisions in an earlier version of the legislation to fund the loan program by using NSLI trust funds, which is inappropriate. The Executive Branch did not have an opportunity to comment on the revised funding arrangement incorporated in the enrolled bill, but Treasury considers it objectionable in several respects.

Veterans employment opportunities--H.R. 12628 would require the Federal Government to increase its efforts to provide employment opportunities for veterans and their dependents in several respects. First, it would make job counseling, training, and placement services by State Employment Service agencies available to wives and widows of disabled veterans, POW's and MIA's with the same emphasis as for veterans (Section 401). These individuals would also be included in the formula mandating the number of Federal Assistant Veterans Employment Representatives the Secretary of Labor must hire. In addition, it would require Labor to establish standards for determining compliance by State Employment Service agencies with the veterans services emphasis provided for in the bill.

Second, it would require Federal contractors and their subcontractors to take affirmative action to promote the employment of qualified service-disabled and Vietnam era veterans (Section 402). At the behest of Labor, Congress did not write into law a requirement for plans including specific numerical or percentage goals and timetables. Instead, the conference report strongly urges Labor to "vigorously" pursue the contractors' compliance with the affirmative action requirements.

Third, with respect to employment in Federal agencies, the Civil Service Commission would be required to review and evaluate agency affirmative action programs for disabled veterans and to submit an annual report to Congress (Section 403).



Fourth, H.R. 12628 would establish in law special Federal appointment authority for Vietnam veterans seeking employment in the Federal Government (Section 403). Similar authority is currently provided in Executive Order No. 11521.

Fifth, the bill would extend existing law on veterans' reemployment rights to veterans employed by State and local governments and the Postal Service (Section 404).

With respect to the latter group, H.R. 12628 would treat veterans employed by the Postal Service as Federal employees for purposes of reemployment rights by placing enforcement responsibility with the Civil Service Commission. The Postal Service strongly objected to this provision and had proposed giving postal employees reemployment rights similar to those of private industry employees by placing responsibility for enforcement in Labor instead of CSC. OMB and Labor originally supported the position of the Postal Service, but have no objection to the Congressional decision on this matter, which CSC has strongly favored all along.

Education program modifications--H.R. 12628 contains numerous other changes which would expand and modify VA education and training benefit programs. The major changes would:

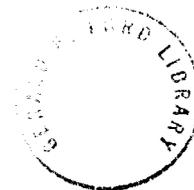
-- increase from 36 months (4 school years) to 45 months GI bill entitlement for a veteran pursuing an undergraduate degree program (Section 202),

-- remove the statutory ceiling on the number of veterans permitted to participate in the work-study program and more than double the amount of the work-study allowance and the number of hours a veteran-student may work (Section 205),

-- provide statutory authority for the recently-established veterans representative ("man on campus") program on college campuses (Section 214),

-- authorize up to six months of refresher training under the GI Bill (Section 204) and more than double the tutorial assistance for each eligible trainee (Section 206),

-- open the vocational rehabilitation program to veterans with disability ratings less than 30 percent and to all post-World War II veterans, including today's volunteers (Section 101),



-- utilize the resources of the Federal Trade Commission in the investigation of erroneous, deceptive, or misleading advertising, sales or enrollment practices of any educational institution and require a report annually to Congress on such cases (Section 212).

In addition, there are several other provisions which would place additional administrative responsibilities on VA.

Budget impact--The 1975 budget included \$200 million to finance the Administration's proposal for an 8.2 percent benefit increase effective July 1, 1974. Our current recommendation of an 18.2 percent increase effective January 1, 1975 would result in an increase of \$112 million over the 1975 budget. The 22.7 percent increase and new liberalizations contained in H.R. 12628 would cost an estimated \$614 million over the 1975 budget, \$502 million more than the Administration's current proposal.

In fiscal year 1976, H.R. 12628 would cost \$800 million, \$187 million more than the estimated budget outlays of \$613 million under the Administration's current proposal.

#### Arguments in Favor of Approval

1. Assuming a policy of increasing benefits commensurate with the cost of living, the 22.7 percent increase provided in H.R. 12628 is not significantly out of line with current and anticipated trends in the Consumer Price Index. As of August 31, 1974 the cost of living had increased by 19.5 percent since September 1972, the date of the last GI bill increase. The increase was 21.9 percent at the end of October and current estimates indicate that it will be over 24 percent by the end of this calendar year.

2. The compromise reached on the new education loan program--restricting the maximum loan to \$600 per year available only to veterans unable to obtain HEW guaranteed student loans--would limit the number of veterans receiving such loans. VA estimates that outlays for direct loans under the enrolled bill would total approximately \$75 million in fiscal year 1975 but decrease to \$24.4 million in 1979, assuming one of every ten eligible veterans takes a loan. (The costs would, of course, be greater if participation in the loan program is higher).



3. Similarly, the compromise limiting the added nine months of entitlement only to persons who have not yet attained their undergraduate degree is an improvement over the earlier version, which would have permitted the added entitlement to be used for graduate study.

4. Although VA would have preferred no expansion of the work-study program established two years ago, the Administration has in the past encouraged the development of similar programs as desirable ways of channeling Federal funds to needy students.

5. A number of compromises sought on various other provisions of the bill were achieved. These compromises include the elimination of the proposed costly tuition grant program and the elimination of specific numerical or percentage goals and timetables in the affirmative action program. In view of the size of the approval vote in the Congress, Congress may not be willing to accede to further modifications.

6. Proponents of H.R. 12628 contend that its enactment would help reduce the above-average unemployment rate among young veterans by encouraging them to enroll in education and training programs. The proponents point out that the measure would, therefore, supplement and aid the Administration's efforts to hold down unemployment while, at the same time, providing a productive alternative.

#### Arguments in Favor of Disapproval

1. As indicated earlier, H.R. 12628 would result in costs of \$502 million more in fiscal year 1975 than the Administration's current proposal. A budgetary increase of this magnitude is totally inconsistent with our current efforts to reduce 1975 outlays to the maximum extent possible. Although the Administration's present proposal calls for benefit increases less than the cost of living rise, the American people generally are being called upon to make sacrifices in the drive for budget restraint. Moreover, since the Vietnam Era GI bill took effect in 1966, GI bill rate increases enacted through 1972 have exceeded substantially the rise in cost of living. Including the provisions of the enrolled bill, the basic monthly education allowance would be increased by 170 percent since 1966 compared with an actual rise of 55 percent in the Consumer Price Index. The Administration's proposal, even though it provides for lower benefit increases, would also bring benefits far above the CPI increase since the start of the program.

2. The establishment of a new direct loan program to be administered by VA violates Administration policy of



moving toward guaranteed loans and away from direct loan programs in providing student education assistance. The provision also departs from the desirable objective of channeling student aid through HEW rather than through individual Federal agencies. Providing loans as an entitlement will add another totally uncontrollable program to the budget. Finally, providing capital for the revolving fund from appropriations, without providing for any payment of interest, would distort the basis for determining the fees to be charged to meet program costs and therefore further inhibit budget allocation decisions.

3. It can also be argued that relating benefits for veterans education programs directly to changes in the cost of living is inconsistent with the original program concept. GI bill benefits were meant to provide readjustment assistance in return for service performed in the Armed Forces. They were not intended to be an educational income security program. Historically, GI bills have been designed to encourage educationally motivated veterans and to avoid attracting those primarily interested in augmenting their income without working. Whatever difficulties Vietnam veterans have faced with regard to costs on specific campuses, generally they have participated in GI bill training at a rate surpassing that of World War II veterans.

4. The extension of entitlement from 36 to 45 months departs from the original concept of the GI bill of assisting veterans in making an adjustment to civilian life after leaving service in the Armed Forces and, instead, bases the entitlement on the type of educational program in which a veteran is enrolled (i.e., five- vs. four-year undergraduate programs). Moreover, there is potential for abuse in the longer entitlement period since it could result in veterans taking lighter course loads while still receiving full monthly benefits.

5. The substantial expansion of the work-study program would alter the nature of the program from one largely experimental in character to one which entails a heavy, continuing commitment of Federal resources. There is little evidence that such a ballooning program is needed. VA's experience to date does not appear to warrant a work-study program beyond the current level.

6. The statutory establishment of the Administration's "man on campus" program is unnecessary in view of the



successful administrative implementation of the program, and is undesirable in that it would foreclose VA's ability to modify the program as circumstances warrant in the future.

7. The affirmative action requirement on Federal contractors would further diffuse the potential impact of such requirements which already exist for minorities, women and the handicapped. There is no reason to believe it would bring about an increase in the hiring of veterans. It would, instead, only place an added burden on Federal contractors and increase the cost of Government procurement.

#### Recommendations

VA recommends approval of H.R. 12628 on the ground that the bill "represents the best compromise that can be reached and, on balance, is realistic."

VA believes that the 22.7 percent rate increase can be related to increases in the cost of living and in tuition and other costs of education since the last benefit increase in September 1972. In addition, VA notes that the tuition payment provision, a proposal which had strong Congressional support, was dropped from the bill and that the direct loan program and the provisions relating to the extension of benefits (36 months to 45 months) were significantly modified.

Labor supports those provisions in H.R. 12628 which would extend reemployment rights to veterans employed by State and local governments and has no objection to treating postal employees as Federal employees for purposes of reemployment rights. However, Labor opposes the new affirmative action requirement on Federal contractors and subcontractors as unwieldy and inappropriate. Labor defers to other agencies more directly concerned with the bill on its overall merits.

Postal Service, although declining to take a position on H.R. 12628 as a whole, strongly opposes the provision which would give CSC enforcement responsibility over the reemployment rights of postal employees who are veterans. In its letter, the Postal Service states, "...should the bill be disapproved, we urge that the message of the President recommend revision of section 404 of the bill so as to place the Postal Service under the jurisdiction of the Department of Labor rather than the Civil Service Commission with regard to the enforcement of veterans' reemployment rights." (As noted earlier, only the Postal Service now holds this view).

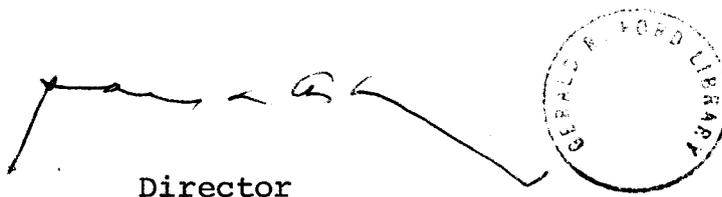
Treasury strongly opposes the provisions in H.R. 12628 which would establish a revolving loan fund for the direct loan program and states that it would concur in a recommendation to veto the bill.

HEW, while deferring to VA on the question of approval, opposes enactment of the new education loan program on the grounds that it would be "an unnecessary proliferation of loan programs by the Federal government." HEW notes that veterans are already eligible for up to \$2,500 per year under several existing HEW student loan programs and believes the existing programs should be sufficient to meet the educational needs of veterans.

\* \* \* \* \*

We recognize that, except for the two months' retroactivity, the 22.7 percent increase provided in H.R. 12628 is not significantly out of line with the rise in the cost of living since the last GI bill increase two years ago. However, we do not believe that argument constitutes a sufficient reason for approval of an extremely costly bill during a period calling for the exercise of severe budgetary restraint.

As noted earlier, the enactment of H.R. 12628 would result in added fiscal year 1975 and 1976 costs of \$502 million and \$187 million, respectively, over an 18.2 percent rate increase effective January 1, 1975. Because these costs are clearly unacceptable, and because of the other unnecessary and undesirable provisions discussed above, we recommend that you disapprove the bill and reaffirm your recommendation that the Congress enact a proposal providing a simple 18.2 percent rate increase effective January 1, 1975. A draft veto message is attached for your consideration.


  
 Director

Enclosure



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**THE WHITE HOUSE**  
**WASHINGTON**

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**TO:** \_\_\_\_\_

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*File*



**Robert D. Linder**

THE WHITE HOUSE  
WASHINGTON

11/22/74

TO: BOB LINDER

FROM: DIANNA GWIN

*dg*

For your information.



THE WHITE HOUSE

WASHINGTON  
November 21, 1974

MEMORANDUM FOR: JERRY JONES

FROM: WILLIAM E. TIMMONS *WT*

SUBJECT: Veterans Education Bill  
H. R. 12628

The last day for action on subject bill is Friday, November 29, 1974. Unfortunately, the House of Representatives plans to start its Thanksgiving Recess at close of business, Tuesday, November 26th. To avoid the legal controversy over pocket vetoes, I recommend this measure be staffed and presented to the President upon his return for action on the 26th.

The President has indicated he will probably veto the bill on inflation grounds. Therefore, if he does, I think his Message to Congress should challenge Congress to join in his fight; point out his willingness to accept a compromise substantially over his 1975 Budget; and say this is one true test to measure the determination of Congress to combat rising prices; and he hopes it will take actions to support Members' speeches, etc.

cc: Roy Ash  
Philip Buchen  
Kenneth Cole  
William Seidman  
Paul Theis

(Cavanaugh/PT - edit)

D. Naill -  
Hansh -  
Cole -  
Timmons -  
AnsdA -

November 26, 1974  
11:35 a.m.

VETO STATEMENT -- H. R. 12628, VETERANS EDUCATION BILL

I am returning today without my approval H. R. 12628, a bill which would provide what I consider an excessive increase and liberalization of veterans' education and training benefits.

A  $\int$

*what I am returning to the Congress*

This bill provides benefits that are greater than those granted to World War II and Korea veterans. It would cost the taxpayers half a billion dollars more in fiscal year 1975 than ~~what I believe~~ is appropriate in view of the country's current economic circumstances.

The decision not to sign this bill has not been an easy one. But it is necessary if all of us are to operate with essential budgetary restraint. The Nation must reduce Federal spending if we are to stop the inflation spiral.

I have asked the Congress on previous occasions to join with me to hold down Federal spending and help whip inflation. In two



important instances, the Federal pay deferral plan and the Railroad Retirement bill, the Congress refused to join with me and the result has added an additional one billion dollars to the Federal taxpayers' burden.

*Instead,*

*Send me A Veteran's Education bill*

I urge the Congress to ~~join with me this time in an action~~

*Along the lines that I have proposed.*

~~which will help all Americans.~~ By doing so, we can avoid adding

another half billion dollar load to the already overburdened taxpayer.

Failure to do so will mean that the Congress will in the aggregate --

Federal pay deferral, Railroad Retirement and Veterans Education --

add over one and a half billion dollars to the Federal deficit in 1975.

Veterans' benefits should -- and can -- be improved. I

continue to support a responsible increase in education

benefits for veterans. I again urge the Congress, as I have



on many occasions, to enact a GI bill providing for an 18.2 percent rather than the 23 percent in this bill. benefit increase / Such action would be in keeping with the need for fiscal responsibility while recognizing the Nation's special debt to our veterans.

Since the Vietnam-era GI bill first went into effect in 1966, the total of veterans' benefit increases enacted through 1972 have substantially exceeded the rise in cost of living. Not including the provisions of this bill, the basic monthly education allowance has increased by a \$120 per month or 120 percent since 1966. This compares with an actual rise of 55 percent in the Consumer Price Index.

In addition to the 23 percent benefit increase, this bill



~~In addition, the bill~~ extends entitlement for GI bill benefits from 36 to 45 months for undergraduates. I believe the present entitlement of four academic years is sufficient time to permit a veteran to obtain his baccalaureate degree and to enable him to adjust to civilian life.

~~IN~~ Addition, ~~the~~ bill

contains other objectionable features despite my urging that they be

eliminated. It establishes a new direct loan program for veteran students

which departs from the sound objective of providing student aid through one

department -- Health, Education and Welfare -- rather than through various

Federal agencies. A direct loan program is also inefficient compared

to available guaranteed loan programs, which provide substantially

more assistance to the veteran at less cost to the Federal taxpayer.

I am returning this bill with reluctance, but it is my earnest

hope that the Congress will demonstrate its willingness to join the

executive branch in taking the difficult actions needed to hold down

spending by the Federal Government while being equitable with our

veterans.

THE WHITE HOUSE

November , 1974



H.R. 12628 - Veterans

Roger Semerad

Bill Timmons            Sign bill. If veto,  
need to strengthen  
message, Comments  
Attached.

Phil Areeda            Sign bill  
Phil Buchen

Paul Theis            Veto statement o.k.

Ted Marris            Sign bill

Alan Greenspan



## THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 745

Date: November 22, 1974

Time: 5:50 p.m.

FOR ACTION: Roger Semerad  
 Bill Timmons ✓  
 Phil Areeda ✓  
 Paul Theis ✓  
 Ted/Marrs Ted Marrs

cc (for information): Warren K. Hendriks  
 Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Saturday, November 23, 1974 Time: 11:00 a/m

SUBJECT:

Enrolled Bill H.R. 12628 - Vietnam Era Veterans' Readjustment Assistance Act of 1974

## ACTION REQUESTED:

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

## REMARKS:

The last day of action on the attached bill is Friday, November 29. Unfortunately, the House of Representatives plans to begin its Thanksgiving recess at the close of business, Tuesday, November 26.

Therefore, to avoid the legal controversy over pocket vetoes, Bill Timmons recommends this package be presented to the President upon his return which is now scheduled for Sunday afternoon.

To provide the President with the required 48 hour consideration time it is imperative that this package be submitted to the Staff Secretary by COB, Saturday, November 23 (tomorrow)

I would appreciate having your comments/recommendations by 11:00 a.m. tomorrow. Please call Judy Johnston on x6570 with your comments.

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

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

*Warren K. Hendriks*  
 K. R. COLE, JR.  
 For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 745

Date: November 25, 1974

Time: 11:30 a.m.

FOR ACTION: Alan Greenspan

cc (for information): Warren Hendriks  
Jim Cavanaugh

FROM THE STAFF SECRETARY

---

DUE: Date: Monday, November 25, 1974

Time: 1:00 p.m.

---

SUBJECT:

Enrolled Bill H.R. 12628 - Vietnam Era Veterans'  
Readjustment Assistance Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please call your comments on the attached to  
Judy Johnston x8819

Thank you.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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delay in submitting the required material, please  
telephone the Staff Secretary immediately.

---

K. R. COLE, JR.  
For the President

THE WHITE HOUSE

WASHINGTON

November 23, 1974

MEMORANDUM FOR: WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *BT*

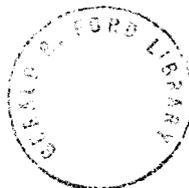
SUBJECT: Action Memorandum - Log No. 724 -  
Vietnam Era Veterans Readjustment  
Assistant Act of 1974, Enrolled Bill  
H. R. 12628

The President should understand that a veto of this measure will be quickly and overwhelmingly overridden. Republicans leaders Rhodes and Scott will join in overriding. Conservatives like Senators Thurmond and Hruska, Rep. Buchanan, etc. have all urged signing. Therefore, the bill will become law. The question for the President is whether he gains from making the issue and can blame Congress for inflation - or if by losing another veto he further weakens his position on other issues before Congress and embarrasses his natural Hill supporters.

If the President decides to veto the bill the Message should be much stronger, citing Railroad Retirement override, pay deferral veto and challenging Congress to practice what is preached in campaign oration; it must join in making the tough decisions if we are to combat inflation, etc.

If this route is chosen the President should consider a televised address to force responsibility on Congress and all its talk about 5-point economic plans and now a chance to actually do something.

If a veto is to be effective as a public opinion tool, the President must carry the issue to the people. Otherwise, I would recommend signing the bill.



Date: November 22, 1974

Time: 5:50 p.m.

FOR ACTION: Roger Semerad  
Bill Timmons  
Phil Areeda ✓  
Paul Theis  
NSC/S

cc (for information): Warren K. Hendriks  
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Saturday, November 23, 1974

Time: 11:00 a.m.

SUBJECT:

Enrolled Bill H.R. 12628 - Vietnam Era Veterans' Readjustment Assistance Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks



REMARKS:

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*Warren K. Hendriks, Jr.*

Warren K. Hendriks, Jr.  
For the President

*Sign the Bill. 22.7% increase to not out-of-lin with cost of living increase on a last bill.*

*Bill do Phil Bushan*

Rec'd 11/22/74  
5:30p

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 745

Date: November 22, 1974

Time: 5:50 p.m.

FOR ACTION: Roger Semerad  
Bill Timmons  
Phil Areeda  
Paul Theis  
NSC/STATE

cc (for information): Warren K. Hendriks  
Jerry Jones

*OK*  
*J*  
*11-23-74*  
*8:55 a.m.*

FROM THE STAFF SECRETARY

DUE: Date: Saturday, November 23, 1974

Time: 11:00 a.m.

SUBJECT:

Enrolled Bill H.R. 12628 - Vietnam Era Veterans' Readjustment Assistance Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks



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*Warren K. Hendriks, Jr.*

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

Warren K. Hendriks, Jr.  
For the President



LAW DEPARTMENT  
Washington, DC 20260

October 16, 1974

Mr. W.H. Rommel  
Assistant Director  
Legislative Reference  
Office of Management  
and Budget  
Washington, D.C. 20503

Dear Mr. Rommel:

This responds to your request for the views of the Postal Service with respect to the enrolled bill:

H. R. 12628, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

1. Purpose of Legislation.

To amend title 38, United States Code, to increase allowances paid to eligible veterans and other persons; to improve and expand educational programs for veterans and servicemen; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service, by increasing the employment of veterans by Federal contractors and sub-contractors, and by providing for an action plan for the employment of disabled and Vietnam era veterans within the Federal Government; to codify and expand veterans reemployment rights; and for other purposes.



2. Position of the Postal Service.

In its reports on similar Senate legislation, the Postal Service took no position with regard to the expansion of veterans' benefits. However, we consistently recommended the amendment of this legislation to place responsibility for supervising the enforcement of veterans' reemployment rights in the Postal Service with the Bureau of Veterans' Reemployment Rights of the Department of Labor, not with the Civil Service Commission.<sup>1/</sup> Because of its experience with reemployment rights in private industry, the Bureau is well suited to supervise the enforcement of those rights in the Postal Service, where labor relations have been reordered along the collective bargaining lines of private enterprise. However, Congress has apparently chosen to ignore this position, as well as the existing working relationship between the Postal Service and the Department of Labor concerning individual veterans' reemployment cases. Congress has included in section 404(a) of H.R. 12628 a proposed new 38 U.S.C. §2023 which would restore responsibility in this area to the Civil Service Commission. It is our position that this treatment of postal employment as if it were subject generally to the procedures of the civil service rather than to the laws and practices existing in the industrial sector of the economy is an unjustified departure from the plan of postal labor relations set forth in the Postal Reorganization Act. Accordingly, we cannot recommend the enactment of H.R. 12628.

3. Timing.

We have no recommendation to make as to when the measure should be signed.

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<sup>1/</sup>

See Postal Service reports on S. 1635 and S. 2784, and Department of Labor report on S. 1635 (copies attached).



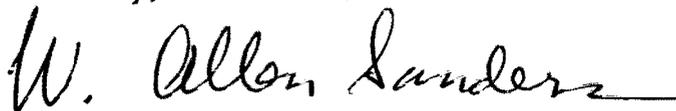
4. Cost or Savings.

We have no method of accurately gauging the administrative costs resulting from the enactment of this legislation.

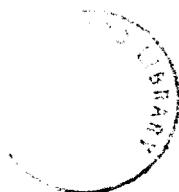
5. Recommendation of  
    Presidential Action.

The approval or disapproval of H. R. 12628 should rightly hinge on its perceived effect on the welfare of veterans and the welfare of the economy. Accordingly, we take no position regarding the enactment of this legislation. However, should the bill be disapproved, we urge that the message of the President recommend revision of section 404 of the bill so as to place the Postal Service under the jurisdiction of the Department of Labor rather than the Civil Service Commission with regard to the enforcement of veterans' reemployment rights.

Sincerely,



W. Allen Sanders  
Assistant General Counsel  
Legislative Division





LAW DEPARTMENT

Washington, DC 20260

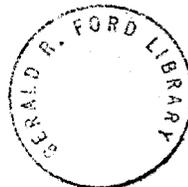
May 24, 1974

Dear Mr. Chairman:

This is in response to your request for the views of the Postal Service on S. 1635, "To amend section 9 of the Military Selective Service Act relating to reemployment rights of members and former members of the Armed Forces of the United States."

Section 2 of S. 1635 would add a new subsection (k) to section 9 of the Military Selective Service Act (50 U.S.C. App. §459). This new section would have the effect of bringing veterans' reemployment in the Postal Service under the administration of the Civil Service Commission, pursuant to 50 U.S.C. App. §459(b)(A) and (e). The Postal Service opposes this approach to the administration of reemployment rights for postal employees. We suggest that S. 1635 be modified to place responsibility in the Department of Labor for assisting the reemployment of Postal Service employees who are veterans.

Currently, as explained in correspondence between Senator Randolph and Postmaster General Klassen (119 Cong. Rec. S7742 (daily ed. April 18, 1973)), upon termination of their military service, postal employees enjoy full reemployment rights as a matter of law. However, since the effective date of the Postal Reorganization Act, the principal responsibility for administering the reemployment rights of postal employees has passed from the Civil Service Commission to the Postal Service, which has carried out the obligations of the law with respect to its employees in the same manner as an employer in the private sector of the economy.



The Bureau of Veterans' Reemployment Rights of the Department of Labor has assisted the Postal Service in this task. This is consistent with the purpose of the Postal Reorganization Act to make postal labor relations more similar to those in private industry. The House Committee on Post Office and Civil Service stressed this purpose in its report on H.R. 17070, the bill which became the Postal Reorganization Act. With reference to the labor relations plan of the bill, the Committee stated:

Labor-management relations would, in general, be subject to the National Labor Relations Act, as amended, and its provisions would be enforceable by the National Labor Relations Board and the Federal courts. Unfair labor practice charges would be handled just as they are in the private sector.

. . . Generally speaking H.R. 17070 would bring postal labor relations within the same structure that exists for nationwide enterprises in the private sector. Rank and file postal employees would, for the first time, have a statutory right to organize collectively and to bargain collectively with management on all of those matters -- including wages and hours -- which their neighbors in private industry have long been able to bargain for. In respect to wage adjustments, there would no longer be any reason for the long timelags in achieving comparability to the compensation and benefits paid for comparable levels of work in the non-Federal sectors of the economy -- timelags that have too often attended the legislative process of adjusting postal wages.

H.R. Rep. No. 91-1104, 91st Cong., 2d Sess. 13-14 (1970).

As presently worded, S. 1635 would make the Civil Service Commission responsible for administration of the reemployment rights of postal employees. This treatment of postal employment as if it were subject generally to the procedures of the civil service rather than to the laws and practices existing in the industrial sector of the economy would represent, in our view, an unjustified departure from the plan of postal labor relations set forth in the Postal Reorganization Act. The purposes of Congress, in creating the Postal Service, and the concerns of Congress with protecting veterans' reemployment rights, would be fully and most appropriately served by placing responsibility for assisting veterans in the Bureau of Veterans' Reemployment Rights of the Department of Labor, not by restoring responsibility in this area to the Civil Service Commission.



Because of its experience with reemployment rights in private industry, the Bureau is well suited to supervise the enforcement of those rights in the Postal Service, where labor relations have been re-ordered along the collective bargaining lines of private enterprise.

While there is no statutory provision now in force placing the Postal Service under the jurisdiction of the Bureau of Veterans' Reemployment Rights of the Department of Labor, the Postal Service has dealt with that office on a number of occasions on individual veterans' reemployment matters. In addition, in order to make formal this working relationship, the Postal Service and the Department of Labor are in the process of developing joint regulations governing the handling of veterans' reemployment rights cases concerning Postal Service employees.

We join the Department of Labor in urging the amendment of S. 1635 to reflect the cooperation between the Department and the Postal Service in the area of veterans' reemployment rights. Accordingly, we recommend that the bill be amended to accord postal employees the same substantive reemployment rights given employees of private employers, while retaining in the Department of Labor and the Postal Service the option to vary the procedures for enforcing those rights by issuing joint regulations.

Accordingly, the Postal Service urges that S. 1635 be amended by the substitution of the following language for the present wording of section 2:

Section 9 of the Military Selective Service Act is further amended by adding at the end thereof a new subsection as follows:

"(k) The provisions of this section shall apply to employees of the United States Postal Service in the same manner as to employees of private employers, except that the method of enforcing the reemployment rights of employees may be varied under regulations jointly established by the Secretary of Labor and the United States Postal Service."



We would favor the enactment of section 2 of the bill, if so amended.

Sincerely,

A handwritten signature in cursive script that reads "W. Allen Sanders". The signature is written in dark ink and extends to the right with a long, sweeping tail.

W. Allen Sanders  
Assistant General Counsel  
Legislative Division

Honorable John C. Stennis  
Chairman, Committee on Armed Services  
United States Senate  
Washington, D. C. 20510





LAW DEPARTMENT  
Washington, DC 20260

May 24, 1974

Dear Mr. Chairman:

This is in reference to S. 2784, the "Vietnam Era Veterans' Readjustment Assistance Act of 1973." Although the Postal Service has not been requested to report on this bill, we wish to advise your committee that we support the Department of Labor's report to you of May 22, 1974, regarding that part of section 403 of the bill which relates to the method of enforcing veterans reemployment rights in the United States Postal Service.

Our views on this subject are set forth in greater detail in the enclosed copy of our report to the Senate Armed Services Committee on S. 1635 which deals with this subject in the context of the Military Selective Service Act.

Sincerely,

W. Allen Sanders  
Assistant General Counsel  
Legislative Division

Enclosure

Honorable Vance Hartke  
Chairman, Committee on  
Veterans' Affairs  
United States Senate  
Washington, D. C. 20510

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

MAY 22 1974

Honorable John C. Stennis  
Chairman, Committee on Armed Services  
United States Senate  
Washington, D.C. 20510



Dear Mr. Chairman:

This letter is in response to your request for the Department of Labor's comments on S. 1635, a bill "To amend section 9 of the Military Selective Service Act relating to reemployment rights of members and former members of the Armed Forces of the United States."

This bill would extend reemployment rights to veterans who were employed by State governments, or political subdivisions thereof (local governments, various special authorities, etc.) prior to military service. States and political subdivisions, like private employers under the present law, would be subject to suit by a veteran to require compliance with the law and for losses incurred as a result of past failure to comply. The veteran could be represented in such suits by the U.S. Attorney's Office, as can employees of private employers. We support this extension of coverage, since we believe that ex-schoolteachers, ex-policemen and other public employees should not be denied reemployment rights provided for other veterans.

Some reservations have been expressed about this provision on the grounds that it might be unconstitutional under the 11th Amendment. As set forth in more detail in an appendix to this report, we believe that the language of the bill will be sufficient to overcome any 11th Amendment problem.

We suggest, however, that the language of section 9(d) of the Military Selective Service Act as amended by section 1(d) of S. 1635 is somewhat unclear as to the proper district court in which such actions against States and political subdivisions may be brought. We recommend that the first few lines of section 9(d) be revised to read as follows:

If any employer, who is a private employer or a State or political subdivision thereof, fails or refuses to comply with the provisions of subsection (b), subsection (c)(1), subsection (c)(3) or subsection (g) of this section, the district court of the United States for any district in which such private employer maintains a place of business, or in which such State or political subdivision thereof exercises authority or carries out its functions, shall have power, upon the . . . .

This language should allow the litigant as many possible forums as is appropriate considering the nature of the particular employer involved. Similarly, the third sentence of section 9(d) of the Act, as amended by section 1(e) of S. 1635, would be more clear if it began as follows:

"Upon application to the United States attorney or comparable official for the district in which such private employer maintains a place of business, or in which such State or political subdivision thereof exercises authority or carries out its functions, by any person claiming . . . ."

In extending Selective Service Act reemployment rights to veterans employed by a State or political subdivision prior to entering the Armed Forces, we believe the Congress should make clear its intent not to preempt statutes or ordinances of any State or political subdivision which provide reemployment rights or protections greater than, or in addition to, those provided by Federal law. This intent may be expressed by adding the following proviso at the end of section 9(b)(B) of the Military Selective Service Act:

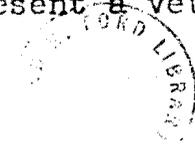
Provided, that nothing in this section shall excuse noncompliance with any statute or ordinance of a State or political subdivision thereof establishing greater or additional rights or protections than the rights and protections established pursuant to this section.

S. 1635 would also add a new section (k) of the Military Selective Service Act which would clarify the status of the United States Postal Service with respect to veterans reemployment rights. At present, there are only two categories of employers under Section 9 of the Act: private employers

subject to the enforcement procedures previously described (to which S. 1635 would add States and political subdivisions) and the United States Government. The Postal Reorganization Act of 1970, 84 Stat. 719, did not make it clear whether the Postal Service would fall into either of these two categories after its establishment as a quasi-governmental corporation. The Postal Service has taken the position that it now has the final responsibility for administering the reemployment rights of Postal employees (119 Cong. Rec. S. 7742, April 18, 1973, exchange of letters between Sen. Randolph and Postmaster General Klassen). This means that there is currently no third party to whom Postal Service employees can turn in the event of dispute with their pre-military service employer over re-employment rights, a right which all other employees have and which Postal employees had prior to the Reorganization Act. The bill proposes to treat Postal Service employees like employees of the Federal Government in order that the Civil Service Commission can act in such a third-party capacity pursuant to its authority under the Selective Service Act.

This Department and the Postal Service have held discussions concerning another method for providing such third-party adjudication when agreement between the veteran and the Postal Service is not forthcoming. Substantial accord has now been reached between the Labor Department and the Postal Service on the joint issuance of regulations which would provide for such review by a neutral third party.

The Office of Veterans Reemployment Rights of the Department of Labor would first investigate the complaint and attempt reconciliation. If reconciliation is not possible, the Office of the Solicitor would represent the employee in proceedings before an administrative law judge within the Labor Department whose decisions would be based upon the case precedents established for the rights of employees of private employers. The Postal Service would be represented by its General Counsel's Office. The Postal Service would agree to abide by the decisions of the administrative law judge. This procedure is very similar to that provided by law for employees contesting reemployment determinations of private employers, but an administrative law judge is substituted for initial court review in order to eliminate a potential conflict of interest for the Justice Department. Adoption in Postal Services cases of the procedure for dispute resolution by a district court as in the case of employees with reemployment rights in the private sector, would place the Justice Department in a position where it might be requested to represent a veteran against



the Postal Service in court despite the fact that other provisions of law require it to represent the Postal Service. Providing legal representation for the veteran during the contest proceeding is crucial, for the veteran often cannot obtain private legal counsel due to the small financial amounts normally involved in these suits. The procedure agreed to by this Department and the Postal Service would allow such representation for veterans seeking to establish their reemployment rights with the Postal Service, in a forum in which Labor Department attorneys are available to handle the veteran's case. If the veteran is dissatisfied with the decision of the administrative law judge, he retains the right to take his own appeal to court.

While this arrangement could be put into effect promptly under a formal Postal Service-Labor Department agreement, we believe such an arrangement should be reflected as soon as practicable in the law. We therefore recommend that section 2 of the bill be amended and that the Congress clearly state its intent that the reemployment rights of Postal Service employees will be covered in this manner notwithstanding any provision of the Postal Service Reorganization Act of 1970.

Finally, we recommend that section 9(d) of the Military Selective Service Act be amended by inserting at the end the following proviso:

"Providing further, that no state statute of limitations shall apply to proceedings under this section."

This amendment would clarify the original intent of Congress that all reemployment rights actions under the Act are to be governed by equitable principles. The recent decisions in Blair v. Page Aircraft Maintenance, Inc., 467 F.2d 815 (C.A. 5, 1972) and Bell v. Aerodex, Inc., 473 F.2d 869 (C.A. 5, 1973) in which the Fifth Circuit applied one year statutes of limitation to bar reemployment claims effectively eliminates attempts by the Department of Labor to settle claims pursuant to section 9(h) of the Act in those states in which there are short statutes of limitations. The Fifth Circuit also held in those cases that the limitations period was to be strictly applied and that the time expended by the Government in attempting to settle the claims did not toll the statute. Further, in Gruca v. U. S. Steel Corp., \_\_\_ F.2d \_\_\_ (C.A. 3, decided April 17, 1974), the Third Circuit applied a state statute of limitations to the monetary portion of the veteran's



Page 5

claim, but applied the equitable doctrine of laches to his claim for seniority adjustment. These holdings operate to the detriment of the veteran who must rely, in most cases, on the assistance of the government to vindicate his claim.

The Office of Management and Budget advises that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

  
Secretary of Labor

Enclosure



Appendix to Department of Labor

Report on S. 1635

The 11th Amendment provides that:

The judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.

By Court decision, however, it has been extended to bar the use of the Federal forum to adjudicate suits by a State's own citizens to which the State did not consent.

Congress may, however, set aside the immunity of the States to suit in a Federal forum as to the subject matter of the particular statute involved, in the exercise of the commerce power. Parden v. Terminal R. Company, 377 U.S. 184 (1964). The intent of the Congress to do so must be clearly expressed in the statute, however, if it is to survive court challenge. Employees, etc. v. Missouri, etc., 411 U.S. 279 (1973). This principle was reaffirmed by implication in the most recent Supreme Court decision on the 11th Amendment, Edelman v. Jordan, 42 L.W. 4419, March 25, 1974, and has already become a recognized legislative consideration, as with the recent

amendments to the FLSA to extend the coverage of that law to State and local governments.

We believe that the language of section 1(d) of the bill is specific enough to eliminate any 11th Amendment problems. The addition of the words "any State or political subdivision thereof" to the language of the present provision (50 U.S.C. App. 459(d)) could have no other reasonable interpretation than that Congress intended the provision to be enforceable against such units of government, with the necessary corollary that it intended to abrogate State immunity to suit under the 11th Amendment. While the bill is based upon the war powers, and is thus distinguishable from the previous line of cases, we believe that this may provide an even firmer rationale for Congressional action than the commerce power, and that the provision will therefore withstand court challenge.





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OCT 17 1974

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

Dear Mr. Ash:

This is in response to Mr. Rommel's request of October 15, 1974, for a report on H.R. 12628, an enrolled bill to amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances and other benefits paid to eligible veterans, and for other purposes.

Our comments on this bill will be limited to the provision contained in title III of the bill relating to the veterans education loan program.

Title III of the bill entitles a veteran to an educational loan of up to \$1000 per year to cover educational costs which exceed the resources otherwise available to the veteran. In order to be entitled to such a loan, the veteran must first have sought and been unable to obtain a loan in the amount necessary under a student loan program insured pursuant to part B of title IV of the Higher Education Act of 1965. The bill contains detailed provisions concerning determination of the amount of the loan, conditions of the loan, repayment, interest rates, and default.

The enactment of this program would seem to be an unnecessary proliferation of loan programs by the Federal government. Veterans, as well as other students, are eligible for up to \$2,500 per year in loans under one or more existing student loan programs: Guaranteed Student Loans, National Direct Student Loans, and Health Professions Student Loans.



These loan programs, in addition to other benefits available to veterans, should be sufficient to meet the educational needs of all veterans. In addition to being unnecessary, the new loan program for veterans could result in repayment problems in the case of multiple loans from several lenders by veterans who already have loans under the existing programs.

Although we do not favor the enactment of the new loan program, we realize that the bill contains many other features of direct and substantial impact on programs administered by the Veterans Administration. We therefore defer to that agency as to the desirability of the enactment of the bill.

Sincerely,

  
Acting Secretary





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

October 17, 1974

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



Dear Mr. Ash:

This will respond to the request of the Assistant Director for Legislative Reference for the views and recommendations of the Veterans Administration on the enrolled enactment of H. R. 12628, 93d Congress, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

This comprehensive measure will increase educational assistance and subsistence benefits under the current GI Bill and the War Orphans education programs, provide changes in ongoing programs, and add certain new programs.

The enrolled enactment will increase benefit rates from 18.2 to 22.7 percent for veterans and eligible persons under chapters 31, 34, 35, and 36 of title 38, United States Code. In addition, it contains a number of other provisions, including: (1) an additional 9 months of entitlement for certain veterans; (2) a \$600 VA student loan program; (3) permitting the initial 6 months of active duty training performed by Reservists and National Guardsmen to be counted towards educational entitlement under certain conditions; (4) allowing veterans to pursue up to 6 months of refresher training; (5) increasing the maximum for work-study program agreements; (6) expanding tutorial assistance; (7) authorizing wives, widows, and children to pursue farm cooperative training; (8) providing vocational rehabilitation benefits for veterans having a minimum of a 10 percent service-connected disability; (9) specifically authorizing VA's so-called Vet-Rep program; (10) liberalizing the measurement of

certain vocational training programs; (11) liberalizing the counting of absences in the case of veterans and dependents pursuing courses not leading to a standard college degree; (12) extending the so-called 85-15 rule to have it apply to eligible students enrolled in proprietary below-college level courses (proprietary profit as well as proprietary nonprofit institutions); (13) directing the VA to conduct a study and investigation of the administrative difficulties and opportunities for abuse that would be occasioned by enactment of some form of tuition assistance; (14) requiring vocational schools to demonstrate a 50 percent placement record of graduates over the prior 2-year period to be eligible for continued enrollment of veterans and dependents; (15) barring utilization of erroneous, deceptive, or misleading advertising, sales, or enrollment practices by educational institutions; (16) requiring the Administrator to evaluate all programs authorized by title 38 (not limited to education) and measure their effectiveness, impact, and structure and mechanisms for service delivery; (17) increasing the allowance payable to State approving agencies for administrative expenses; (18) permitting joint apprentice training committees functioning as training establishments to qualify for the \$3 reporting fee; (19) requiring the Administrator to cooperate with other Federal agencies to improve Federal programs affecting veterans and their dependents; (20) extending certain employment aid to wives and widows of certain veterans; (21) relocating veterans reemployment rights provisions in title 38; and (22) effecting miscellaneous minor changes in title 38.

The legislation contains three areas of major concern. Foremost is the rate increase. The enrolled enactment will provide a 22.7 percent increase for those veterans who are pursuing institutional, cooperative, and farm cooperative educational or training programs and for wives, widows, and children pursuing institutional training. An 18.2 percent increase in rates is provided for veterans



who are pursuing vocational rehabilitation, flight, correspondence, on-job and apprentice, PREP, and less than half-time training programs; for servicemen pursuing programs of education while on active duty; for wives, widows, and children who are pursuing cooperative, on-job and apprentice and less than half-time training programs; for wives and widows who are pursuing correspondence training programs; and for children who are pursuing special restorative training programs.

Secondly, the enactment authorizes an additional 9 months of educational assistance for those veterans who are entitled to 36 months of educational benefits, and who have exhausted such entitlement, but have not attained their standard undergraduate college degree. These veterans would be granted up to 9 months of additional entitlement for the pursuit of such degree. However, as enacted, this represents a modification of the language contained in the Senate-passed bill which would have provided 9 months of additional benefits to any eligible veteran entitled to 36 months of benefits, and who had exhausted such entitlement. There would have been no limitation on the type of program which could be pursued. For example, the additional entitlement could have been utilized in the pursuit of graduate work. The enacted provision limits the use of the additional entitlement to pursuit of the undergraduate degree and, to this extent, represents a compromise position.

The third major proposal will establish, from readjustment benefit appropriations, a revolving fund from which the Veterans Administration may make loans to certain veterans and dependents. The individual will be required to establish that he is pursuing a college degree program (or certain other courses) on a half-time or more basis, and that he has been unable to obtain sufficient loan funds from certain other Federal loan programs. Although we did not favor its enactment, this loan proposal has been modified to remove the basic objection to the Senate-passed version which would have required financing from the NSLI Fund. It has also been scaled down from a maximum loan per academic year of \$2,000 to \$600.

The enrolled enactment sets an effective date of September 1, 1974, for the rate increases and an effective date of January 1, 1975, for the loan proposal. It is estimated that the additional cost for fiscal year 1975, considering the September 1, 1974, rate increase, would amount to \$805.7 million. It is also estimated that the additional cost over the next 5 fiscal years (again considering the September 1, 1974, rate increase date) would amount to approximately \$3.4 billion. A cost estimate by fiscal year and by program is appended.

During the course of my confirmation hearings before the Senate Veterans' Affairs Committee, my position on the amendments of the Veterans' Educational Assistance Program, then pending before the Congress, came into question. It was at that time that I was informed that my predecessor in office, by a memorandum dated August 14, 1974, advised the White House staff that, if the Congress were to enact an education bill containing rate increases not exceeding 23 percent and without any tuition assistance allowance, he would recommend Presidential approval. This incident gave me cause to devote long and continuing attention as to what action I would recommend were Congress to enact a bill within these limitations. After analysis of the enrolled enactment, I am convinced that I must recommend Presidential approval.

Initially, the tuition increases of from 18.2 percent to 22.7 percent are within reasonable reach of those increases which the President has indicated are acceptable. The largest increase, 22.7 percent, has application to those veterans and eligible persons who, in most instances, have responsibility for the payment of tuition and, with this in mind, I feel can be related to the increase in the cost of living and the increase in tuition. Since the last benefit increase became effective on September 1, 1972, the cost of living has increased approximately 19.5 percent and the increases in the cost of education have exceeded this amount.

Moreover, the provision dealing with loans has, during the legislative process, been reduced from a maximum loan of \$2,000 per school year to a maximum loan of \$600 per school year, with the source of the funds being a revolving fund established from appropriated funds, rather than the use of the National Service Life Insurance trust fund. Also, the extension of benefits from 36 months to 45 months has been drastically limited from that proposed in the initial legislation by restricting the use of the extension to that necessary to complete a program leading to a baccalaureate degree.

There is unanimity in the belief that these veterans and eligible persons need a cost-of-living increase to fully realize their educational benefits both for their own welfare and that of this country. I am convinced that, despite the large increase in cost engendered by the enrolled enactment, it represents the best compromise that can be reached and, on balance, is realistic. It should be emphasized that the enrolled enactment does not include a tuition payment system, which had strong support in the Congress, and would have been not only more costly, but would have violated the "educational assistance" philosophy of the program and been subject to many abuses.

For the foregoing reasons, I recommend that the President approve H. R. 12628.

Sincerely,



RICHARD L. ROUDEBUSH  
Administrator

Enclosure

## Attachment

EDUCATION BILL 1/Five Year Cost of H. R. 12628, 93d Congress

	1975		1976	1977	1978	Total 2/ (Eff. Date)	
	Full Year	10 Mo. 2/				1979	9/1/74
<u>READJUSTMENT BENEFITS</u>							
Rate Increase	\$712.3	650.3	665.5	550.8	514.7	474.5	\$2,855.8
Active Duty Training	.7	.7	.7	.1	.1	.1	1.7
Refresher Training	3.1	3.1	2.6	2.6	2.6	2.6	13.5
Work Study	8.3	8.3	8.3	8.3	8.3	8.3	41.5
Tutorial Assistance	.8	.8	.7	.6	.5	.5	3.1
Chapter 35 Farm	.4	.4	.4	.4	.4	.4	2.0
45 Mo. Entitlement	26.3	26.3	10.3	10.3	10.3	10.3	67.5
Equalize War Vets. (Ch. 31)	36.6	36.6	37.2	37.9	38.6	39.0	189.3
Reimbursement of Expenses	.2	.2	.2	.2	.2	.2	1.0
BCL Absences	4.1	4.1	3.9	3.3	3.2	2.8	17.3
Loan Revolving Fund 3/	<u>74.9</u>	<u>74.9</u>	<u>69.1</u>	<u>51.7</u>	<u>38.4</u>	<u>24.4</u>	<u>258.5</u>
Subtotal	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2
<u>G.O.E. 4/</u>							
Joint Apprentice \$3	.6	.6	.5	.4	.4	.3	2.2
Loan (Admin. Cost)	<u>1.5</u>	<u>1.5</u>	<u>1.0</u>	<u>1.9</u>	<u>2.7</u>	<u>3.4</u>	<u>10.5</u>
Subtotal	2.1	2.1	1.5	2.3	3.1	3.7	12.7
<u>Budget Authority</u>							
Readjustment Benefits	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2
G.O.E.	<u>2.1</u>	<u>2.1</u>	<u>1.5</u>	<u>2.3</u>	<u>3.1</u>	<u>3.7</u>	<u>12.7</u>
Total	\$869.8	807.8	800.4	668.5	620.4	566.8	\$3,463.9

1/ Does not include \$618.5 million for the extension of the delimiting date by PL 93-337 on July 10, 1974.

2/ The "10 month" column and the total column are based upon a September 1, 1974 effective date. The total column represents cost for a period of four years and 10 months.

3/ Assumes 10% of IHL trainees would be eligible for a loan and interest rate of 6.5% to be paid by veteran.

4/ Excludes \$24.4 million for Veteran Representative GOE cost. Costs for Evaluation and Data Collection and Outreach Service would entail substantial GOE cost which we are not in a position to estimate at this time.



UNITED STATES CIVIL SERVICE COMMISSION

IN REPLY PLEASE REFER TO

WASHINGTON, D.C. 20415

October 17, 1974

YOUR REFERENCE

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

Attention: Assistant Director for  
Legislative Reference

Dear Mr. Ash:

This is in response to your request for the views of the Commission on enrolled H.R. 12628, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

The sections of the bill of principal concern to the Commission are sections 403 and 404. We are limiting our comments to those sections. The purpose of section 403 is to promote employment and job advancement opportunities within the Federal Government for qualified disabled veterans and veterans of the Vietnam era. Subsection (b) would incorporate into law, with one difference affecting the period of eligibility, the special Veterans Readjustment Appointment authority now provided by Executive Order No. 11521. Subsection (c) would require that each affirmative action plan for the hiring, placement, and advancement of handicapped persons under the Rehabilitation Act of 1973 include a separate affirmative action plan for disabled veterans. Subsection (d) would make the Commission responsible for reviewing, evaluating, and reporting upon agency implementation of section 403. Subsection (e) would call for the Commission to submit an annual report to Congress on activities under the section.

As expressed in our July 3, 1974, report to you on an earlier version of this bill, we believe the provisions of section 403 are not necessary to achieve the worthwhile objectives stated in that section. The Veterans Readjustment Appointment authority is already working well under Executive Order No. 11521, and we see no special advantage to making the appointment authority a matter of law. Moreover, we feel this proposal is not entirely consistent with the basic purpose of this type of appointment, which is to give special help to recently discharged veterans who are likely to have the greatest difficulty in effecting the transition from military to civilian life.



1883-1973

MERIT PRINCIPLES ASSURE QUALITY AND EQUAL OPPORTUNITY

Similarly, the affirmative action program for handicapped persons carried out under the Rehabilitation Act of 1973 is already serving disabled veterans well. It is our view that no one segment of the handicapped should be singled out for special attention in the activities agencies carry out on behalf of the handicapped generally.

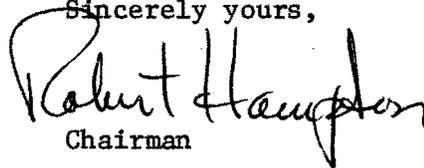
In spite of our reservations about subsections (b) and (c), we do not object to their enactment.

Section 404 recodifies, with some changes, existing law on reemployment rights after military service. Of special interest to the Commission is a provision that again makes postal employees subject to the law in the same manner as other Federal employees. We strongly support this amendment.

The Commission recommends that the President sign this enrolled bill.

By direction of the Commission:

Sincerely yours,

  
Chairman





THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON  
Mayor-Commissioner

October 17, 1974

Mr. Wilfred H. Rommel  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Executive Office Building  
Washington, D. C.

Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 12628 - To amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish an education loan program for veterans and persons eligible for benefits under chapter 34 or 35 of such title; to make other improvements in the educational assistance program and in the administration of educational benefits; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service, by increasing the employment of veterans by Federal contractors and subcontractors, and by providing for an action plan for the employment of disabled and Vietnam era veterans within the Federal Government; to codify and expand veterans reemployment rights; and for other purposes.



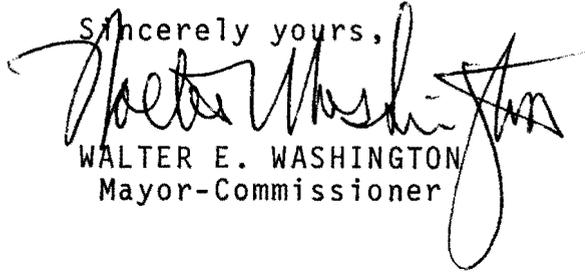
H.R. 12628, which may be cited as the "Vietnam Era Veterans' Readjustment Assistance Act of 1974", extensively revises title 38, United States Code, to strengthen and expand existing benefits and services for veterans, and especially for those veterans of the post-Korean and Vietnam eras. The basic purposes of the enrolled bill are set forth in its title. Of significance to the District Government is section 404 of title IV of H.R. 12628 which extends and codifies into a new chapter 43 of title 38, United States Code, existing law concerning reemployment rights for veterans. Similar provisions contained in section 9 of the Military Selective Service Act would be repealed by the enrolled bill. The codification would continue the basic right of persons employed immediately before entering the Armed Services by the District of Columbia to be restored, under certain conditions, to employment with the District Government. As at present, the Civil Service Commission would be vested with regulatory and enforcement authority over actions of the District Government relating to the reemployment of veterans.

In time, this regulatory and enforcement authority may be affected by the powers conferred by section 422(3) of the District of Columbia Self-Government and Governmental Reorganization Act which provides for the establishment of an independent merit system for personnel of the District Government. In such case, it is likely that enforcement authority with respect to reemployment rights will be exercised by the local United States District Court in the same manner such courts will exercise these powers over State and local governments and private employers under the proposed new section 2022 of title 38, United States Code. Until such time as the Council of the District of Columbia elects to provide equal or equivalent coverage, however, existing personnel legislation, including that relating to the reemployment rights of veterans, will remain applicable to the District Government and its employees as provided by section 714(c) of the Self-Government Act.

The District Government endorses the amendments and

additions made by the enrolled bill to strengthen and improve the rights and benefits available to veterans, and recommends the approval of H.R. 12628.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Walter Washington". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

WALTER E. WASHINGTON  
Mayor-Commissioner

UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, DC 20405



OCT 18 1974

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

Dear Mr. Ash:

By referral dated October 17, 1974, from the Assistant Director for Legislative Reference, your office requested the views of the General Services Administration on enrolled bill H. R. 12628, 93rd Congress, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

GSA has no objection to Presidential approval of the enrolled bill.

Sincerely,

A handwritten signature in cursive script that reads "Sampson".

Arthur F. Sampson  
Administrator





OFFICE OF  
THE CHAIRMAN

FEDERAL TRADE COMMISSION  
WASHINGTON, D. C. 20580

October 21, 1974

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

Dear Mr. Ash:

This report is in response to your request for the views of the Federal Trade Commission upon Section 212 of Enrolled Bill H.R. 12628, 93d Congress, 2d Session, an Act "To amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapter 31, 34 and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish an education loan program for veterans and persons eligible for benefits under chapter 34 or 35 of such title; to make other improvements in the educational assistance program and in the administration of educational benefits; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service, by increasing the employment of veterans by Federal contractors and subcontractors, and by providing for an action plan for the employment of disabled and Vietnam era veterans within the Federal Government; to codify and expand veterans' reemployment rights; and for other purposes."



As your request for the Commission's views refers only to Section 212 of H.R. 12628, the comments which follow are limited to that section. Section 212 of H.R. 12628 requires that the Administrator of Veterans' Affairs not approve the enrollment of any person eligible under the veterans educational program in any course offered by an institution which "utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation."

It also requires the Administrator to avail himself, under his present authority to effect agreements to utilize the facilities and services of other agencies (38 U.S.C. 1794), of the services of the Federal Trade Commission by referring deceptive enrollment cases under investigation by him to the Commission for such investigation and preliminary findings as the Commission may undertake in its discretion. Such findings and recommendations would be referred to the Administrator who in turn would be required to take appropriate action on such cases within 90 days thereafter. The Administrator would be required no later than 60 days after the end of each fiscal year to report to Congress on the nature and disposition of all cases arising under this section.

The Commission has no objection to the enactment of Section 212.



It is estimated that the liaison with the Veterans' Administration and the investigation and reporting required by this Enrolled bill will entail additional funding which, for the next five fiscal years, is projected as follows:

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
1975 (1/1/75 to 6/30/75)	\$10,000
1976	35,000
1977	38,000
1978	42,000
1979	47,000
1980	55,000

By direction of the Commission.

  
Lewis A. Engman  
Chairman



THE GENERAL COUNSEL OF THE TREASURY  
WASHINGTON, D.C. 20220

OCT 22 1974

Director, Office of Management and Budget  
Executive Office of the President  
Washington, D. C. 20503

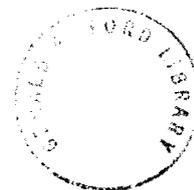
Attention: Assistant Director for Legislative  
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 12628, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

Title III of the enrolled enactment would establish a new higher education loan program for eligible veterans and other eligible persons. Before receiving such loans students would be required to demonstrate that sufficient credit is not available under the insured student loan program authorized under part B of title IV of the Higher Education Act of 1965. Loans under the proposed program would bear interest at a rate prescribed by the Veterans Administrator, with the concurrence of the Secretary of the Treasury, but at a rate not less than a rate determined by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the U.S. with remaining periods to maturity comparable to the maturity of such loans. No interest would accrue prior to the beginning date of repayment. This interest-free provision would result in significant but undeterminable costs to the Government and in inequities among borrowers because the amount of the subsidy would vary as market borrowing costs vary and with the length of the interest-free period.

A revolving fund would be established in the Treasury which would be available to the Administrator for making such loans, and would be funded by transfers from current and future appropriations for readjustment benefits in amounts necessary to establish and supplement the fund in order to meet its requirements. All collections of fees, (The Administrator would be required to charge an insurance fee against defaults in an amount not to exceed 3 percent of the total loan amount.) principal, and interest on such loans would be deposited in the fund. Any surplus moneys in the fund would be deemed to have been appropriated for readjustment purposes. Thus, the Administrator would apparently be able to simply



transfer funds back and forth between the two programs outside of the normal budget review/appropriations process. The failure to provide for the payment of interest on capital provided to the revolving fund would result in an understatement of the cost of the program to the Government, thus distorting the basis for decisions regarding the fees to be charged under the program and the allocation of budget resources.

During the House floor debate on the conference report on H.R. 12628 Representative Teague stated: "There has been some indication that the President may not be willing to sign the bill the conference has agreed upon... .

"The President has indicated some dissatisfaction with two features of the bill, namely, the loan provisions and the extension from 36 to 45 months in training time. The White House has also indicated that it believes a 20 percent [monthly educational assistance allowance] rate increase would be more appropriate."

In view of the foregoing, the Department would concur in a recommendation that the enrolled enactment not be approved by the President.

Sincerely yours,

  
General Counsel



**Department of Justice**  
**Washington, D.C. 20530**

OCT 22 1974

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

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of the enrolled bill H.R. 12628, "To amend Title 38, United States Code, to increase vocational rehabilitation allowances, educational and training assistance allowances, and special allowances...."

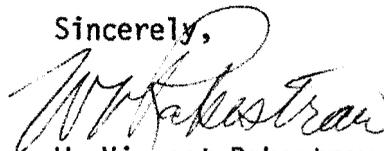
With the exception of Title IV, sections 403 and 404, the Department of Justice defers to those agencies more directly concerned with the subject matter of the bill as to whether it should receive Executive approval.

Section 403 adds a new section 2014 to chapter 42 of Title 38, United States Code. The primary affect of section 2014 is to extend the eligibility of a Vietnam era veteran to receive readjustment appointments in the Federal Government during a period of one year following completion of hospitalization treatment or education which immediately followed release from the Armed Forces.

Section 404 amends Part III of Title 38, United States Code, by adding a new chapter 43 - Veteran Reemployment Rights. This new chapter 43 provides among other things for reemployment and retention rights for Vietnam era veterans to Federal jobs held immediately prior to induction into the Armed Forces. Such veterans disabled for their prior jobs because of Service incurred injury are assured placement in work areas that they are now able to pursue. These provisions closely parallel the benefits extended to World War II veterans.

The Department of Justice has no objection to Executive approval of sections 403 and 404 of this bill.

Sincerely,



W. Vincent Rakestraw  
Assistant Attorney General



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 23 1974

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

Dear Mr. Ash:

This is in response to your request for our comments on an enrolled enactment, H.R. 12628, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974." We shall confine our comments to provisions in Title IV which affect programs administered by the Department of Labor. We defer on other aspects of the bill to other appropriate agencies.

This Department supports the view that maximum feasible efforts are needed to help returning veterans find a useful and productive place in the society which they have helped to defend. We have vigorously pursued this objective in the conduct of our various programs, and we favor appropriate legislation to better meet this goal.

H.R. 12628 contains some useful provisions.

Section 404 of the bill would extend the reemployment rights program administered by this Department to veterans employed by State governments or political subdivisions thereof, without preempting those State or local laws which provide greater job protection to veterans. The bill also bars the application of State statutes of limitations to proceedings brought to enforce Federal reemployment rights. We have supported these provisions in letters to the Congress and believe they will improve the implementation of the reemployment rights program.



Section 404 also clarifies the status of the Postal Service with respect to the reemployment rights of its employees. While this Department originally supported giving Postal employees reemployment rights similar to those of private employees, we do not object to the decision of the Congress to treat them as Federal employees for the purposes of reemployment rights.

On the other hand, the bill contains other provisions which we do not believe are desirable.

Section 402 of the bill adds a new requirement that Federal contractors and subcontractors take affirmative action to hire and advance in employment disabled and Vietnam era veterans.

The Department of Labor had some concern, in the course of development of this legislation, that the "affirmative action" language would be read to require the imposition of numerical or percentage goals and timetables for the hiring of veterans subject to this bill. In our judgment, such goals and timetables are not appropriate. We note that the Conference Report contains language which states:

The affirmative action requirement does not necessarily mean, however, that specific numerical or percentage goals and timetables will be made applicable to contractors and subcontractors at this time and with respect to this provision. For example, in carrying out the purposes of this provision, it may prove advantageous to await experience in administering the program before providing for the imposition of any such goals and timetables.

We do not believe that the legislative history is adequate to deal with the problems inherent in the new affirmative action language in section 402. Accordingly, we oppose this provision.

We recognize that other considerations outside the scope of this Department's responsibility must properly play a greater role in determining whether this enrolled



enactment should be signed or disapproved. These considerations include the possible inflationary impact of the measure and its programmatic utility. Accordingly, we defer to other agencies more directly concerned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arthur J. Brennan".

Secretary of Labor



To -  
Harmon Henderson  
11-22-74  
4:45 P.M.

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

NOV 22 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12628 - Vietnam Era Veterans'  
Readjustment Assistance Act of 1974  
Sponsor - Rep. Dorn (D) South Carolina and 24 others

Last Day for Action

November 29, 1974 - Friday

Purpose

Increases education and training benefits paid under the GI bill; establishes a new direct loan program for veterans' education; extends by 9 months GI bill entitlement for undergraduate study; requires the Federal Government and its contractors to take affirmative action for the employment of disabled and Vietnam Era veterans; and makes other modifications in VA education and training benefit programs.

Agency Recommendation

Office of Management and Budget	Disapproval (Veto message attached)
Department of the Treasury	Concurs in veto recommendation
Veterans Administration	Approval
Civil Service Commission	Approval
D.C. Government	Approval
General Services Administration	No objection
Department of Justice	No objection to Sections 403 and 404
Federal Trade Commission	No objection to Section 212
Department of Labor	Defers to other agencies, but opposes Section 402
Department of Health, Education, and Welfare	Defers to VA, but opposes new loan program
U.S. Postal Service	No recommendation, but opposes Section 404



TO THE HOUSE OF REPRESENTATIVES

I am returning today without my approval H.R. 12628, a bill which would provide excessive increases and liberalizations of veterans education and training benefits.

I continue to support an increase in education benefits for veterans, but I cannot approve this bill. This has not been an easy decision, but it is a necessary one if we are to achieve essential budgetary restraint.

I have repeatedly indicated that we must reduce Federal spending if we are to stop the inflation spiral. I have just submitted a package of legislative proposals and other recommendations to achieve that objective for fiscal year 1975.

I had to make many hard choices in developing that package. But the simple fact is that individuals and groups throughout the Nation must accept some sacrifices if we are to accomplish the goal of reducing the Federal budget.

H.R. 12628 would, in its present form, cost half a billion dollars more in fiscal year 1975 than what I regard as the appropriate level under the current circumstances. Its high benefit increases retroactive to September 1, 1974, and the new program activities and liberalizations it would provide, are clearly inconsistent with the actions we must take if we are to bring inflation under control.

In addition to the benefit increase of nearly 23 percent, H.R. 12628 contains other highly objectionable features despite our urging that they be eliminated. It establishes a new direct loan program for veteran students which departs from the sound objective of providing student aid through one department--HEW--rather than through various Federal agencies. A direct loan program is also inefficient compared

to available guaranteed loan programs, which provide substantially more assistance at less cost to the Federal taxpayer.

In addition, the bill extends entitlement for GI bill benefits from 36 to 45 months for undergraduates. I believe the present entitlement of 4 years is sufficient to permit a veteran to obtain his baccalaureate degree and gives him ample time to achieve the goal of readjustment to civilian life. Moreover, such an extension would create inequities in the GI education program since it would give an extra year of benefits to veterans who decide to take 5 years to obtain a baccalaureate degree, even though they served the same amount of time in the Armed Forces as veterans enrolled in 4-year degree programs. Entitlement under the GI bill should continue to be based on the length of veterans' military service, not on the type of educational program in which they enroll.

I again urge the Congress, as I have previously, to enact a GI bill providing for a simple 18.2 percent benefit increase, the rate incorporated in the bill originally passed by the Senate. Such an increase, effective January 1, 1975, would be in keeping with the need for fiscal responsibility.

While I am returning this bill with reluctance, it is my earnest hope that the Congress will use this opportunity to demonstrate its willingness to join with the Executive Branch in taking the difficult actions needed to hold down spending by the Federal Government.

THE WHITE HOUSE

November , 1974