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APPROVED
OCT 2 - 1976

810/a

THE WHITE HOUSE
WASHINGTON
October 2, 1976

ACTION
Last Day: October 9

*Posted
10/4/76
Archives
10/4/76*

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *J. Cannon*

SUBJECT:

H.R. 13549 - To Provide additional income for the United States Soldiers' and Airmen's Home

Attached for your consideration is H.R. 13549, sponsored by Representatives Stratton and O'Brien.

The enrolled bill would provide additional income for the United States Soldiers' and Airmen's Home. It would:

- authorize the Board of Commissioners of the Home to levy a monthly fee on residents for operating expenses.
- authorize the Secretary of the Army and the Secretary of the Air Force to increase the monthly deduction from the pay of enlisted men and warrant officers from 25 cents a month to 50 cents a month.

The bill would also extend from September 30, 1976, until September 30, 1978 the currently authorized numbers for grades of lieutenant colonel and colonel in the Air Force.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Kilberg), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 13549 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13549 - To provide additional income for the United States Soldiers' and Airmen's Home
Sponsor - Rep. Stratton (D) New York and Rep. O'Brien (R) Illinois

Last Day for Action

October 9, 1976 - Saturday

Purpose

Provides additional income for the United States Soldiers' and Airmen's Home and extends for two years the period during which the authorized numbers of Air Force lieutenant colonels and colonels are increased.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Department of the Treasury	No recommendation
Veterans Administration	Defers to Department of Defense (informally)

Discussion

The United States Soldiers' and Airmen's Home is located on approximately 300 acres in Washington, D.C. The Home was established in 1851 and currently receives its operating income from: (1) interest on a trust fund provided when the Home was established; (2) a monthly contribution of 25 cents from each regular Army and Air Force enlisted man and warrant officer; and (3) judicial fines and forfeitures collected from active duty personnel.

In 1967, assets of the Home's trust fund had increased to \$110 million. In 1971, however, the Home's expenditures exceeded its income by over \$2 million, and operating deficits have continued. The trust fund has now been drawn down to \$93 million. This reversal has been caused in large part by the reduction in size of active forces and a reduction since 1963 in judicial forfeitures turned over to the Home.

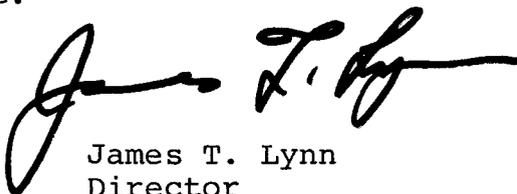
H.R. 13549 would provide for increased revenues for the Home in two ways. First, the Board of Commissioners of the Home would be authorized to levy a monthly fee on residents of the Home for operating expenses, not to exceed 25 percent of a resident's monthly Federal pension which is derived, at least in part, as a result of military service. Second, the bill would authorize the Secretary of the Army and the Secretary of the Air Force to increase the monthly deduction from the pay of enlisted men and warrant officers from 25 cents per month to 50 cents per month. The income from this deduction would be placed in the trust fund account of the Soldiers' and Airmen's Home. The enrolled bill would also direct the General Accounting Office to study the Home's operation, its financial needs, and appropriate functions.

An unrelated provision of H.R. 13549 would extend from September 30, 1976, until September 30, 1978, the currently authorized numbers for grades of lieutenant colonel and colonel (field grades) in the Air Force. The Officer Grade Limitation Act (OGLA) of 1954 placed limits on the number of field grade officers in the Armed Services. At that time, the Air Force was a comparatively younger branch of the Armed Services and required fewer grade authorizations for its planned career progression, so Congress provided fewer field grades for the Air Force than for the Army and Navy. As a result, legislative relief from OGLA's restrictive grade authorizations has been periodically provided seven times since 1954.

In its enrolled bill letter, the Air Force, on behalf of the Department of Defense, strongly recommends approval of H.R. 13549. The Air Force letter states:

"The Department of Defense strongly supports the concept of the United States Soldiers' and Airmen's Home and believes it is essential that its growing financial plight be remedied. In this regard, the collection of a reasonable users fee and the nominal increase in deductions from the monthly pay of warrant officers and enlisted members are consistent with our objectives to provide financial relief for the home. Moreover, there is no objection to the proposed Comptroller General study of the home."

The Air Force also voices strong support for the two-year extension of the current authority to increase the number of Air Force lieutenant colonels and colonels. The Department has proposed legislation that would permanently raise these field grade ceilings and eliminate the need for the kind of intermittent relief provided by the enrolled bill. The proposed legislation is unlikely to be enacted in this Congress, however, and the Air Force's letter points out that without the extension of increased grade limitations which H.R. 13549 would authorize, a series of adverse actions affecting about 6,800 officers would be necessary over a one-year period. These adverse impacts would include the loss of 300 colonel and 2,900 lieutenant colonel authorizations and would require demotions, forced retirements, separations, and a moratorium on promotions to the rank of major and lieutenant colonel. Finally, the Air Force notes that your approval of H.R. 13549 would result in no apparent increase in the budgetary requirements of the Department of Defense.



James T. Lynn
Director

Enclosure

DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330



OFFICE OF THE SECRETARY

27 SEP 1976

Dear Mr. Director:

Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to H.R. 13549, 94th Congress, an enrolled bill "To provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of such home to collect a fee from the members of such home and by increasing deductions for the support of such home from the pay of enlisted men and warrant officers, and for other purposes." The Secretary of Defense has delegated to the Department of the Air Force the responsibility for expressing the views of the Department of Defense.

The bill would require the Board of Commissioners to collect a users fee from members of the home not to exceed 25 percent of monthly retired income received from federal pensions, derived in total or in part, as a result of military service. In addition, the bill would authorize the Secretary of the Army and the Secretary of the Air Force, in consultation with the Board of Commissioners of the home, to increase the current monthly deduction from the pay of warrant officers and enlisted members from 25 to no more than 50 cents. The Comptroller General would be required to study and report on the home's financial needs, appropriate functions, and operating efficacy. The bill, as amended, would also extend for two additional years the period during which the authorized number of grades for lieutenant colonel and colonel in the Air Force is increased.



The Department of Defense strongly supports the concept of the United States Soldiers' and Airmen's Home and believes it is essential that its growing financial plight be remedied. In this regard, the collection of a reasonable users fee and the nominal increase in deductions from the monthly pay of warrant officers and enlisted members are consistent with our objectives to provide financial relief for the home. Moreover, there is no objection to the proposed Comptroller General study of the home.

The two-year extension of the current authority to increase the number of Air Force lieutenant colonels and colonels beyond the limit in the Officer Grade Limitation Act (OGLA) of 1954, 10 USC 8202(a), is essential to permit the 95th Congress to complete action on permanent grade relief contained in the proposed Defense Officer Personnel Management Act (DOPMA). The current authority for the Air Force will otherwise expire on September 30, 1976. The DOPMA bill (H.R. 13958) was passed by the House of Representatives on September 13, 1976. However, the Senate Armed Services Committee does not anticipate final action on DOPMA prior to adjournment of the 94th Congress and therefore initiated the two-year extension of OGLA relief.

The OGLA, P.L. 83-349, established the authorized number of field grade (i.e., major, lieutenant colonel and colonel) and general officers at given levels of active duty officer strengths in each service. However, because the Air Force was a comparatively youthful service at the time OGLA was enacted, the law provided proportionately fewer field grade officer authorizations than were accorded to the other services. The Air Force officer force has matured since 1954 and today over 35 percent of the Air Force officers have over 12 years of service as compared to 18 percent when OGLA was enacted. Seven times in the period from 1954 to 1974 (in 1959, 1961, 1963, 1965, 1966, 1972 and 1974), the Air Force has been granted legislative relief from the restrictive grade authorizations for majors, lieutenant colonels and colonels in order to provide officers with reasonable promotion opportunities.

The consequences to the Air Force of not having a further extension of the grade limitations would require a series of adverse actions over a period of one year which would have an extreme impact on about 6,800 officers. A reversion to OGLA grade authorizations would result in the loss of well over 300 colonel and 2,900 lieutenant colonel authorizations. These losses would require demotions, forced retirements and separations, a slowdown on promotion to colonel, and a moratorium on major and lieutenant colonel promotions during Fiscal Year 1977. If the Air Force is to continue to provide reasonable promotion opportunities for its officers, it is essential that this extension be granted.

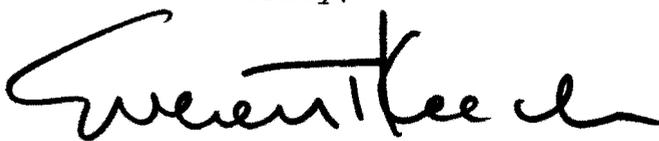
The two-year extension of OGLA is consistent with the Department of Defense legislative proposal 94-125, which was cleared by your office on June 27, 1976.

In view of the above, the Department of the Air Force, on behalf of the Department of Defense, strongly recommends approval of H.R. 13549.

Enactment of H.R. 13549 will result in no apparent increase in the budgetary requirements of the Department of Defense.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

Sincerely,



EVERETT KEECH
Assistant Secretary of the Air Force
(Financial Management)

Honorable James T. Lynn
Director
Office of Management and Budget



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

SEP 28 1976

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. 13549, "To provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of such home to collect a fee from the members of such home and by increasing deductions for the support of such home from the pay of enlisted men and warrant officers, and for other purposes."

The purpose of this enrolled bill is to provide additional income for the United States Soldiers' and Airmen's Home to eliminate recent operating deficits. The enrolled bill would authorize the collection of a monthly fee from members of the home based on a percentage of military retirement and/or Veterans disability compensation and would authorize an increase in the monthly deduction from active duty pay. In addition, the enrolled bill would direct the Comptroller General to conduct a full study of the home.

The subject matter of this enrolled enactment is not of primary concern to this Department. Therefore, we have no recommendation to make as to whether or not the enrolled enactment should be approved by the President.

Sincerely yours,



General Counsel

Richard R. Albrecht

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 1

Time: 130pm

FOR ACTION: David Lissy *al*
NSC/S
Max Friedersdorf *u*
Bobbie Bilberg *u*

cc (for information):

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 2

Time: noon

SUBJECT:

H.R. 13549-To provide additional income for the United States Soldiers' and Airmen's Home

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

K. R. COLE, JR.
For the President

Date: October 1

Time: 130pm

FOR ACTION: David Lissy
 NSC/S
 Max Friedersdorf
 Bobbie Kilberg

cc (for information):

Jack Marsh
 Jim Connor
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 2

Time: noon

SUBJECT:

H.R. 13549-To provide additional income for the United States Soldiers' and Airmen's Home

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

Kilberg - approve 10/17/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James H. Cannon
 For the President

Date: October 1

Time: 130pm

FOR ACTION: David Lissy
NSC/S
Max Friedersdorf *OR RKW*
Bobbie Kilberg

cc (for information):

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 2

Time: noon

SUBJECT:

H.R. 13549-To provide additional income for the United States Soldiers' and Airmen's Home

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James M. Cannon
For the President

To-
J. J. [unclear]
10-1-76
12:15 P.M.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13549 - To provide additional income for the United States Soldiers' and Airmen's Home Sponsor - Rep. Stratton (D) New York and Rep. O'Brien (R) Illinois

Last Day for Action

October 9, 1976 - Saturday

Purpose

Provides additional income for the United States Soldiers' and Airmen's Home and extends for two years the period during which the authorized numbers of Air Force lieutenant colonels and colonels are increased.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Department of the Treasury	No recommendation
Veterans Administration	Defers to Department of Defense Informally

Discussion

The United States Soldiers' and Airmen's Home is located on approximately 300 acres in Washington, D.C. The Home was established in 1851 and currently receives its operating income from: (1) interest on a trust fund provided when the Home was established; (2) a monthly contribution of 25 cents from each regular Army and Air Force enlisted man and warrant officer; and (3) judicial fines and forfeitures collected from active duty personnel.

MEMORANDUM

NATIONAL SECURITY COUNCIL

5511

October 2, 1976

MEMORANDUM FOR: JAMES M. CANNON
FROM: Jeanne W. Davis 
SUBJECT: H. R. 13549

The NSC Staff concurs in the proposed enrolled bill H. R. 13549 -
To provide additional income for the United States Soldiers' and
Airmen's Home.

Date: October 1

Time: 130pm

FOR ACTION: David Lissy
NSC/S
Max Friedersdorf
Bobbie Kilberg

cc (for information):
Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 2

Time: noon

SUBJECT:

H.R. 13549-To provide additional income for the United States Soldiers' and Airmen's Home

ACTION REQUESTED:

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

REMARKS:

please return to judy johnston, ground floor west wing

*10/1
Recommend approved
[Signature]*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James H. Cannon
For the President



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



September 29, 1976

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

Dear Mr. Lynn:

I am pleased to respond to the request from the Assistant Director for Legislative Reference for our views and recommendations on the enrolled enactment of H.R. 13549, 94th Congress.

This measure would provide additional income for the United States Soldiers' and Airmen's Home. It would direct the Board of Commissioners of the home to collect from members of the home a fee to be used solely for the operation of the home. The amount of the fee would be determined by the Board of Commissioners on the basis of financial needs of the home and the ability of the members to pay. The monthly fee could not exceed 25% of a member's (1) military retired pay; (2) civil service annuity, where such annuity is based in part on years of military service; (3) disability compensation or pension paid by the Veterans Administration; or (4) military retired pay and disability compensation where such member receives both retired pay and disability compensation or pension. The measure also provides for fixing the deduction from the active duty pay of enlisted men and warrant officers, for a study by the Comptroller General of the United States, and for extending for two years Public Law 93-397, pertaining to numbers of Air Force colonels and lieutenant colonels provided under 10 U.S.C. 8202(a).

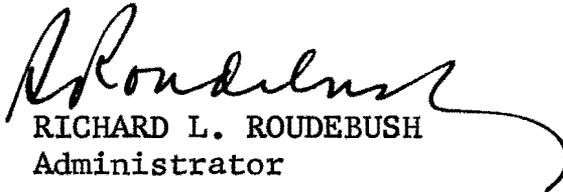
The Honorable
James T. Lynn

We were not asked to report on H.R. 13549 by the House and Senate Committees which considered the bill, or by your Office prior to clearance of the Department of Defense reports on the proposal.

The measure does not directly concern benefits under laws administered by the Veterans Administration, it would have no impact on these benefits, and would impose no responsibilities on this Agency except to certify, pursuant to proper request, the amount of compensation or pension being paid a member of the United States Soldiers' and Airmen's Home.

We accordingly defer to the Department of Defense regarding recommendations as to Presidential action on H.R. 13549.

Sincerely,


RICHARD L. ROUDEBUSH
Administrator

PROVIDING ADDITIONAL INCOME TO ASSURE THE
CONTINUED OPERATION OF THE UNITED STATES
SOLDIERS' AND AIRMEN'S HOME

MAY 14, 1976.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. STRATTON, from the Committee on Armed Services,
submitted the following

REPORT

[Including the Congressional Budget Office cost estimate and comparison]

[To accompany H.R. 13549]

The Committee on Armed Services, to whom was referred the bill (H.R. 13549) to provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of the Home to collect a fee from the members of the Home; by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 13549 is to provide additional sources of income for the United States Soldiers' and Airmen's Home Trust Fund that will protect the fiscal integrity of the Trust Fund and thus assure the continued operation of the Home.

NEED FOR THE LEGISLATION

The United States Soldiers' and Airmen's Home (USSAH) Trust Fund presently derives its income from a combination of four sources: (1) a monthly deduction of 25 cents from the pay of enlisted and warrant officer personnel of the Regular Army and the Regular Air Force; (2) fines and forfeitures imposed upon those personnel by sentence of courts-martial; (3) miscellaneous grants and bequests to the Home; and (4) interest on the unused balance of the Trust Fund held on deposit in the United States Treasury.

After reaching a peak of \$110 million in 1970, the USSAH Trust Fund has steadily declined in recent years to a current balance of \$93 million despite austerity measures by the Board of Commissioners, such as a virtual moratorium on capital expenditures. The reasons for this adverse trend are simple. The operating expenditures of the Home have paralleled the inflationary spiral affecting the whole economy over this period. Simultaneously, its income has been reduced as a result of the large-scale force reductions. The resulting operating deficits have made it necessary for the Home to make up the difference by withdrawals from its Trust Fund balance. This requirement compounds the problem since such withdrawals also reduce the amount of interest to be earned in future years.

According to realistic cash-flow projections, the Home is "eating its seed corn" at a rate which will result in the total depletion of the Trust Fund by 1987 unless additional sources of income are provided.

SUMMARY OF PROVISIONS

H.R. 13549 proposes to provide three additional sources of income for the Home. It authorizes the Secretary of the Army, with the concurrence of the Secretary of the Air Force, to increase the deduction from the pay of regular enlisted men and warrant officers from 25 cents to 50 cents per month. Secondly, it designates nonjudicial forfeitures (derived from so-called "Article 15" punishment) for support of the Home; and thirdly, it requires the Board of Commissioners of the Home to collect a fee from members of the Home. In the case of the user fee, a five-year transition mechanism is incorporated into the bill that will result in a maximum fee of 25 percent of the Member's monthly income from military and VA sources at the end of the transition period. There is historical precedent for each of the three income-producing provisions of the bill.

BACKGROUND

The modern-day United States Soldiers' and Airmen's Home facility on the outskirts of Washington, D.C., dates back to 1851 when the Congress passed "An Act to Found a Military Asylum for the Relief and Support of Invalid and Disabled Soldiers of the Army of the United States." Its original capitalization consisted of \$118,000 in tribute levied upon Mexico City by the army of General Winfield Scott during his campaign in the Mexican War. And though the term "asylum" has long since fallen into disuse, its original purpose has remained unchanged—to provide a facility in which aged or disabled enlisted and warrant officer personnel of the Regular Army (and, since 1947, of the Regular Air Force) might spend their declining years in an atmosphere of dignity and modest comfort.

Throughout its 125-year history, the Home has fulfilled that function without assistance from the taxpayers. In fact, so comprehensive was the initial enabling legislation, that only minor changes to the statutes were necessary to ensure its financial solvency. The Act of 1851 provided for the establishment of a Congressional Trust with unique funding arrangements. Both to assure revenues and to provide each enlisted member of the Army a place in the Home should he want it, the law provided that a monthly contribution

of 25 cents should be withheld from the pay of enlisted and warrant personnel and earmarked for the support of the Home. The philosophy underlying this provision was that the Home should be supported by the soldiers throughout their military careers. Having contributed to its support, soldiers who eventually chose to reside at the Home would not bear the stigma of being recipients of charity.

The Act of 1851 also provided that the proceeds collected from the administration of military discipline—the forfeitures and fines from courts-martial—would be deposited in the Trust Fund for the support of the Home. Underlying this provision was the idea that the Army should not be allowed to benefit financially from its disciplinary policies by being permitted to retain such forfeitures and fines.

With these two sources of income—payroll deductions and courts-martial fines—and with the interest earned annually on the unused balance in the Trust Fund, the Home remained in a financially solvent condition for well over a hundred years. So solvent, in fact, that the Home was able to expand its facilities several times over the years without adversely affecting its trust balance. During the World War II period, the monthly payroll deduction was actually reduced to 10 cents because the massive manpower buildup resulted in needlessly large surpluses.

REASONS FOR PRESENT FINANCIAL DIFFICULTIES

In 1973, modifications were made to the Uniform Code of Military Justice which permitted unit commanders to administer nonjudicial punishment to members of their command for minor disciplinary infractions in lieu of courts-martial which bore the stigma of a criminal conviction. These modifications carried with them the authority to impose forfeitures of pay upon the pay of enlisted and warrant personnel who agreed to accept the so-called "Article 15" punishment. Subsequently, the Comptroller General ruled that "nonjudicial forfeitures" (which did not exist in 1851) were not technically the same as courts-martial forfeitures and, thus, could be retained for the use of the military service instead of being deposited in the USSAH Trust Fund. There is no legislative history to suggest that in modifying the Uniform Code, the Congress intended to deprive the Home of this source of income or that it intended that the services should benefit financially from the administration of discipline; but this was the net effect of the Comptroller General's decision.

In recent years, there has been a growing tendency on the part of the military to rely on nonjudicial as opposed to judicial punishment to maintain discipline. In fiscal year 1975, for example, courts-martial fines and forfeitures in the Army and Air Force amounted to about \$3.5 million, while nonjudicial forfeitures were in excess of \$9 million.

Despite the loss of this substantial source of income, the Soldiers' and Airmen's Home remained in a solvent condition until the early 1970's when it fell victim to inflation like every other institution in this country. The Board of Commissioners initiated a series of drastic economy measures in an effort to weather the storm, terminating a number of employees and deferring all but the most essential property maintenance activities. Though their efforts materially slowed the adverse trend, the Home, nevertheless, has been forced to operate

at a deficit for the last few years. As a consequence, its Trust Fund is now being depleted at a rate which would result in its total exhaustion by late 1987.

Essentially, the problem is insoluble without changes in the present method of financing. Operating and maintenance costs of the Home are rising roughly in direct relationship to the Consumer Price Index while revenues are tied to a relatively fixed or even declining base. As the balance in the Trust Fund declines, the interest on that balance also declines, thus exacerbating the problem.

PRECEDENT FOR THE LEGISLATION

Each of the three provisions of H.R. 13549 has a historical precedent. At one time, members of the Home were charged a "user fee" but the practice was suspended during the time when the fund was generating a more than adequate surplus. Today, that situation no longer prevails; and the members have expressed a willingness to contribute to the Home's upkeep. The current 25-cent payroll deduction is the same amount withheld back in 1851. Millions of Americans in service made such a contribution. There is no evidence that, in adopting the Uniform Code of Military Justice, Congress intended to deny nonjudicial forfeitures as a source of income for the Home.

H.R. 13549—A CLEAN BILL

H.R. 13549 is a clean bill drafted by the committee which replaces H.R. 9767 on which hearings were held. H.R. 9767, as proposed by the Board of Commissioners of the Home would have provided for a user's fee on a flat-fee basis up to \$150 a month. The Board of Commissioners, however, subsequently indicated support of a user's fee based on a percentage of retired pay and agreed that this method of assessment is the most equitable in terms of the members' ability to pay. The committee has determined that the average income of military retired pay or its equivalent by members of the Home is approximately \$335 a month. The committee bill, therefore, will result in an average charge to the residents of the Home of \$83 a month, when the user fee is fully instituted. The board would have up to five years to gradually phase in the charge.

The accrual of Article 15 forfeitures to the Home as provided by section 2 of the bill is identical to the provision for such accrual in H.R. 9767 as recommended by the Board of Commissioners of the Home.

H.R. 9767 as proposed by the Board of Commissioners of the Home would have provided authority for increasing the deduction from active-duty Regular enlisted and warrant officer pay to \$1 a month. The commissioners had indicated an intention to recommend raises in 15-cent increments in the future. Rather than frequent changes which might be disturbing to enlisted personnel, the committee believes that an increase to 50 cents should be made immediately with the understanding that the deduction would be stabilized at that figure for a good many years. It is the intention of the committee, therefore, that the deduction be raised upon enactment to 50 cents a month.

INADEQUATE RESPONSE OF THE DEPARTMENT OF DEFENSE

The committee is not satisfied with the cooperation received from the Department of Defense on this legislation and believes that legislation of this type which concerns the welfare of enlisted personnel should receive a more prompt and well-thought-out response from the Department. Defense witnesses announced at the initial hearing on the legislation that the Department was unprepared to state any position on the bill. Later a Department witness testified in support of one section of the bill and against two others, and finally the Department submitted a letter proclaiming strong support for continuation of the Home but suggesting revisions in the legislation.

The Defense Department supports the user's fees, as provided in section 1, and indicated support for giving the Board of Commissioners authority to institute a user's fee of up to 50 percent of retired pay. The committee believes the maximum 25-percent fee as contained in H.R. 13549 is more equitable.

The Department of Defense opposed the accrual of forfeitures of pay to the Home, as provided in section 2, on the grounds it would add to Defense expenditures in an indirect manner. The committee rejects this reasoning since the changes in nonjudicial punishments were not intended to deny income to the Home or to allow the services to benefit financially from the administration of discipline.

The Department of Defense supported an increase in the deduction from active-duty Regular enlisted personnel and warrant officers of the Army and Air Force to \$1 a month but proposed that the increase be limited to those in pay grade E-4 with over four years of service and above. The Department supported a continued deduction of 25 cents for those in pay grades below E-4; that is, generally first-term enlisted personnel. As stated, the committee believes that a one-time increase to 50 cents (section 3 of the bill) is more desirable than an increase to \$1 and does not believe that first-term enlisted personnel should be excluded from the increase since a soldier or airman during his first term can become eligible for membership in the Home because of retirement for disability.

MEMBERS' ADVISORY COUNCIL

The committee believes that the enlisted personnel who are members of the Home can play, and should be given an opportunity to play, a more active role in the development of policy for the internal administration of the Home. The committee recommends, therefore, that the governor of the Home, at the earliest opportunity, take such steps as are necessary to create a members' advisory council to the governor.

The committee believes that such a council would be a useful sounding board for proposed policies for the Home and would be a useful channel of communication in bringing to the attention of the governor useful suggestions by the members of the Home themselves. Procedures should be established for the advisory council to meet regularly with the governor or, as appropriate, with the members of the Board of Commissioners.

DEPARTMENTAL DATA

The Department of Defense strongly supports the concept of the Soldiers' and Airmen's Home but suggested revisions in the legislation as indicated in the following correspondence, which is hereby made a part of this report. The correspondence addresses itself to H.R. 9767, the bill on which hearings were held. H.R. 13549 is a clean bill drafted by the committee to replace H.R. 9767.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., February 13, 1976

HON. MELVIN PRICE,
Chairman, Committee on Armed Services,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense on H.R. 9767, 94th Congress, a bill "To provide for additional income for the United States Soldiers' and Airmen's Home by authorizing the Board of Commissioners of the Home to collect a fee from the members of the Home; by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers."

The Department of Defense strongly supports the concept of the Soldiers' and Airmen's Home and believes it essential that its growing financial plight be remedied. Over the years, the Home has provided a residence, as well as medical, spiritual and moral care for many aged and infirm former Regular enlisted personnel and warrant officers of the Army and Air Force. Many of these services are not available to the members of the Home through other sources or Federal programs. As the cost of other private and public institutions engaged in similar activities continues to increase, the Home, despite its growing financial difficulties, remains a relatively economical method for caring for such former Regular members wherein they may live their declining years in dignity.

The Department of Defense is very appreciative for the interest and concern of the Congress in providing financial relief to the Home. We do not necessarily agree, however, that the revenue producing provisions of H.R. 9767 represent the most suitable solution to the financial problems of the Home.

Section 1 of the bill would authorize the Board of Commissioners to impose a user fee on members of the Home in an amount determined by the Board. Such authority seems fully justified in view of the financial difficulties being experienced by the Home. Were this authority granted, we are confident that it would be exercised with due consideration for each member of the Home and, to the extent practicable, without embarrassment with respect to individual financial disclosure. In this regard, it is noted that some degree of financial disclosure is common practice in many business transactions, such as securing personal loans. We see nothing degrading in this procedure, providing it is handled discreetly as applied to members of the Home. This we would insist upon, if authorized to impose a user fee.

The Department of Defense would object to any amendment of H.R. 9767 which would overly restrict the Board of Commissioners in establishing the amount of the user fee. If it is desired to specify a percentage of income that could be applied, it is believed the bill should be amended to state that "The amount of the fee shall be determined by the Board, but shall not exceed 50 percent of member income received from Federal Government sources." This would allow the Board to establish a realistic user fee which could, should the financial needs of the Home dictate be increased up to 50 percent of pension type or disability income received from Federal sources by members of the Home.

Section 2 of the bill would authorize the appropriation of non-judicial forfeitures for support of the Home. This provision would result in additional revenue for the Home of about \$10 million per year. The appropriation of these forfeitures for use of the Home will add to Defense expenditures in an indirect manner, in amounts not necessarily related to the needs of the Home, and for a purpose which has not been established as a financial responsibility of the Department of Defense. In this regard, it is entirely possible that the smaller, better motivated, all volunteer force of the future could result in lower revenues from nonjudicial forfeitures, even though the operations and maintenance costs of the Home are higher.

In view of the effort to reduce the Defense budget, and manpower costs in particular, the Department is reluctant to assume any additional financial responsibility, especially in instances where the expenditures involved do not contribute directly to the current national defense. It is believed, therefore, that every effort should be made to meet the financial needs of the Home without the appropriation of funds for this purpose. We are not convinced that efforts to date have fully explored all feasible alternatives for doing this. If accorded the time, such an undertaking will be directed.

For reasons cited above, this Department does not support Section 2 of the bill which would authorize the use of nonjudicial forfeitures by the Home.

Section 3 of the bill would authorize increasing from \$.25 to \$1.00 the involuntary monthly deduction from the pay of Regular enlisted members and warrant officers of the Army and Air Force for support of the Home. The Department of Defense does not support this provision as written in view of its application to a very substantial portion of the enlisted force of the Army and Air Force, who can be expected to serve only one enlistment. Only under unusual circumstances could such members be eligible for admittance into the Home at some future date. It is for this reason that the Department of Defense opposes increasing the involuntary deduction from the pay of those generally considered as comprising the non-career enlisted force. This Department would not object to an amendment of the bill to provide the Secretaries of the Army and Air Force discretionary authority to increase the involuntary deduction from \$.25 per month to \$1.00 per month for enlisted members of the Army and Air Force in pay grades E-4 (with over 4 years of service) and above, and for warrant officers. Since careerists are the primary beneficiaries of the Home, and the great majority of enlisted members in pay grades E-4 (with over 4 years service) and above are in the career category, it

can be persuasively argued that it should be this group that should be subjected to any increased assessment to maintain the fiscal viability of the Home.

For reasons cited above, the Department of Defense opposes Section 3 of the bill as written, but would support an amendment to that section which would grant authority to increase involuntary monthly deductions from \$.25 to a maximum of \$1.00, providing that authority apply only to enlisted members of the Army and Air Force in pay grades E-4 (with over 4 years service) and above, as well as to warrant officers of these Services. The authority for a \$.25 monthly deduction from the pay of enlisted personnel of the Army and Air Force in pay grades E-4 (with less than 4 years service) and below, should remain unchanged. It should be noted that each \$.15 increase in the deductions from careerists' pay results in additional annual revenue to the Home of approximately \$900,000.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

RICHARD A. WILEY.

COMMITTEE POSITION

The Committee on Armed Services, on May 13, 1976, a quorum being present, unanimously approved the bill without amendment.

FISCAL DATA

COMMITTEE ESTIMATE

The committee legislation is designed to provide sufficient income to put the United States Soldiers' and Airmen's Home in a solvent position for an extended period of years. Information supplied by the governor of the Home indicates that without additional income the Home would continue to experience mounting annual deficits and the Trust Fund balance would be in a deficit position by 1987. The committee, in examining the estimates of income and expenditures in the course of its hearings, determined that the prospects were, if anything, even worse than estimated by the governor of the Home. The committee, therefore, made its own projections of expected income and resulting Trust Fund balances. The committee's estimate of the effect on the fund of the additional income provided by H.R. 13549 is contained in the following table:

U.S. SOLDIERS' AND AIRMEN'S HOME CASH FLOW PROJECTIONS: 1976-2000 WITH ADDITIONAL INCOME PROVIDED BY H.R. 13549

[In millions of dollars]

Fiscal year	CM fines (1)	Payroll withholding (2)	Interest (3)	Miscellaneous (4)	User fee (5)	NJ fines (6)	Total income (7)	O. & M. expense (8)	Net income (loss) (9)	Fund balance in current dollars (10)	Fund balance in constant 1976 dollars (11)	Fiscal year
1976	3.95	3.63	6.60	0.21	1.32	10.34	14.40	15.14	(0.74)	93.58	93.58	1976
1976T	1.00	.90	1.64	.05	1.38	10.34	3.59	4.05	(.46)	93.12	93.12	1976T
1977	4.11	7.03	6.52	.22	1.38	10.65	29.54	16.48	13.06	106.18	101.12	1977
1978	4.23	7.03	7.43	.23	2.08	10.97	30.95	17.63	13.32	119.50	108.44	1978
1979	4.36	7.03	8.36	.24	2.18	11.30	33.04	18.86	14.18	133.68	115.44	1979
1980	4.49	7.03	9.36	.25	3.05	11.64	34.61	20.18	14.43	148.11	121.80	1980
1981	4.62	7.03	10.37	.26	3.21	11.99	36.97	21.59	15.38	163.49	128.13	1981
1982	4.76	7.03	11.44	.27	3.37	12.35	38.70	23.10	15.60	179.09	133.65	1982
1983	4.91	7.03	12.57	.28	3.54	12.72	40.48	24.72	15.76	194.85	138.49	1983
1984	5.05	7.03	13.64	.29	3.71	13.10	42.27	26.45	15.81	210.67	142.63	1984
1985	5.21	7.03	14.75	.30	3.89	13.50	44.11	28.30	15.88	226.48	146.02	1985
1986	5.36	7.03	15.85	.33	4.09	13.90	45.97	30.28	15.89	242.17	148.66	1986
1987	5.52	7.03	16.95	.35	4.30	14.32	47.84	32.40	15.84	257.61	150.65	1987
1988	5.69	7.03	18.03	.37	4.51	14.75	49.74	34.67	15.73	272.68	151.83	1988
1989	5.86	7.03	19.09	.41	4.74	15.19	51.63	37.10	15.57	287.21	152.82	1989
1990	6.03	7.03	20.10	.43	5.00	15.64	53.50	39.70	15.30	301.01	152.02	1990
1991	6.22	7.03	21.07	.45	5.22	16.11	55.36	42.47	14.89	313.90	150.99	1991
1992	6.40	7.03	21.97	.47	5.48	16.60	57.18	45.45	11.73	325.63	149.17	1992
1993	6.59	7.03	22.82	.49	5.76	17.10	58.96	48.63	8.66	335.96	146.58	1993
1994	6.79	7.03	23.52	.51	6.05	17.61	60.69	52.03	6.66	344.62	143.17	1994
1995	7.00	7.03	24.12	.53	6.35	18.14	62.32	55.67	4.28	351.27	139.01	1995
1996	7.21	7.03	24.59	.55	6.67	18.68	63.85	59.57	4.28	355.55	134.02	1996
1997	7.42	7.03	24.89	.57	7.00	19.24	65.24	63.74	1.50	357.02	128.16	1997
1998	7.64	7.03	24.87	.59	7.35	19.82	66.47	68.20	(1.73)	359.32	121.48	1998
1999	7.87	7.03	24.87	.59	7.72	20.41	67.53	72.58	(5.45)	369.82	113.89	1999
2000	8.11	7.03	24.49	.61	7.72	20.41	68.37	78.08	(9.71)	340.16	105.48	2000

Col. 1—Courts-martial fines assumed to rise at 3 percent per annum.
 Col. 2—Payroll withholding—assumes constant AF—Army EM—WO strength of 1,171,000 at rate of 50¢/mo beginning fiscal year 1977.
 Col. 3—Interest assumes constant rate of 7 percent applied annually to unused fund balance.
 Col. 4—Miscellaneous income includes gifts, bequests, etc.
 Col. 5—User fee: estimates based upon static population of 2,500; fiscal year 1976 average monthly /

MH VA pension of \$335; annual CPI increase of 5 percent.
 Col. 6—Nonjudicial (article 15) fines assumed to rise at 3 percent per annum.
 Col. 7—O. & M. expense: assumed to rise at 7 percent per annum (CPI at 5 percent). This would permit limited capital expenditures.
 Note: Projections are based upon static occupancy and minimal capital construction. Any extensive building program would result in substantially lower fund balance projections than those shown above.

EXECUTIVE BRANCH COMMENT

The Department of Defense, while supporting the purpose of the bill, opposes section 2 on the grounds that earmarking nonjudicial forfeitures for the support of the USSAH will have an indirect fiscal impact since such forfeitures—amounting to approximately \$9 million per year—will require a financial adjustment to the military personnel accounts.

The committee does not accept the rationale that appropriation of nonjudicial forfeitures for the support of the Home would automatically necessitate a corresponding increase in military personnel budgets or that, in fact, the level of past budgets has been influenced by the availability of nonjudicial forfeitures as a financing adjustment.

Following is the Defense Department estimate of nonjudicial forfeitures. The committee notes that the Defense estimate apparently assumes increases in nonjudicial forfeitures at the same rate as projected increases in basic pay. In its projections the committee has assumed the forfeitures to rise at a more conservative 3-percent annual rate since an examination of historical data indicates that courts-martial fines and forfeitures have increased at a lower rate than increases in pay.

DEPARTMENT OF DEFENSE ESTIMATE

ACTUAL AND PROJECTED NONJUDICIAL FORFEITURES

[In thousands of dollars; fiscal years]

	Actual		Estimate					
	1974	1975	1976	1977	1978	1979	1980	1981
Army.....	\$5,714	\$6,778	\$6,877	\$6,987	\$6,985	\$6,985	\$6,985	\$6,985
Air Force.....	1 NA	2,202	2,109	2,032	2,002	1,999	2,004	2,004
Total.....		8,980	8,986	9,019	8,987	8,984	8,989	8,989

¹ Data not available.

Note: Estimates for fiscal year 1977 and beyond are based on pay rates effective Oct. 1, 1975.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office and submitted pursuant to section 403 of the Congressional Budget Act of 1974 is included hereafter:

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

MAY 12, 1976.

1. Bill number: H.R. 13549.
2. Bill title: To provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of the Home to collect a fee from the members of the Home, by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers.
3. Purpose of the bill: The provisions of this bill are designed to increase revenues to the Soldiers' and Airmen's Home Permanent

Fund (Trust Fund) in order to stabilize the Fund at approximately its current purchasing value. Increased income is provided to the fund by requiring the Board of Commissioners of the Home to collect a fee from the members of the Home; by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers.

4. Budget impact: The provisions of this bill are estimated to provide increased revenue to the Soldiers' and Airmen's Home Permanent Fund in the following amounts:

[In thousands of dollars; fiscal years]					
Budget receipts	1977	1978	1979	1980	1981
User fees.....	1,065	1,149	1,827	2,616	3,473
Nonjudicial forfeitures.....	9,408	10,236	11,086	11,850	12,668
Withheld pay.....	3,600	3,600	3,600	3,600	3,600
Total budget receipts.....	14,073	14,985	16,513	18,066	19,741

In addition, the military personnel accounts will increase by the amount of the nonjudicial forfeitures, estimated to be:

Fiscal year:	Thousands
1977.....	\$9,408
1978.....	10,236
1979.....	11,086
1980.....	11,850
1981.....	12,668

5. Basis for estimate: The assumed enactment date of this legislation is September 1, 1976. To estimate the budget receipts from user fees, the equation used is: (average monthly incomes of Home residents) × (12 months) × (number of residents) × (percentage phase-in). The estimated average income of a Home resident was based on an estimate provided by Home personnel of \$315/month. The CBO estimate treats all income as retired pay, although, in fact, residents do have other sources of income. It also assumes that the \$315 base included increases up to, but not including, the March 1976 increases. The estimated average wage of residents used in this calculation (estimated on a current policy basis including the 1% kicker) were as follows: FY 77—\$355/mo.; FY 78—\$383/mo.; FY 79—\$406/mo.; FY 80—\$436/mo.; FY 81—\$463/mo. The number of residents was estimated by Home personnel to be a constant 2,500 over the next 5 years; this figure is used by CBO for this estimate. The phase-in rate for the first 60 months of this legislation (i.e., phasing into the prescribed 25% of income of Home residents) is assumed to be 10% in FY 77, 10% in FY 78, 15% in FY 79, 20% in FY 80, and 25% (24.99%) in FY 81.

The data on the amount of non-judicial forfeitures was supplied by DoD. The FY 76 amount for non-judicial forfeitures, which includes October 1, 1975 pay rates, was estimated by DoD to be \$8,986,000. For this estimate it is assumed that the non-judicial forfeiture amount (which represents a forfeiture of days of pay) increases proportionally with pay increases. The assumed rates of pay increases, and therefore of non-judicial forfeitures, are as follows: FY 77—4.7%; FY 78—8.8%; FY 79—8.3%; FY 80—6.9%; FY

81—6.9%. That is, the estimate is the 1976 amount estimated by DoD increased by CBO pay assumptions.

The marginal revenue due to increasing the amount withheld monthly from soldier and airmen pay from 25¢ to 50¢ is the difference between the annual amount collected from an estimated constant 1,200,000 Air Force and Army enlisted personnel total at the old 25¢/month rate and the new 50¢/month rate.

6. Estimate comparison: There are no official DoD estimates on this bill.

7. Previous cost estimate: None.

INFLATION-IMPACT STATEMENT

The enactment of this legislation will not have an inflationary impact on the economy of the United States.

OVERSIGHT FINDINGS

With reference to clause 2(1)(3)(D) of Rule XI of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

EXISTING LAW

ACT OF MARCH 3, 1883 (U.S.C. 52)

§ 52. Allotment of pensions

Any inmate of the home who is receiving a pension from the Government, and who has a child, wife, or parent living, shall be entitled, by filing with the Veterans' Administration a written direction to that effect, to have his pension, or any part of it, paid to such child, wife, or parent. The pensions of all inmates of the home, except such as shall be assigned as aforesaid, shall be paid to the treasurer of the home. The money thus derived shall not become a part of the funds of the home, but shall be held by the treasurer in trust for the pensioner to whom it would otherwise have been paid, and such part of it as shall not sooner have been paid to him shall be paid to him on his discharge from the institution. The board of commissioners may from time to time pay over to any inmate such part of his pension money as they think best for his interest and consistent with the discipline and good order of the home, but such pensioner shall not be entitled to demand or have the same so long as he remains an inmate of the home. In case of the death of any pensioner, any pension money due him and remaining in the hands of the treasurer shall be paid to his legal heirs, if demand is made within three years; otherwise the same shall escheat to the home. Mar. 3, 1883, c. 130, § 4, 22 Stat. 564; Aug. 17, 1912, c. 130, § 1, 37 Stat. 312; July 3, 1930, c. 863, § 1, 46 Stat. 1016.

THE BILL

(2) In any case in which a member of the Home has assigned more than 75 per centum of his disability compensation or pension payable by the Administrator of Veterans' Affairs to his child, wife, or parent pursuant to section 4 of the Act of March 3, 1883 (24 U.S.C. 52), the amount of the fee collected under this section for each member for each month shall equal the monthly amount of the disability compensation or pension payable pursuant to such section 4 to the treasurer of the Home on behalf of such member, but adjusted accordingly during the sixty-month period referred to in paragraph (1) (B) of this subsection to carry out the purposes of such paragraph.

(c) All fees collected pursuant to this section shall be for the sole and exclusive use of the Home.

Section 4818 of the Revised Statutes of the United States (24 U.S.C. 44)

§ 44. Funds

For the support of the Soldiers' Home the following funds are set apart and appropriated: All stoppages or fines adjudged against soldiers by sentence of courts-martial, over and above any amount that may be due for the reimbursement of Government, or of individuals; all forfeitures on account of desertion; and all moneys belonging to the estates of deceased soldiers, which may be unclaimed for the period of three years subsequent to the death of such soldiers, to be repaid by the commissioners of the institution, upon demand of the heirs or legal representatives of the deceased. R.S. § 4818.

Act of February 13, 1936, Chapter 66 (24 U.S.C. 44a)

§ 44a. Same; deductions from pay of enlisted men and warrant officers

Beginning with March, 1936, there shall be deducted each month from the pay of each enlisted man and warrant officer on the active list of the Regular Army, exclusive of the Philippine Scouts, a sum not to exceed 25 cents, which sum shall be passed to the credit of the permanent fund, United States Soldiers Home (trust fund) in the Treasury of the United States; the exact sum to be so deducted to be fixed from time to time by the Secretary of the Army, within the limit prescribed above, on the recommendation of the Board of Commissioners of said Home as to the amount required to meet the needs of the Home. Feb. 13, 1936, c. 66, 49 Stat. 1137.

SEC. 2. Section 4818 of the Revised Statutes of the United States (24 U.S.C. 44) is amended by inserting "or under authority of section 815 of title 10, United States Code" before "over and above".

SEC. 3. The Act of February 13, 1936, chapter 66 (24 U.S.C. 44a), is amended by striking "25 cents," and inserting in place thereof "50 cents".

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CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of provisions of existing law which would be repealed and amended by the various provisions of the bill as reported.

EXISTING LAW

THE BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) for months after the month in which this Act is enacted, the Board of Commissioners of the United States Soldiers' and Airmen's Home (hereinafter in this section referred to as the "Home") shall collect a fee from each member of the Home.

(b) (1) Except as provided in paragraph (2) of this subsection, the amount of the fee required to be collected from each member of the Home pursuant to subsection (a) shall be—

(A) for months after the close of the sixty-month period referred to in subparagraph (B) of this paragraph, an amount equal to 25 per centum of—

(i) the monthly amount of the military retired pay of the member.

(ii) the monthly amount of the disability compensation or pension paid by the Administrator of Veterans' Affairs to the member; or

(iii) the monthly amount of military retired pay and such disability compensation, in the case of any member receiving both; and

(B) for months during the sixty-month period beginning with the month after the month in which this Act is enacted, an amount equal to such percent-

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age (but less than 25 per centum) of the monthly amount of military retired pay, disability compensation, or pension, as the case may be, of each member as the Board of Commissioners may determine to be appropriate to provide for an incremental phasing-in of the fee amount specified in subparagraph (A) of this paragraph.

SUMMARY

PURPOSE

The purpose of the bill is to provide for additional income for the United States Soldiers' and Airmen's Home to protect the fiscal integrity of the institution's Trust Fund and to thus ensure the continued operation of this sanctuary for older enlisted and warrant officer personnel of the Army and Air Force.

FISCAL DATA

The bill provides for increasing the income to the United Soldiers' and Airmen's Home Trust Fund by collecting a fee from members of the Home, by designating nonjudicial forfeitures of pay for support of the Home and by increasing from 25 cents to 50 cents a month the deduction from the pay of Regular Army and Air Force enlisted and warrant officer personnel for support of the Home.

DEPARTMENTAL POSITION

The legislation was requested by the Board of Commissioners of the United States Soldiers' and Airmen's Home. The Department of Defense indicated its support for continuation of the Home but recommended revisions in the legislation.

COMMITTEE POSITION

The Committee on Armed Services, on May 13, 1976, a quorum being present, unanimously approved H.R. 13549 without amendment

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PROVIDING ADDITIONAL INCOME TO THE U.S. SOLDIERS' AND AIRMEN'S HOME AND AN AIR FORCE GRADE EXTENSION

SEPTEMBER 15, 1976.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H.R. 13549]

The Committee on Armed Services, to which was referred the bill (H.R. 13549) to provide additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of the Home to collect a fee from the members of the Home; by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers, having considered the same, reports favorably thereon with an amendment, and an amendment to the title and recommends that the bill as amended do pass.

COMMITTEE AMENDMENT IN THE FORM OF A SUBSTITUTE

The committee amended the bill by striking all after the enacting clause, substituting new language reflecting the changes in this bill and changing the title of the bill.

NATURE OF THE COMMITTEE AMENDMENT

The bill as passed by the House and referred to the committee would provide additional income for the Soldiers' and Airmen's Home in three ways: authorize the collection of a monthly fee from members of the home based on a percentage of military retirement and/or Veterans disability compensation of pension starting at 12½ percent and increasing to 25 percent over five years; permit the appropriation of nonjudicial forfeitures for support of the home; and authorize an increase of monthly deduction from the pay of active duty personnel up to a ceiling of 50 cents.

The committee amended the bill by deleting the provision that would permit the appropriation of nonjudicial forfeitures for support of the Soldiers' Home and adding a provision directing the Comptroller General to conduct a full study of the Soldiers' Home. The provision authorizing the collection of a monthly fee from the members of the home was amended by giving the home's Board of Commissioners certain discretionary authority in levying the fee. The Secretaries of the Army and Air Force are authorized, with certain discretion, to levy a fee on active duty personnel of up to 50 cents of monthly pay so as to meet the annual operating requirements of the home.

An additional amendment would authorize an increase for two years in the number of Air Force colonels and lieutenant colonels provided under 10 U.S.C. 8202(a). This would be effected by extending, for two years, Public Law 93-397, which expires on September 30, 1976.

PURPOSE OF THE BILL

The legislation would provide additional income for the United States Soldiers' Home to eliminate the operating deficits which the home has been experiencing over the last several years.

LEGISLATIVE HISTORY

Senator Thurmond, along with Senators Goldwater, Tower, and Young, introduced S. 2441 on October 1, 1975. The original House bill, H.R. 9767, was introduced on September 22, 1975. The House Committee on Armed Services reported H.R. 13549, a clean bill drafted by the committee to replace H.R. 9767. H.R. 13549 passed the House on May 18, 1976. Due to time limitations and the lateness of the current session, the committee acted on the House bill.

BACKGROUND

The United States Soldiers' Home was originally designed to provide a home for the relief and support of certain old, invalid or disabled soldiers. The modern-day facility is located on approximately 300 acres in Washington, D.C.

The Soldiers' Home was established in 1851 when Congress passed "An Act to Found a Military Asylum for the Relief and Support of Invalid and Disabled Soldiers of the Army of the United States." During the Mexican War the Commanding General of the U.S. Army in Mexico, Winfield Scott, collected \$118,000 in tribute from Mexico. Congress subsequently appropriated from the U.S. Treasury the \$118,000 as well as an unexpended balance of \$54,136 from an earlier appropriation for disabled and wounded soldiers to be placed in trust for the use of the home.

The Soldiers' Home currently receives by law revenue from the following sources: a monthly contribution of 25 cents from each enlisted member and warrant officer of the Regular Army and Air Force while on active duty; fines and forfeitures collected from active duty personnel by sentence of courts-martial which are "set apart and appropriated"; and interest of about 7 percent per annum on the trust fund balance of the home.

The policy and procedures of the Soldiers' Home are formulated by the Board of Commissioners whose statutory members are the Surgeon General, the Adjutant General, the Chief of Engineers, the Judge Advocate General, the Chief of Finance and the Governor of the Soldiers' Home. The Governor and all officers of the home are selected by the President. The Board's responsibilities include examining and auditing the accounts and establishing regulations, subject to the approval of the Secretary of the Army, for the general and internal direction of the home.

CURRENT FINANCIAL SITUATION

Through its annual income, the trust fund of the Soldiers' Home has increased over the years to \$110.1 million as of 1969. Figures furnished to the committee by the home indicate that in 1971 for the first time in recent history the home's operating expenses exceeded its income by \$2.1 million. Annual operating deficits have continued to date.

Contributing to this reversal were higher costs for goods and services, a reduction in the size of the active forces which decreased the total income to the home from active duty personnel, and a reduction since 1963 in the amount of judicial forfeitures turned over to the home. Figures furnished by the home indicate that if this trend continues, the trust fund will be depleted in fiscal year 1986. The fund is now at \$93 million. The home projects a fiscal year 1976 deficit of \$1.4 million.

DISCUSSION

USERS' FEE

In order to avoid an annual operating deficit for the Soldiers' Home in fiscal year 1977, the committee felt it was essential to levy a monthly fee on members of the Soldiers' Home. The Board of Commissioners shall be authorized to determine the amount of the fee based on the needs of the home and the ability of the members to pay. Specifically, this fee is not to exceed 25 percent of the monthly income received from military retired pay, civil service annuity and veterans' compensation and/or pension.

The committee felt that a users' fee would be an equitable way to maintain the financial stability of the Soldiers' Home and its useful role in fostering care for retired enlisted personnel of the Army and Air Force. With the establishment of the All-Volunteer Force, pay and retirement benefits in the military are comparable to those in the private sector. Therefore, present members of the home should be in a position to contribute towards their care and support.

This provision is not a new precedent. During the early days of the Soldiers' Home, members surrendered their pensions to the institution while they were receiving the benefits of the home.

A users' fee assessed at a rate of 25 percent of a member's military retired income or pension would result in approximately \$2.5 million additional income to the home. This additional income should be sufficient to overcome any operating deficit for fiscal year 1977.

LEVY ON ACTIVE DUTY PERSONNEL

The committee authorizes increasing the monthly deduction from the pay of enlisted and warrant personnel of the active Army and Air Force in an amount not to exceed 50 cents. This deduction should be increased only to the extent required to reduce the operating deficit of the Soldiers' Home. This deduction must not be used, for example, to expand or to upgrade the facilities of the Soldiers' Home. It is the intent of the committee that increasing the monthly sum levied on enlisted personnel will be a last resort. Hopefully, sufficient funds will be gained through the collection of the users' fee on home members and through continuing economies to offset any operating deficits in the short term.

The Secretary of the Army and the Secretary of the Air Force are authorized to fix the sum for different amounts based on grade and/or time in service. For example, a private during his first enlistment could have a smaller deduction than a sergeant with fifteen years of service who has a greater potential to use the Soldiers' Home. Notwithstanding grade and time in service, members of the Army and Air Force will, with the same grade or time in service, have the same amount deducted monthly.

The Secretaries of the Army and Air Force are given discretionary authority to increase the monthly deduction up to 50 cents. It is the intent of the committee that this deduction be adjusted one time and then remain stable.

A 25 cent deduction from a private's salary of \$361.00 per month in 1975 should not be a hardship when compared to the 25 cents deduction from a private's salary of \$7.00 per month in 1859.

NONJUDICIAL FORFEITURES

Modifications in the Uniformed Code of Military Justice permit unit commanders to administer nonjudicial punishment to members of their command for minor disciplinary infractions in lieu of courts-martial. Forfeitures of pay are levied upon enlisted and warrant personnel who agree to accept the so-called "Article 15" punishments. Nonjudicial forfeitures approximate \$10 million annually.

Funds imposed through nonjudicial forfeitures represent assets of the United States Government and presently revert to the military personnel account. These funds offset increases in the Defense budget request, thereby reducing the burden on the taxpayers. The Committee was not prepared to authorize these funds to the home without further inquiry and study.

GAO STUDY

While this legislation would authorize adequate funds to remedy the short term deficit of the Soldiers' Home, the committee feels that additional information is needed before decisions can be made on a long-term financial arrangement for the home.

The Comptroller General is therefore authorized to conduct a study to determine the short and long-term financial needs of the home. The purpose of this study is not to assess whether a Soldiers' Home is warranted. The committee believes that the home fulfills a useful mission. Rather, the committee is requesting that the Comptroller

General undertake a broad study of the financial needs of the home and recommend ways to increase revenues and decrease costs. This study should include an examination of the structure of the home and opportunities for operating improvements.

AIR FORCE GRADE EXTENSION

The bill would provide authority for 2 more years for the number of Air Force colonels and lieutenant colonels currently authorized by Public Law 93-397, which expires on September 30, 1976. Public Law 93-397 authorizes an increase in the number of colonels and lieutenant colonels serving on active duty in the Air Force above the permanent authorization of 10 U.S.C. 8202. The number of authorized colonels and lieutenant colonels is based on the total officer strength of the Air Force.

The temporary extension of this authority should, barring extreme fluctuations in the total strength of the commissioned officer force, allow the Air Force to adequately man its officer force and to maintain predictable promotion patterns for commissioned officers pending enactment of permanent legislation. Failure to enact legislation extending this authority would mean that the number of officers allowed to serve in the field grades would be based upon the table established in permanent law by the Officer Grade Limitation Act (OGLA) of 1954, substantially below current strengths.

The extension of the authority will permit the Air Force to promote their officers for the next 2 years to the grade of major, lieutenant colonel, and colonel at about the same career points and with approximately the same percentage of promotion opportunity as has been the case in the recent past and as is comparable to the Army and the Navy.

BACKGROUND ON THE AIR FORCE FIELD GRADE OFFICER PROBLEM

The original Officer Grade Limitation Act (OGLA), which placed limits on the number of field grade officers in the Armed Services, was passed in 1954. At that time, the Air Force was a comparatively younger branch of the Armed Services and thus needed fewer grade authorizations to provide adequate career progression. Aware of this fact, Congress provided substantially fewer field grades for the Air Force than for the Army and Navy, but it also realized that the Air Force would need to seek relief in the form of additional authorizations as the force matured. The Congress has provided this additional authorization on seven previous occasions. The most recent authority was provided by Public Law 93-367 which expires September 30, 1976.

THE PROPOSED DEFENSE OFFICER PERSONNEL MANAGEMENT SYSTEM

The Defense Officer Personnel Management System (DOPMS) proposed by the Department of Defense, is far-reaching, complicated legislation to provide permanent and more uniform promotion systems among the Services and new field grade authorization tables. It would include new grade authorization tables for the Air Force, and thus obviate the need for temporary grade relief legislation. While the DOD proposal would overhaul or eliminate more than 300 sections of cur-

rent law, it would not make a major shift from the present officer management system.

The Subcommittee on Manpower and Personnel has studied the DOPMS proposal at length. The Subcommittee found that the proposal in its present form does not meet the stringent criteria by which such an important defense officer management system should be judged. Therefore, the Subcommittee is developing alternatives to the Defense Department proposal. This process will take time. The Committee therefore finds it prudent to act on the needed Air Force grade relief extension pending action on the broader DOPMS proposal.

EFFECTS OF THE BILL

Field Grade Authorizations.—This bill will affect the maximum number of officers authorized to serve on active duty in each of the Air Force field grades. Under the Officer Grade Limitation Act of 1954 (OGLA), the Air Force is authorized field grade officers based on the total commissioned officer strength. However, the OGLA authorization would not allow the Air Force to adequately man its officer force based on today's force levels and current authorizations. The following table explains the effect of the proposed legislation on the Air Force OGLA grade authorizations.

COMPARISON OF 1954 OFFICER GRADE LIMITATION ACT AND PROPOSED MAXIMUM GRADE AUTHORIZATIONS AT PROJECTED FISCAL YEAR 1977 OFFICER STRENGTH LEVELS¹

	Committee bill ²	1954 OGLA	Difference
0-6.....	4,811	4,323	488
0-5.....	11,273	8,499	2,774
0-4.....	17,030	17,030	0

¹ Includes all commissioned officers on active duty except the Medical Corps and Dental Corps.

² These figures are the same as those in Public Law 93-397 projected for fiscal year 1977.

This legislation would provide the Air Force with field grade authorizations comparable (in percentage) to such authorizations in the Army and Navy. The following table presents the present maximum field grade authorizations in the three Services.

PERCENT OF OFFICERS ALLOWED BY GRADE UNDER OFFICER GRADE LIMITATION ACT SERVICE COMPARISON, FISCAL YEAR 1977 PROJECTED STRENGTHS¹

	Army	Navy ²	Air Force	
			With relief	Without relief
Colonel.....	5.7	5.9	5.3	4.8
Lieutenant colonel or commander.....	13.0	11.5	12.4	9.3
Major or lieutenant commander.....	17.8	17.8	18.7	18.7
Total commissioned officer strength.....	78,713	55,109	90,941	90,941

¹ All figures are minus physicians and dentists.

² As authorized under current OGLA. Navy OGLA applies only to unrestricted line officer population constituting 60 percent of total commissioned officers.

Promotion Opportunity.—The proposed legislation also provides the Air Force with promotion opportunity in the field grades comparable to the opportunity presently available in the Air Force

and the other Services. With the bill, promotion would come in approximately the same years for all the Services.

EFFECT IF NO EXTENSION IS AUTHORIZED

If no extension of increased grade authority is granted there would be demotions, RIF's no promotions, or a combination of all three for large numbers of Air Force field grade officers. The Air Force will lose authorizations for 488 colonels and 2,774 lieutenant colonels and may be required to adjust to 1954 field grade authorizations by demoting approximately 1,320 lieutenant colonels and 560 majors.

In addition, fiscal year 1977 promotions to colonels would be cut in half with 340 planned promotions prohibited. Promotions to lieutenant colonel would be stopped completely with 1,940 planned promotions prohibited in fiscal year 1977 alone. Promotions to major would slow as well, with 2,700 promotions halted. All totalled over 6,800 Air Force officers will be affected if the extension is not granted. Thus, the extension is needed to retain and attract qualified Air Force officers.

In addition, the extension will provide needed stability in the Air Force promotion program until the Defense Officer Personnel Management System (DOPMS) restructures the grade limitation system in the military Services and establishes permanent limitations.

Finally, extension of the present authority will allow the Air Force to continue promoting their officers to the grade of major, lieutenant colonel and colonel at comparable career points and percentage of promotion opportunities as the Army and the Navy.

COMMITTEE ACTION

H.R. 13549 was referred to the General Legislation Subcommittee. On September 7, 1976, the subcommittee received testimony from Lieutenant General F. T. Unger, Governor of the Soldier's and Airmen's Home and Vice Admiral J. G. Finneran, Deputy Assistant Secretary of Defense for Military Personnel Policy.

The committee met to discuss the legislation including the amendment by Senator Nunn for an Air Force Grade Extension. The bill was approved unanimously at a subsequent meeting.

DEPARTMENTAL POSITION

The Department of Defense submitted the following report on this legislation.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., March 22, 1976.

HON. JOHN C. STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense on S. 2441, 94th Congress, a bill "To provide for additional income for the maintenance and support of the United States Soldiers' and Airmen's

Home by appropriating nonjudicial forfeitures of pay for the support of such home, by authorizing the Board of Commissioners of such home to collect a fee from the members of the home; and by increasing the amount that may be deducted from the pay of enlisted men and warrant officers for the support of such home."

The Department of Defense strongly supports the concept of the Soldiers' and Airmen's Home and believes it essential that its growing financial plight be remedied. Over the years, the Home has provided a residence, as well as medical, spiritual and moral care for many aged and infirm former Regular enlisted personnel and warrant officers of the Army and Air Force. Many of these services are not available to the members of the Home through other sources or Federal programs. As the cost of other private and public institutions engaged in similar activities continues to increase, the Home, despite its growing financial difficulties, remains a relatively economical method for caring for such former Regular members wherein they may live their declining years in dignity.

The Department of Defense is very appreciative for the interest and concern of the Congress in providing financial relief to the Home. We do not necessarily agree, however, that the revenue producing provisions of S. 2441 represent the most suitable solution to the financial problems of the Home.

Section 1, clause (2) of the bill would authorize the appropriation of nonjudicial forfeitures for support of the Home. This provision would result in additional revenue for the Home of about \$10 million per year. The appropriation of these forfeitures for use of the Home will add to Defense expenditures in an indirect manner, in amounts not necessarily related to the needs of the Home, and for a purpose which has not been established as a financial responsibility of the Department of Defense. In this regard, it is entirely possible that the smaller, better motivated, all volunteer force of the future could result in lower revenues from nonjudicial forfeitures, even though the operations and maintenance costs of the Home are higher.

In view of the effort to reduce the Defense budget, and manpower costs in particular, the Department is reluctant to assume any additional financial responsibility, especially in instances where the expenditures involved do not contribute directly to the current national defense. It is believed, therefore, that every effort should be made to meet the financial needs of the Home without the appropriation of funds for this purpose. We are not convinced that efforts to date have fully explored all feasible alternatives for doing this.

For reasons cited above, this Department does not support Clause (2) of Section 1 of the bill which would authorize the use of nonjudicial forfeitures by the Home.

Clause (3) of Section 1 of the bill would add a new subsection authorizing the Board of Commissioners of the Home to impose and collect a fee from inmates of the Home which would be used solely for the operation of the Home. The amount of the fee would be determined by the Board of Commissioners based on the financial needs of the Home and the ability of the inmates to pay. Such authority seems fully justified in view of the financial difficulties being experienced by the Home. The Department would prefer, however, that the fees collected be designated for the sole and exclusive use of the Home,

rather than solely for its operation. This would likely be of assistance in accounting procedures. It would also appear appropriate to refer to occupants of the home as "members" rather than "inmates". The latter term stems from old provisions of law and is somewhat degrading by present standards of usage.

Section 2 of the bill would authorize increasing from \$.25 to \$1.00 the involuntary monthly deduction from the pay of Regular enlisted members and warrant officers of the Army and Air Force for support of the Home. The Department of Defense does not support this provision as written in view of its application to a very substantial portion of the enlisted force of the Army and Air Force, who can be expected to serve only one enlistment. Only under unusual circumstances could such members be eligible for admittance into the Home at some future date. It is for this reason that the Department of Defense opposes increasing the involuntary deduction from the pay of those generally considered as comprising the non-career enlisted force. This Department would not object to an amendment of the bill to provide the Secretaries of the Army and Air Force discretionary authority to increase the involuntary deduction from \$.25 per month to \$1.00 per month for enlisted members of the Army and Air Force in pay grades E-4 (with over 4 years of service) and above, and for warrant officers. Since careerists are the primary beneficiaries of the Home, and the great majority of enlisted members in pay grades E-4 (with over 4 years of service) and above are in the career category, it can be persuasively argued that it should be this group that should be subjected to any increased assessment to maintain the fiscal viability of the Home.

For reasons cited above, the Department of Defense opposes Section 2 of the bill as written, but would support an amendment to that section which would grant authority to increase involuntary monthly deductions from \$.25 to a maximum of \$1.00, provided that that authority applies only to enlisted members of the Army and Air Force in pay grades E-4 (with over 4 years of service) and above, as well as to warrant officers of these Services. The authority for a \$.25 monthly deduction from the pay of enlisted personnel of the Army and Air Force in pay grades E-4 (with less than 4 years of service) and below should remain unchanged. It should be noted that each \$.15 increase in the deductions from careerists' pay results in additional annual revenue to the Home of approximately \$900,000.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

RICHARD A. WILEY.

FISCAL DATA

The committee bill would result in no increased costs to the Government. The funds for the promotions allowed by the bill are included in the President's budget for fiscal year 1977.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill

are shown as follows: Existing law to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman.

ACT OF FEBRUARY 13, 1936

(49 Stat. 1139)

To provide further for the maintenance of United States Soldiers' Home.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That [hereafter, and beginning with the first calendar month after the passage of this Act there shall be deducted each month from the pay of each enlisted man and warrant officer on the active list of the Regular Army, exclusive of the Philippine Scouts, a sum not to exceed 25 cents, which sum shall be passed to the credit of the permanent fund, United States Soldiers' Home (trust fund) in the Treasury of the United States; the exact sum to be so deducted to be fixed from time to time by the Secretary of War, within the limit prescribed above, on the recommendation of the Board of Commissioners of said Home as to the amount required to meet the needs of the Home.]

ACT OF AUGUST 29, 1974

(88 Stat. 795; 10 U.S.C. 8202 note)

Air Force—Commissioned Grades

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That beginning with October 1, 1974, through September 30, [1976,] 1978 the columns under the headings "For colonels" and "For lieutenant colonels" contained in the table in section 8202(a) of title 10, United States Code, are suspended. For such period such columns shall read as follows:

"For colonels"	For lieutenant colonels
3, 395	6, 370
3, 743	7, 552
4, 091	8, 733
4, 440	9, 914
4, 788	11, 095
5, 136	12, 276
5, 484	13, 452
5, 833	14, 633
6, 181	15, 819
6, 528	17, 001
6, 876	18, 162
7, 226	19, 363
7, 573	20, 544
7, 921	21, 726".

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of such home to collect a fee from the members of such home and by increasing deductions for the support of such home from the pay of enlisted men and warrant officers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Board of Commissioners of the United States Soldiers' and Airmen's Home shall collect from members of the home a fee which may be used solely for the operation of the home. The amount of the fee shall be determined by the Board of Commissioners on the basis of financial needs of the home and the ability of the members to pay, but in no case may the fee collected in any month in the case of any member exceed an amount equal to 25 per centum of the monthly—

- (1) military retired pay paid to such member;
- (2) civil service annuity paid to such member where such annuity is based in part on years of military service;
- (3) disability compensation or pension paid to such member by the Veterans' Administration; or
- (4) military retired pay and disability compensation or pension where such member is receiving both retired pay and disability compensation or pension.

SEC. 2. (a) There shall be deducted each month from the pay of each enlisted man and warrant officer on the active list of the Regular Army and Regular Air Force a sum not to exceed 50 cents which shall be deposited to the credit of the permanent fund, United States Soldiers' and Airmen's Home (trust fund) in the Treasury of the United States. The sums to be deducted shall be fixed from time to time, within the limit prescribed above, by the Secretary of the Army and the Secretary of the Air Force in consultation with the Board of Commissioners of such home so as to meet the annual operating requirements of such home. Such sums may be fixed at different amounts for such enlisted men and warrant officers on the basis of grade or time in service, or both, except that the sums fixed shall be the same for both the Army and Air Force.

(b) The Act entitled "An Act to provide further for the maintenance of United States Soldiers' Home", approved February 13, 1936 (49 Stat. 1137; 24 U.S.C. 44a), is repealed.

SEC. 3. (a) The Comptroller General of the United States shall conduct a study of the operations of the United States Soldiers' and Airmen's Home with a view to determining the short- and long-term financial needs of such home, the appropriate functions of such home, and the operating efficiency of such home.

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(b) The Comptroller General shall transmit the results of such study to the Committees on Armed Services of the Senate and the House of Representatives on or before August 1, 1977, together with such comments and recommendations as he deems appropriate.

SEC. 4. The Act of August 29, 1974 (Public Law 93-397; 10 U.S.C. 8202 note), is amended by striking out "through September 30, 1976" and inserting in place thereof "through September 30, 1978".

Speaker of the House of Representatives.

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