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April 29, 1975

SUBJECT: V.A. MEDICAL CARE DROPPING BECAUSE
OF M.D. SALARIES

The V.A. Medical Director yesterday in testimony before Congress, conceded that care in the nation's V.A. hospitals is slipping because the V.A. physicians receive the lowest medical pay scale in the Federal service. The V.A. Director, Dr. John Chase, urged Congress to enact a V.A. doctors salary bonus, which is being paid doctors volunteering for the military and public health service.

Does the Administration support an increase in V.A. doctors' salaries and bonuses as paid to other doctors in the military and public health service?

GUIDANCE: The Veterans Administration will be submitting legislation within the next ten days which will provide the V.A. doctors with the same incentive pay and bonuses that are currently in existence for military and HEW public health service physicians under the Doctors' Bonus Law, enacted by Congress last May.

Any additional questions should be referred to the Veterans Administration.

JGC

August 7, 1975

SUBJECT: PRESIDENT SIGNS COMPENSATION INCREASE
FOR SERVICE-DISABLED VETERANS-

The President yesterday signed H.R. 7767, the Veterans Disability Compensation and Survivors Act of 1975. It is estimated that the FY'76 cost of this legislation will be \$449.4 million and the cost in FY'77 and later years would be approximately \$490 million annually.

Has the President abandoned his goal to keep the budget deficit at \$60 billion? If not, how can he justify signing the bill to raise compensation payments for service-disabled veterans?

GUIDANCE: I think you should read the statement by the President released along with the signing of that legislation. The President states very clearly that he feels the nation owes these disabled veterans a special debt of gratitude and urges Congress to hold spending in future legislation to the limits proposed in his 1976 budget request and to find sufficient savings in other programs to make up for the added spending called for in H.R. 7767.

May 8, 1975

SUBJECT:

ENDING ELIGIBILITY PERIOD FOR
VIETNAM ERA BENEFITS

Is the President aware that there is considerable disagreement on the Hill with his decision to end the veteran benefits?

GUIDANCE: As I mentioned yesterday, Congress and the President have both felt that these benefits were for war-time service and should now be terminated. This is similar to action following World War I, II, and the Korean War.

In addition, the American Legion, with a membership of 2.7 million sent a message to the President lauding his action, calling it "timely and well advised". They proposed this action last August.

The VFW, with 1.8 million members are in accordance with the President's action.

AMVETS, with about 250,000 members have sent the President a telegram supporting the President.

May 7, 1975

SUBJECT:

TERMINATION OF WARTIME
VETERANS' BENEFITS

The President today is announcing his decision to terminate wartime benefits for new peacetime volunteers.

Can you summarize what the statement by the President and the Proclamation actually mean?

Benefits and
GUIDANCE: The President is today announcing two things--

WW I = Armistice
WW II = 16 mos after
survivors
Korea = 18 mos after
armistice
VN = 28 mos after
Paris Accords.

1. By Proclamation, the President is designating May 7, 1975, as the last day of the "Vietnam Era", thus terminating certain wartime benefits.
2. The President is also asking Congress to terminate G.I. Bill Educational and Training Benefits for future veterans, effective July 1, 1975.

I should point out that this Proclamation and legislation makes an equitable distinction between those who have been required to serve in the military and those who in the future choose to serve in the all volunteer Armed Forces.

The action taken today by the President does not affect the eligibility of the millions of Vietnam Veterans already discharged or those presently serving in the Armed Forces.

To what benefits does the President's Proclamation terminating eligibility apply?

GUIDANCE: All told, the Proclamation covers just over a dozen wartime benefits. The major benefits involved are non-Service-Connected Disability Pension, Death Pension, and Burial Allowances. Veterans Administration pensions are paid to low-income veterans and survivors for disability or death not traceable to military service.

Future veterans would, of course, be eligible for other Federal programs covering similar benefits, e.g., Supplemental Security Income, training and employment opportunities under the Comprehensive Employment and Training Act, Basic Educational Opportunity Grants and Guaranteed Student Loans, etc.

(More)

Other than the G.I. Bill Education Benefits, is the President asking Congress to terminate V.A. Home loans or other V.A. benefits?

GUIDANCE: No. The President is not at this time asking Congress to terminate eligibility for G.I. Bill home loans, VA medical benefits, or veterans' preference in Civil Service hiring. These other benefits are not so clearly a "readjustment" benefit to be utilized only in the early post-discharge years. Further study will be needed to reach a recommendation with regard to these benefits.

Why does it take action by both the President and the Congress to terminate the benefit period?

GUIDANCE: Because of the way the governing laws are written. The President can terminate eligibility for benefits tied to traditional wartime benefits. Other benefits are linked to period of service dates established by Congress. After World War II, benefit eligibility was terminated by Congress, and no Presidential Proclamation was required. After Korea, the termination action could have been taken either by Congress or the President, and was accomplished through President Eisenhower's Proclamation establishing the January 31, 1955, cut-off date.

1946

Aren't the G.I. Bill educational benefits an enlistment incentive? What do you expect will be the impact of the All Volunteer Force if you terminate this incentive?

GUIDANCE: The G.I. Bill educational program is an important enlistment incentive. It is a benefit of considerable value. Survey data indicate that about 15-25% of our present recruits state that the G.I. Bill educational benefits are a prime motivator to join the services. However, an econometric study indicated that only seven percent of the recruits said they would not join if there was no post service educational benefits.

One must recognize there are in-service tuition assistance, and full-time educational programs. Faced with the current economic conditions, the services are experiencing an increase in qualified applicants for most skills. Specific incentives, such as enlistment and re-enlistment bonuses, can be offered to those skills which do not meet requirements.

Question: Is the impact of the eligibility termination actions to be felt only by the serviceman of the future--the person not even in service yet?

Answer: Yes, and it is important to recognize this fact. The actions in no way curb the benefit eligibility of the more than 7 million Vietnam-era veterans already discharged. Military service personnel who are on active duty as of the termination date, must use their education benefits within ten years (by June 30, 1985) or else lose them--a principle followed in the termination of World War II and Korean GI Bill benefits. Moreover, even the serviceman of the future will have the full benefits now available to service-disabled veterans if he should become disabled in the line of duty while on active service. If the serviceman of the future dies in the line of duty while on active service, his dependents will be eligible for Dependency and Indemnity Compensation, Educational Assistance for Dependents, medical care under VA's CHAMPVA program for dependents, and full Burial Allowances.

Question: What is the budgetary impact of these actions?

Answer: Savings of \$1.5 billion can be anticipated over the first five years. Savings thereafter will reach \$1.3 billion annually.

QUESTION: Is it true that this legislation will terminate the Pre-Discharge Education Program known as PREP? If so, what provisions are being made for secondary education completion and remedial training for the more than 130,000 youth who are recruited each year without having completed high school and with basic education deficiencies such as poor reading ability?

ANSWER: The purpose of this legislation is to terminate a war-time educational benefit. The purpose of PREP was to prepare youth with inadequate educational backgrounds so that they could use their GI Bill educational benefits to attend institutions of higher learning or vocational schools. The high school completion and remedial training also had the effect of permitting personnel with such needs to improve their basic education and thus their usefulness to the Government while they were on active duty.

There is no intention to prohibit the services from providing secondary level education completion and remedial training under the general training and tuition assistance provisions of the annual appropriation act.

I wish to reaffirm that the purpose of this legislation is to remove the war-time veterans program under the Veterans Administration, not to preclude the Department of Defense or the services from providing essential secondary level education completion or remedial training for those disadvantaged recruits who can thus become more productive soldiers, sailors, Marines, airmen, and, for that matter, more productive citizens.

April 29, 1975

SUBJECT:

V.A. MEDICAL CARE DROPPING BECAUSE
OF M.D. SALARIES

The V.A. Medical Director yesterday in testimony before Congress, conceded that care in the nation's V.A. hospitals is slipping because the V.A. physicians receive the lowest medical pay scale in the Federal service. The V.A. Director, Dr. John Chase, urged Congress to enact a V.A. doctors salary bonus, which is being paid doctors volunteering for the military and public health service.

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Any additional questions should be referred to the Veterans Administration.

JGC

March 11, 1975

SUBJECT:

OMB DISAPPROVES BONUS FOR VA DOCTORS

Why has OMB disapproved a bonus for VA doctors?

GUIDANCE: The Veterans Administration did request that their civilian doctors be granted incentive pay. However, at the time of their request, the Civil Service Commission had also submitted to OMB draft legislation that would provide incentive pay authority to all government agencies for those in speciality occupations, including physicians, within the Federal government.

The request by the Veterans Administration was turned down pending a complete review of the Civil Service recommendations. The CSC draft legislation has been circulated to the departments and agencies for comment. We expect final comment in the next thirty days and would expect to be submitting legislation to Congress in early April. It is expected that the VA would be part of the government-wide incentive pay plan if approved by Congress.

JGC

February 14, 1975

GI AID CUTS

Q: What about the AP story that the White House is going to declare an end to the Vietnam wartime period and cut off GI benefits?

A: I saw the story, but I will have to check on it.

January 30, 1975

SUBJECT: ACCELERATION OF VA LIFE
INSURANCE DIVIDEND PAYMENTS

FOR ANNOUNCEMENT

The President has directed Richard L. Roudebush, Administrator of the Veterans Administration, to accelerate the payment of 1975 G. I. Insurance dividends to over 2.5 million policyholders of three V.A. life insurance programs. The dividends are normally disbursed on policy anniversary dates throughout the entire year.

The President's decision means that a person who would normally have received a dividend payment during the period March through December will now receive their dividend payment within the next 45 days.

The President feels that this action will distribute a substantial amount of cash at a time when it is needed to give a boost to consumer spending. An estimated \$335.6 million would be paid, of which \$177.8 million would be cash outflow-- the balance would be credited toward VA life insurance premiums and purchases, under standing instructions of the veteran policyholders.

How much will the average veteran receive?

GUIDANCE: Average cash payment for the 2.3 million World War II veterans will be \$69. 111,000 World War I veterans will receive \$168, and Korean veteran (345,000) will receive about \$9, which is their first dividend.

Will this action have an impact on the budget totals?

GUIDANCE: The proposal does not add to the total budgeted for combined 1975-1976 fiscal year outlays; rather, it shifts outlays from the first half of FY 1976 to the second half of FY 1975.

(More)

ACCELERATION OF VA LIFE
INSURANCE DIVIDEND PAYMENTS

What insurance programs are involved here?

GUIDANCE: This action applies to policyholders having National Service Life Insurance, U.S. Government Life Insurance, and Veteran's Special Life Insurance.

Has this procedure for paying dividends been used before?

GUIDANCE: Yes, most recently in 1973. (Also in 1967).

VETERANS EDUCATION BILL

Q. How does the new Veterans Education Bill provide more benefits for Vietnam veterans than were provided to other groups of Veterans?

A. It does so in the following ways:

1. Extends education benefits from 36 to 45 months without relating it to time in service as was done with past groups of veterans. Instead, the bill ties benefits over 45 months to the type of education program the veteran is pursuing (i. e. , 4 years or 5 years).
2. Provides substantial income security for an extended educational program at a time when Veterans are already eligible for up to \$2,500 per year under several existing HEW student loan programs. In contrast, past veterans programs focussed mostly on providing veterans with assistance in making an adjustment to civilian life.

Supplemental for Veterans Education

Q. What is the supplemental?

A. The supplemental requests funds to cover the added costs of H.R. 12628, the Vietnam Veterans Assistance Act. The Congressional override of the Presidential veto of this bill requires \$502 million more than the President's benefit increase would have necessitated. In total, the new Act requires \$813.7 million in additional funds.

Q. Why is the President sending up the supplemental for veterans education now?

A. The new Act requires payment of increased benefits retroactive to September 1. Existing funds will be exhausted with January payments. This appropriation is required by ~~the first February payment.~~ mid-Feb to meet the first February payment.

Q. What is the amount of the retroactive payment?

A. A total of \$315 million is needed to meet this retroactive payment. Available funds will now be used to make those retroactive payments. The Veterans Administration is moving as quickly as possible to do so.

(Re Dave Rosenbaum's story on Page one today of NYTimes:---)

Q. NYTimes says this morning there's little chance Congress will pass this supplemental bill, at least this year. It says Congressional sourcessay it will have to be paid "from general revenues."

A. ~~Congress must appropriate this money if the veterans are to be paid.~~

My understanding is that (If Congress doesn't appropriate the money, we can't make payments and then every veterans would have a claim against the government.

December 4, 1974

THE WHITE HOUSE
WASHINGTON

ACTION

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

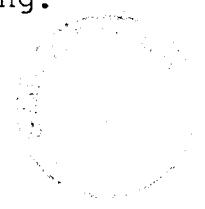
1. Sign the bill.

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 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

November 27, 1974

SUBJECT:

VETO OF VETERANS BILL

Ron, yesterday you said that the President expected his veto of the Veterans Education Bill to be overridden. Is he still asking members of Congress to sustain his veto?

GUIDANCE: I have seen several stories of my remarks yesterday on the President's action regarding his veto of the Veterans Education Bill. I did say that the President had no illusions about what was going to happen, but I would like to point out that the President is still asking this Congress to sustain his veto because this matter is vitally important in our efforts to whip inflation. The President told the leaders yesterday he realized it would be difficult for his veto to be sustained, but he is hopeful that the Congress will recognize the inflationary impact of the bill and the need to cut Federal spending.

JGC

VA HOSPITAL REPORT

Question:

Mr. President, now that you've released the VA hospital survey and acknowledged that there are areas requiring considerable improvement, do you intend to ask Congress for all the necessary funds identified in the report?

Answer:

I am reviewing all government spending in an effort to get to the \$300 billion expenditure level. We are now exploring ways in which we can best meet the essential needs identified in the Survey Report, while still reducing the total government outlay.

RDS
10/28/74

September 23, 1974

SUBJECT:

VETERANS

What is the President's position on the Veterans Education Bill?

GUIDANCE: As you know, the House has rejected the Joint Conference Report and offered some amendments which probably will be unacceptable to the Senate. Until the President has a definite bill before him, no decisions can be made. However, with the exception of the overall benefit increases, other proposed provisions go far beyond Administration requests.

Specifically, we recognize that the monthly benefits need to be raised in order that veterans can keep pace with the cost of living increases which have been 19 percent since the benefits were last changed. The tuition payment, the direct loan program and the entitlement extension remain objectionable provisions. They would add well over \$800 million to the 1975 budget.

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SUBJECT:

GI BILL

Question:

Mr. President, the Senate leadership held the GI Education bill because they feared a pocket veto. Do you intend to veto that bill when it reaches your desk?

Answer:

I have pledged to do everything I can to increase veterans' benefits. Although I have not seen the bill in question, I understand it substantially exceeds my request for an overall benefits increase which keeps pace with inflation.

I am hopeful that Congress, after almost a years delay which cost our veterans \$50 million per month in additional benefits, will send down a bill which both aids the veterans and is fiscally responsible.

Three objections:

1. 23% increase is inflationary - *Go along will 18.6%*
2. Loan eligibility period extended from 36 to 45 months
3. Opposed to \$600 loan provision since this duplicates existing loan opportunities through the Office of Education.

RDS
10/28/74

JGC

October 3, 1974

SUBJECT:

CONFEREES VOTE 23% INCREASE IN G.I. BILL

House-Senate Conferees yesterday agreed on a compromise bill to raise Veterans education benefits by 23%. They also agreed to extend the training time in school from the present 36 to 45 months, but added that this time could only be used to obtain an undergraduate degree. It would also permit loans of up to \$600 a year if a Veteran cannot get added help from the other Federal education aid programs.

Will the President sign the 23% increase in G.I. bill benefits?

GUIDANCE: In his August 19th address to the Veterans of Foreign Wars in Chicago, the President stated that America was fighting for its economic life and that uncontrolled inflation could destroy the fabric and foundation of America. President Ford further stated that he would not hesitate to veto any legislation in order to try and control inflationary excesses. The President recognizes that the monthly benefits need to be raised in order that Veterans can keep pace with the cost of living increases which have been about 18 to 19% since the benefits were last changed.

Are you saying then that the President will veto this bill?

GUIDANCE: I would not rule out the possibility of a Presidential veto.

Are there any other objectional provisions in the bill?

GUIDANCE: The President did not favor extending the training time in school from the present 36 months to 45. In addition, the provision permitting loans of up to \$600 a year causes some concern.