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THE WHITE HOUSE
WASHINGTON

March 13, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM LYNN
FROM: JERRY H. JONES
SUBJECT: Termination of G.I. Bill
Educational Benefits

Your memorandum to the President of March 7 on the above subject has been reviewed and the decision -- reconfirm your original decision -- was approved.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld



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

ACTION

March 7, 1975

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

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

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

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

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

Principal arguments for the Defense proposal are:

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

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

Principal arguments against the Defense proposal are:

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

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

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

Recommendation

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

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

DECISION

Approve the Defense proposal

- With VA funding.
- With DOD funding.

Reconfirm your original decision.

NA7



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

MAR 6 1975

MEMORANDUM FOR The Director, Office of Management and Budget

SUBJECT: Modification of G.I. Bill

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

The concept I recommend has the following features:

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

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

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

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

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

H. P. Clement

THE WHITE HOUSE

WASHINGTON

March 13, 1975

MR. PRESIDENT:

The attached memo from Jim Lynn regarding "Termination of G.I. Bill Educational Benefits" was submitted to you on Tuesday with a notation that no comments had been received. The staffing comments have now been received:

Baroody (Marrs) -- I would recommend going with the Defense proposal.

Buchen (Lazarus) -- See attached comments.

Cannon -- Reconfirm original decision.

Friedersdorf -- Concurs but noted the VFW testified against termination of benefits.

Hartmann -- I believe this should be argued out in the President's presence by the Secretary of Defense, Veterans Administration, Jim Lynn and the President's Congressional, economic and political advisers in an open meeting. I am presently inclined to favor extension of GI benefits but question cutting the \$ amounts as it would negate other benefits of extension.

Marsh -- No comments received as of March 13.

Scowcroft -- See attached comments.

Don

FROM: Ken Lazarus

RE: Lynn Memo (3/7/75) re: Termination of G.I. Bill
Educational Benefits.

Support DOD for the following reasons:


- (1) Current high enlistment rates are due in large part to recession. A change in the economy plus the new three-year minimum enlistment term are bound to reduce the rates.
- (2) Although it may be difficult to identify quantitative factors requiring benefits, DOD should have the benefit of the doubt on qualitative factors.
- (3) Military training combined with available educational benefits has proven to be a useful social ladder for many who would not otherwise have such educational opportunities. This option for self-improvement in exchange for service to the country provides a kind of social equity for the disadvantaged that should be preserved and encouraged.
- (4) We might be more successful in gaining Congressional consideration of limited reductions in this area.

Regardless of the disposition, it might be sound to require periodic review of educational benefits with a view towards the legitimate needs of a volunteer service.

THE WHITE HOUSE

WASHINGTON
March 13, 1975

MEMORANDUM FOR: JERRY JONES

FROM: BRENT SCOWCROFT 

SUBJECT: Lynn Memo (3/7/75) re: Termination
of GI Bill Educational Benefits

We cannot strongly support either the DOD option or the OMB option in the Lynn memo on the GI Bill. The DOD option has chosen to focus almost entirely on enlistment rather than retention incentives. With the drive toward a professional force, some better balance between enlistment and retention is needed. The OMB option does not reflect the cost of bonuses which might be needed to offset resulting decreases in enlistments, nor does it reflect DOD in-service education program realities.

While the DOD proposal is better than no GI Bill at all, preliminary analyses indicate that it is possible to improve retention incentives without increasing costs above those for the DOD option. Therefore, we recommend that the DOD alternative be restructured -- within the cost estimate for the DOD proposal -- to place greater emphasis upon retention.

With respect to OMB's proposal to fund the GI Bill in the Defense budget within existing resources, neither DOD nor VA positions are identified. Therefore, we recommend that funding be maintained in the VA authorization at least until such time as OMB solicits DOD and VA views on this matter.

STAFFING

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 7, 1975

Time:

FOR ACTION:

Bill Baroody *gr*

Phil Buchen *gr*

Jim Cannon *gr*

Max Friedersdorf *gr*

Robert T. Hartmann *gr*

cc (for information):

Jack Marsh

Brent Scowcroft *gr*

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, March 12, 1975

Time: noon

SUBJECT:

Lynn memo (3/7/75) re: Termination of
G.I. Bill Educational Benefits

ACTION REQUESTED:

☐ For Necessary Action

☒ For Your Recommendations

☐ Prepare Agenda and Brief

☐ Draft Reply

☒ For Your Comments

☐ Draft Remarks

REMARKS:

3/11-12 *noon w/p*

DC reconfirm P's original decision

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.

Jerry H. Jones
Staff Secretary

FROM: Ken Lazarus

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Phil Buchen
Jim Cannon
Max Friedersdorf
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☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

REMARKS:

SEE ATTACHMENT. -- Ken Lazarus

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Jerry H. ...
Staff Secretary



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

March 7, 1975

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

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

Recommendation

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

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

DECISION

Approve the Defense proposal

° With VA funding.

° With DOD funding.

Reconfirm your original decision.



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

MAR 6 1975

MEMORANDUM FOR The Director, Office of Management and Budget

SUBJECT: Modification of G.I. Bill

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

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

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H. P. Clement

THE WHITE HOUSE

WASHINGTON

March 13, 1975

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FROM: BRENT SCOWCROFT 

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 7, 1975

Time:

FOR ACTION: ☒ Bill Baroody
 Phil Buchen
 Jim Cannon
 Max Friedersdorf
 Robert T. Hartmann

cc (for information):

Jack Marsh
 Brent Scowcroft

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, March 12, 1975

Time: noon

SUBJECT:

Lynn memo (3/7/75) re: Termination of
 G.I. Bill Educational Benefits

ACTION REQUESTED:

☐ For Necessary Action

☒ For Your Recommendations

☐ Prepare Agenda and Brief

☐ Draft Reply

☒ For Your Comments

☐ Draft Remarks

REMARKS:

March 12, 1975 (Telephoned to Jerry Jones' office)

Bill Baroody is travelling today. I would recommend going with the
 Defense proposal.


 Theodore C. Marrs

Special Assistant to the President

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Jerry H. Jones
 Staff Secretary

THE WHITE HOUSE
WASHINGTON

Date: 3-11-75

TO:

Jimmy Jones

FROM: Max I. Friedersdorf

For Your Information ✓

Please Handle _____

Please See Me _____

Comments, Please _____

*VFW testified
Against termination
of G.L. Humphreys.*



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

March 7, 1975

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

Recommendation

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

DECISION

Approve the Defense proposal

° With VA funding.

° With DOD funding.

Reconfirm your original decision.



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

MAR 6 1975

MEMORANDUM FOR The Director, Office of Management and Budget

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H. R. Clement

THE WHITE HOUSE

WASHINGTON

March 11, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

MAX L. FRIEDERSDORF

SUBJECT:

Lynn memo (3/7/75) re: Termination of
G.I. Bill Educational Benefits

The Office of Legislative Affairs concurs with subject memo.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 7, 1975

Time:

FOR ACTION: Bill Baroody
Phil Buchen
Jim Cannon
Max Friedersdorf
Robert T. Hartmann

cc (for information):
Jack Marsh
Brent Scowcroft

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, March 12, 1975

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

Recommendation

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

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

DECISION

Approve the Defense proposal

- ° With VA funding. _____
- ° With DOD funding. _____

Reconfirm your original decision. _____



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

MAR 6 1975

MEMORANDUM FOR The Director, Office of Management and Budget

SUBJECT: Modification of G.I. Bill

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

The concept I recommend has the following features:

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

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

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

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

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

H. P. Clement

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 7, 1975

Time:

FOR ACTION: Bill Baroody
 Phil Buchen
 Jim Cannon
 Max Friedersdorf
 Robert T. Hartmann

cc (for information):
 Jack Marsh
 Brent Scowcroft

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, March 12, 1975

Time: noon

SUBJECT:

Lynn memo (3/7/75) re: Termination of
 G.I. Bill Educational Benefits

ACTION REQUESTED:

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

REMARKS:

in the President's presence
 I believe this should be argued out by the Secy of Def, Vets Administration, Gen Lynn and the President's Congressional, economic and political advisers in an open meeting. I am presently inclined to favor extension of GI benefits but question cutting the \$ amounts as it would negate other benefits of extension. *PTA*

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.

Jerry H. Jones
 Staff Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

9/6
Sub
LOG NO.:
last

Date: January 27, 1975

Time:

FOR ACTION:

Bill Baroody

Bob Hartmann

Ken Cole

Jack Marsh

Phil Buchen

Brent Scowcroft

Max Fiedersdorf

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30^k 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

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

REMARKS:

NSC/Col. Boverie 3371

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.

Jerry H. Jones
Staff Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 27 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

We are submitting the following decision memorandum for your resolution.

Statement of Issue:

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

Background

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

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

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

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

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

Alternatives

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

Analysis

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

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

Outlays Saving

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

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

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

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

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

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

Recommendations

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

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

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

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

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

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

7. The Secretary of Transportation recommends Alternative #4.

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

Decision:

☐ Alternative #1

☐ Alternative #2

☐ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

THE WHITE HOUSE

WASHINGTON

January 29, 1975

MEMORANDUM FOR:

JERRY JONES

FROM:

BILL BAROODY, JR. 

SUBJECT: Ash Memo (1/27/75) re: Termination of Wartime Veterans
Benefits

Since the volunteer force is in delicate balance and the cost differential between three and four is neither great nor near term, we support alternative #4.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Dr. Marsh

Date: January 27, 1975

Time:

~~FOR~~ ACTION:

cc (for information):

Bill Baroody Bob Hartmann
Ken Cole Jack Marsh
Phil Buchen Brent Scowcroft
Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

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

REMARKS:

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.

Jerry H. Jones
Staff Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 27 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

We are submitting the following decision memorandum for your resolution.

Statement of Issue:

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

Background

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

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

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

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

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

Alternatives

- #1. Take no action for now.
- #2. Prepare materials necessary for a Presidential Proclamation only, to be ready for consideration as soon as possible.
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Analysis

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

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

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

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

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

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

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Recommendations

1. The Secretary of Defense and the Secretary of Health, Education, and Welfare recommend adoption of Alternative #4.
2. The Administrator of Veterans Affairs recommends the adoption of either Alternative #3 or Alternative #4. However, Alternative #3 represents the Veterans Administration view "that veterans benefits dependent upon wartime service should be terminated to the extent possible by way of proclamation, and that eligibility for GI Bill benefits should be terminated by legislation for future veterans insofar as these benefits represent a 'veterans benefit'."
3. The Secretary of Labor recommends the adoption of Alternative #3. "So long as our armed force is manned on an all volunteer basis, military service should be treated as much as possible like other employment."
4. The Secretary of Housing and Urban Development recommends the adoption of either Alternative #3 or Alternative #4. However, "if benefits are retained solely as an incentive, it would seem ... that a strong, logical case would exist for budgeting those benefits like other personnel costs reflected in the Defense budget."
5. The Attorney General has no objection to a shift from wartime to peacetime benefits for new enlistees. However, "... any comprehensive legislative proposal for the elimination, reduction or restructuring of veterans' benefits should await a most careful assessment of the rationale justifying the initial establishment of each benefit and the role that such a benefit might play in the future, assuming an all-volunteer military force can be maintained."

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

7. The Secretary of Transportation recommends Alternative #4.

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

Decision:

☐ Alternative #1

☐ Alternative #2

☐ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 27, 1975

Time:

FOR ACTION:

cc (for information):

Bill Baroody

Bob Hartmann

Ken Cole

Jack Marsh

Phil Buchen

Brent Scowcroft

Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

☐ For Necessary Action

☒ For Your Recommendations

☐ Prepare Agenda and Brief

☐ Draft Reply

☒ For Your Comments

☐ Draft Remarks

REMARKS:

Prefer Option #3. If #4 is adopted, benefits should be charged to Defense.
P. Areeda

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Jerry H. Jones
Staff Secretary

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

JAN 27 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

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

7. The Secretary of Transportation recommends Alternative #4.

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

Decision:

☐ Alternative #1

☐ Alternative #2

☐ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 27, 1975

Time:

FOR ACTION:

cc (for information):

Bill Baroody Bob Hartmann
✓ Ken Cole Jack Marsh
Phil Buchen Brent Scowcroft
Max Friedersdorf
FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

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

REMARKS:

*I strongly recommend
Option # 3*

Option # 3.

Cole

Reginald Jones

1/29/75

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.

Jerry H. Jones
Staff Secretary

THE WHITE HOUSE
WASHINGTON

January 28, 1975

MEMORANDUM FOR: WARREN HENDRIKS
FROM: MAX L. FRIEDERSDORF *h.t.*
SUBJECT: Action Memorandum - Log No.
Ash memo (1/27/75) re: Termination
of Wartime Veterans Benefits

The Office of Legislative Affairs concurs with the Agencies
that the enrolled bill should be

ADVISE NO ACTION NOW (Option I) BAD TIME FRAME.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 27, 1975

Time:

FOR ACTION:

cc (for information):

Bill Baroody

Bob Hartmann

Ken Cole

Jack Marsh

Phil Buchen

Brent Scowcroft

✓ Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

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

REMARKS:

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Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 27, 1975

Time:

FOR ACTION:

Bill Baroody

Ken Cole

Phil Buchen

Max Friedersdorf

FROM THE STAFF SECRETARY

cc (for information):

~~Bob~~ Hartmann

Jack Marsh

Brent Scowcroft

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

SUBJECT:

Ash memo (1/27/75) re: Termination of
Wartime Veterans Benefits

ACTION REQUESTED:

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

REMARKS:

I favor Alt. # 3 x Veterans
Benefits can only be justified on
the basis of service during a
period of actual military
Combat activity. If other incentives
are required for a peacetime force,
they should be administered by DOD, not VA.
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.

Jerry H. Jones
Staff Secretary



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

JAN 28 1975

Date: January 27, 1975

Time:

FOR ACTION:

cc (for information):

Bill Baroody

Bob Hartmann

Ken Cole

✓ Jack Marsh

Phil Buchen

Brent Scowcroft

Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 30, 1975

Time: 10:00 a.m.

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ACTION REQUESTED:

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

REMARKS:

*Op from
3
JM*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JAN 27 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

Subject: Termination of Wartime Veterans Benefits

We are submitting the following decision memorandum for your resolution.

Statement of Issue:

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

Background

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

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

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

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

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

Alternatives

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

Analysis

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

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

Outlays Saving

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

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

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

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

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

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

Recommendations

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

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

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

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

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

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

7. The Secretary of Transportation recommends Alternative #4.

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

Decision:

☐ Alternative #1

☐ Alternative #2


☒ Alternative #3

☐ Alternative #4

☐ None of the above. See me.

THE WHITE HOUSE
WASHINGTON

February 1, 1975

MEMORANDUM FOR: JERRY JONES
FROM: BRENT SCOWCROFT 
SUBJECT: Ash Memo (1/27/75) re: Termination
of Wartime Veterans Benefits

We prefer Alternative 4 (a Proclamation plus proposed legislation modifying the G.I. Bill) in the Ash memo on wartime veterans benefits. Alternative 4 would produce substantial savings while not endangering the success of the All Volunteer force.

The OMB memo does not supply all the data which would be useful to the President in making a decision. For example, with respect to the option to terminate the G.I. Bill (Alternative 3), the memo does not include existing quantitative data which indicate possible adverse effects on the quantity and quality of enlistments, and which depict the cost of enlistment bonuses which might be needed to offset resulting decreases in enlistments.

While it is not the NSC call to make, the Congress could look unfavorably upon a proposal to terminate the G.I. Bill. This may be compounded by the fact that many universities and colleges throughout the country rely heavily upon G.I. Bill students and therefore could be affected.