

Establishment of a Veterans' Bureau

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SIXTY-SEVENTH CONGRESS
FIRST SESSION.

ON

H. R. 6611

**AN ACT TO ESTABLISH IN THE TREASURY DEPARTMENT
A VETERANS' BUREAU AND TO IMPROVE THE FACILITIES
AND SERVICE OF SUCH BUREAU, AND FURTHER TO AMEND
AND MODIFY THE WAR RISK INSURANCE ACT**

JULY 5 AND 7, 1921

Printed for the use of the Committee on Finance



**WASHINGTON
GOVERNMENT PRINTING OFFICE**

COMMITTEE ON FINANCE.

BOIES PENROSE, Pennsylvania, *Chairman.*

PORTER J. McCUMBER, North Dakota.

REED SMOOT, Utah.

ROBERT M. LA FOLLETTE, Wisconsin.

WILLIAM P. DILLINGHAM, Vermont.

GEORGE P. MCLEAN, Connecticut.

CHARLES CURTIS, Kansas.

JAMES E. WATSON, Indiana.

WILLIAM M. CALDER, New York.

HOWARD SUTHERLAND, West Virginia.

FURNIFOLD M. SIMMONS, North Carolina

JOHN SHARP WILLIAMS, Mississippi.

ANDRIEUS A. JONES, New Mexico.

PETER G. GERRY, Rhode Island.

JAMES A. REED, Missouri.

DAVID I. WALSH, Massachusetts.

LEIGHTON C. TAYLOR, *Clerk.*

W. B. STEWART, *Assistant Clerk.*

SUBCOMMITTEE.

REED SMOOT.

WILLIAM P. DILLINGHAM.

WILLIAM M. CALDER.

JAMES A. REED.

DAVID I. WALSH.

ESTABLISHMENT OF A VETERANS' BUREAU.

TUESDAY, JULY 5, 1921.

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met at 10:30 o'clock a. m., in room 310, Senate Office Building, Washington, D. C., Senator Reed Smoot presiding.

Present: Senators Smoot (chairman), Dillingham, and Walsh.

The subcommittee had under consideration bill H. R. 6611, which is as follows:

[H. R. 6611, Sixty-seventh Congress, first session.]

AN ACT To establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I.—VETERANS' BUREAU.

SECTION 1. There is hereby established in the Treasury Department a bureau to be known as the veterans' bureau, the director of which shall be an Assistant Secretary of the Treasury, in addition to those otherwise provided by law, and shall receive a salary at the rate of \$10,000 per annum.

The word "director," as hereinafter used in this act, shall mean the director of the veterans' bureau.

The powers and duties pertaining to the office of the Director of the Bureau of War Risk Insurance are hereby transferred to the director of the veterans' bureau and the office of the Director of the Bureau of War Risk Insurance is hereby abolished.

There shall be included on the technical and administrative staff of the director such staff officers, experts, and assistants as the director shall prescribe; that there shall be in the veterans' bureau such sections and subdivisions thereof as the director shall prescribe.

SEC. 2. The director, subject to the general direction of the Secretary of the Treasury, shall administer, execute, and enforce the provisions of this act, and for that purpose shall have full power and authority to make rules and regulations not inconsistent with the provisions of this act but which are necessary or appropriate to carry out its purposes, and shall decide all questions arising under this act except as otherwise provided herein.

SEC. 3. The functions, powers, and duties conferred by existing law upon the Bureau of War Risk Insurance are hereby transferred to and made a part of the veterans' bureau.

The functions, powers, and duties conferred upon the Federal Board for Vocational Education by the act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States; and for other purposes," approved June 27, 1918, and amendments thereto, are hereby transferred to and made a part of the veterans' bureau.

SEC. 4. All personnel, facilities, property, and equipment, including leases, contracts, and other obligations and instrumentalities in the District of Columbia and elsewhere of the Bureau of War Risk Insurance, of the United

ESTABLISHMENT OF A VETERANS' BUREAU.

States Public Health Service, as described and provided in a written order of the Treasury Department issued and signed by the Secretary of the Treasury on April 19, 1921, and designated "Order relative to the transfer of certain activities of the United States Public Health Service, relating to the Bureau of War Risk Insurance, including the trainees of the Rehabilitation Division of the Federal Board for Vocational Education," and of the Rehabilitation Division of the Federal Board for Vocational Education, as a result of the administration of the act approved June 27, 1918, and amendments thereto, are hereby transferred to and made a part of the veterans' bureau under the control, management, operation, and supervision of the director, and subject to such change in designation and organization as he may deem necessary in carrying out the provisions of this act: *Provided*, That all commissioned personnel detailed or hereafter detailed from the United States Public Health Service to the veterans' bureau, and such other personnel as shall be added from time to time when such added personnel is employed for the same purpose and for performing the same or similar duties, shall hold the same rank and grade, shall receive the same pay and allowances, and shall be subject to the same rules for relative rank and promotion as now or hereafter may be provided by law for commissioned personnel of the same rank or grade or performing the same or similar duties in the United States Public Health Service.

SEC. 5. All records, files, documents, correspondence, and other papers relating to service rendered or to be rendered by the United States Public Health Service in the medical examination, assignment to hospitals, and treatment of persons who are now or have been patients and beneficiaries of the Bureau of War Risk Insurance or of the Rehabilitation Division of the Federal Board for Vocational Education, as a result of the administration of the act approved June 27, 1918, and amendments thereto, and as described and provided in a written order of the Treasury Department issued and signed by the Secretary of the Treasury on April 19, 1921, and designated "Order relative to the transfer of certain activities of the United States Public Health Service relating to the Bureau of War Risk Insurance, including the trainees of the Rehabilitation Division of the Federal Board for Vocational Education," shall be transferred to the veterans' bureau.

All records, files, documents, correspondence, and other papers in the possession of the Bureau of War Risk Insurance, and those which as a result of the administration of the act approved June 27, 1918, and amendments thereto, are in the possession of the Rehabilitation Division of the Federal Board for Vocational Education shall be transferred to the veterans' bureau.

SEC. 6. The director shall establish a central office in the District of Columbia, and not more than fourteen regional offices and such suboffices, not exceeding one hundred and forty in number, within the territory of the United States and its outlying possessions as may be deemed necessary by him and in the best interests of the work committed to the veterans' bureau and to carry out the purposes of this act. Such regional offices may, under such rules and regulations as may be prescribed by the director, exercise such powers for hearing complaints and for examining, rating, and awarding compensation claims, granting medical, surgical, dental, and hospital care, convalescent care, and necessary and reasonable aftercare, making insurance awards, granting vocational training, and all other matters delegated to them by the director as could be performed lawfully under this act by the central office. The suboffices shall have such powers as may be delegated to them by the director, except to make compensation and insurance awards and to grant vocational training.

The regional offices and suboffices, with all authority to establish such offices, shall terminate on June 30, 1926, and upon such termination all records and supplies pertaining thereto shall be delivered to the central office.

SEC. 7. The beneficiaries of the Bureau of War Risk Insurance and the Rehabilitation Division of the Federal Board for Vocational Education shall hereafter be the beneficiaries of the veterans' bureau, and complete individual record of each beneficiary shall be kept by the veterans' bureau.

SEC. 8. All sums heretofore and hereafter appropriated for carrying out the provisions of the war risk insurance act and amendments thereto, and to carry out the provisions of the act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, and amendments thereto, shall, where unexpended, be made available for the veterans' bureau, and may be expended in such manner as the director deems necessary in carrying out the purposes of this act, with

the restrictions heretofore imposed as to number of persons that may be employed at stated salaries.

Sec. 9. The director, subject to the general directions of the Secretary of the Treasury, shall be responsible for the proper examination, medical care, treatment, hospitalization, dispensary, and convalescent care, necessary and reasonable aftercare, welfare of, nursing, vocational training, and such other services as may be necessary in the carrying out of the provisions of this act, and for that purpose is hereby authorized to utilize the now existing or future facilities of the United States Public Health Service, the War Department, the Navy Department, the Interior Department, the National Homes for Disabled Volunteer Soldiers, and such other governmental facilities as may be made available for the purposes set forth in this act; and such governmental agencies are hereby authorized and directed to furnish such facilities, including personnel, equipment, medical, surgical, and hospital services and supplies as the director may deem necessary and advisable in carrying out the provisions of this act, in addition to such governmental facilities as are hereby made available.

In order to standardize the character of examination, medical care, treatment, hospitalization, dispensary, and convalescent care, nursing, vocational training, and such other services as may be necessary for beneficiaries under this act, the director shall maintain an inspection service, with authority to examine all facilities and services utilized in carrying out the purposes of this act, and for this purpose may utilize such other Government or private agencies as may be deemed practicable and necessary.

When, in the opinion of the director, the facilities and services utilized for the hospitalization, medical care, and treatment for beneficiaries under this act are unsatisfactory, the director shall make arrangements for the further hospitalization, care, and treatment of these beneficiaries by other means.

In the event that there is not sufficient Government hospital and other facilities for the proper medical care and treatment of beneficiaries under this act, and it is deemed necessary and advisable to secure additional Government facilities, the director shall make such recommendation to the Secretary of the Treasury as in his opinion is deemed necessary and advisable for the further improvement or extension of existing governmental facilities, or for the acquiring, including construction, of additional facilities; such new property and structures as may be recommended shall become part of the permanent equipment of some one of the now existing agencies of the Government, including the War Department, Navy Department, Interior Department, Treasury Department, the National Homes for Disabled Volunteer Soldiers, in such a way as would best serve the present emergency, taking into consideration the future services to be rendered the veterans of the World War, including the beneficiaries under this act.

In the event Government hospital facilities and other facilities are not thus available or are not sufficient, the director may contract with State, municipal, or private hospitals for such medical, surgical, and hospital services and supplies as may be required, and such contracts may be made for a period of not exceeding ten years and may be for the use of a ward or other hospital unit or on such other basis as may be in the best interest of the beneficiaries under this act.

Sec. 10. For the purpose of this act, the director is authorized to detail from time to time clerks or persons employed in the bureau to make examinations into the merits of compensation and insurance claims, whether pending or adjudicated, as he may deem proper, and to aid in the preparation, presentation, or examination of such claims; and any such person so detailed shall have power to administer oaths, take affidavits, and certify to the correctness of the papers and documents pertaining to the administration of this act.

Sec. 11. The director is hereby authorized to make such rules and regulations as may be deemed necessary in order to promote good conduct on the part of persons who are receiving care or treatment in hospitals, homes, or institutions as patients or beneficiaries of said bureau during their stay in such hospitals, homes, institutions, or training centers. Penalties for the breach of such rules and regulations may extend to a forfeiture by the offender of such portion of the compensation payable to him, not exceeding three-fourths of the monthly installment per month for three months, for a breach committed while receiving treatment in such hospital, home, institution, or training center as may be prescribed by such rules and regulations.

ESTABLISHMENT OF A VETERANS' BUREAU.

SEC. 12. The director may set forth in regulations to be prescribed by him the conditions and limitations whereby all patients or beneficiaries of the veterans' bureau who are receiving treatment through the bureau as inmates of a hospital may allot any proportion or proportions or any fixed amount or amounts of their monthly compensation for such purposes and for the benefit of such person or persons as they may direct.

In case such inmate has not allotted three-fourths of his monthly compensation, regulations to be made by the director may provide that any unallotted portion of such three-fourths compensation may be deposited to his credit with the Secretary of the Treasury to accumulate at such rate of interest as the Secretary of the Treasury may determine but at a rate never less than 3½ per centum per annum, payable for no period, however, of less than six months, and when payable shall be paid, principal and interest, to such patient if living; otherwise, to any beneficiary or beneficiaries he may have designated, or, if there be no such beneficiary, then to the executor or administrator of the estate of such deceased person: *Provided*, That this paragraph shall not be so construed as to prevent payment by the bureau from the amounts due to the decedent's estate of his funeral expenses, expenses of last illness, board, rent, lodging, or other household expenses for which decedent is liable, provided a claim therefor is presented by the creditors or by the person or persons who actually paid the same before settlement by the veterans' bureau.

The Secretary of the Treasury is hereby authorized to invest and reinvest the said allotments deposited with him, or any part thereof, in interest-bearing obligations of the United States, and to sell the obligations for the purposes of said funds.

SEC. 13. In addition to the care, treatment, and appliances now authorized by law, said bureau also shall provide without charge therefor hospital, dental, medical, surgical, and convalescent care and treatment and prosthetic appliances for any honorably discharged commissioned officer or enlisted man or any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) disabled by reason of any wound or injury received or disease contracted, or by reason of any aggravation of a preexisting injury or disease while in the service of the United States on or after April 6, 1917, and in line of duty and not caused by his own willful misconduct: *Provided*, That application for such care and treatment and appliances provided for in this section shall be made within one year from date of discharge from service or from the date this act goes into effect, whichever is the later.

SEC. 14. The director shall file with the Clerk of the House and the Secretary of the Senate on the first day of the next regular session after this act takes effect an itemized account of all expenditures made under this act, including names, classifications, and salaries of all staff officers, experts, assistants, and employees. Thereafter, on the first Monday in December of each year, the director shall make a report to Congress of his doings under this act for the preceding fiscal year.

TITLE II.—AMENDMENTS TO THE WAR RISK INSURANCE ACT.

SEC. 15. Section 29 of the war risk insurance act is hereby amended to read as follows:

"**SEC. 29.** The discharge or dismissal of any person from the military or naval forces on the ground that he is an enemy alien, conscientious objector, or a deserter, or is guilty of mutiny, treason, spying, or any offense involving moral turpitude, or willful and persistent misconduct shall terminate any insurance granted on the life of such person under the provisions of Article IV, and shall bar all rights to any compensation under Article III or any insurance under Article IV: *Provided*, That, as to converted insurance, the cash surrender value thereof, if any, on the date of such discharge or dismissal shall be paid the insured, if living, and if dead to the designated beneficiary: *Provided further*, That an enemy alien who volunteered or who was drafted into the Army, Navy, or Marine Corps of the United States during the World War, and who was not discharged from the service on his own application or solicitation, by reason of his being an enemy alien, and whose service was honest and faithful, shall be entitled to the benefit of the war risk insurance act and all amendments thereto: *Provided further*, That in case any person has been dishonorably discharged from the military or naval forces as a result of a court-martial trial, and it is thereafter established to the satisfaction of the President that at the time of the commission of the offense resulting in such court-

martial trial and discharge that such person was insane, such person shall be entitled to the compensation and insurance benefits of the war risk insurance act."

SEC. 16. Section 31 of the war risk insurance act is hereby amended by adding thereto a subsection to be known as subsection (a) and to read as follows:

"(a) Any person who between the 6th day of April, 1917, and the 11th day of November, 1918, applied for enlistment or enrollment in the military or naval forces, and who was accepted provisionally and directed or ordered to a camp, post, station, or other place for final acceptance into such service, shall be considered to be in active service during the period while such person was complying with such order or direction, and during such compliance, and until his final acceptance or rejection for enlistment or enrollment into the military or naval forces, and if otherwise eligible shall be entitled to the compensation and insurance benefits under the war risk insurance act."

SEC. 17. Section 210 of the war risk insurance act as amended is hereby amended to read as follows:

"SEC. 210. Upon receipt of any application for family allowance, the director shall make all proper investigations and shall make an award, on the basis of which award the amount of the allotments to be made by the man shall be certified to the War Department or Navy Department, as may be proper. Whenever the director shall have reason to believe that an allowance has been improperly made or that the conditions have changed, he shall investigate or re-investigate and may modify the award. The amount of each monthly allotment and allowance shall be determined according to the family conditions existing on the first day of the month: *Provided*, That whenever an award of allotment or allowance, or both, covering any period has been paid to, or on behalf of, a person designated by the enlisted man as beneficiary of his allotment, no recovery of the allotments paid in such cases shall hereafter be made for any reason whatsoever; and no recovery of the allowances paid in such cases shall hereafter be made for any reason whatsoever except where it is shown that the person receiving the allowance does not bear the relationship to the enlisted man which is required by the war risk insurance act, and except, also, in cases of manifest fraud."

SEC. 18. Section 300 of the war risk insurance act is hereby amended to read as follows:

"SEC. 300. For death or disability resulting from personal injury suffered or disease contracted in the line of duty on or after April 6, 1917, or for an aggravation of a disability existing prior to examination, acceptance, and enrollment, for service, when such aggravation was suffered and contracted in the line of duty on or after April 6, 1917, by any commissioned officer or enlisted man, or by any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) when employed in the active service under the War Department or Navy Department, the United States shall pay to such commissioned officer or enlisted man, member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) or, in the discretion of the director, separately to his or her dependents, compensation as hereinafter provided; but no compensation shall be paid if the injury, disease, or aggravation has been caused by his own willful misconduct: *Provided*, That every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, heretofore discharged or resigned, and every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, and hereafter discharged or resigned under conditions entitling him to compensation, shall be held and taken to have been in sound condition when examined, accepted, and enrolled for service."

SEC. 19. Section 305 of the war risk insurance act is hereby amended to read as follows:

"SEC. 305. Upon its own motion or upon application the bureau may at any time review an award, and, in accordance with the facts found upon such review, may end, diminish, or increase the compensation previously awarded, or, if compensation is increased, or, if compensation has been refused, reduced, or discontinued, may award compensation in proportion to the degree of liability sustained as of the date such degree of disability began."

SEC. 20. Section 306 of the war risk insurance act is hereby amended to read as follows:

"SEC. 306. No compensation shall be payable for death or disability which does not occur prior to or within one year after discharge or resignation from

ESTABLISHMENT OF A VETERANS' BUREAU.

the service, except that where, after a medical examination made pursuant to regulations, a certificate has been obtained from the director at the time of discharge or resignation from the service, or within one year thereafter, or within one year after the passage of this act, whichever is the later, to the effect that the injured person at the time of his discharge or resignation was suffering from injury likely to result in death or disability, compensation shall be payable for death or disability whenever occurring, proximately resulting from such injury."

Sec. 21. Section 313 of the war risk insurance act, as amended, is hereby amended by adding thereto, immediately following subsection (2) thereof, a new subsection to be known as subsection (2a) and to read as follows:

"(2a) The veterans' bureau is hereby authorized to pay the beneficiary or other person or persons in whose name an action may have been commenced or prosecuted, and to all witnesses in such action, fees and mileage, the same as is now paid and allowed to witnesses in the United States courts, in going to, remaining at, and returning from place of trial, and without any regard to whether the action, if any, is brought or prosecuted in a court of the United States or some other court.

"In all cases of assignment of causes of action under this section, whether the assignment be heretofore or hereafter made, where it shall appear to the director to be to the best interests of the beneficiary so to do, the director, acting for and in the name of the United States, may assign the cause of action back to the beneficiary or to his personal representatives."

Sec. 22. Section 402 of the war risk insurance act is hereby amended by adding thereto a subsection to be known as subsection (a) and to read as follows:

"(a) Where a beneficiary, at the time of designation by the insured, is within the permitted class of beneficiaries and is the designated beneficiary at the time of the maturity of the insurance because of the death of the insured, such beneficiary shall be deemed to be within the permitted class even though the status of such beneficiary shall have been changed."

Sec. 23. Section 404 of the war risk insurance act is hereby amended to read as follows:

"Sec. 404. During the period of the war and thereafter until converted the insurance shall be term insurance for successive terms of one year each. Not later than five years after the date of the termination of the war as declared by proclamation of the President of the United States the term insurance shall be converted, without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturing at age sixty-two, and into other usual forms of insurance, and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

"In case where an insured whose yearly renewable term insurance has matured by reason of total permanent disability is found and declared to be no longer permanently and totally disabled, and where the insured is required under regulations to renew payment of premiums on said term insurance, and where this contingency is extended beyond the five year period during which said yearly renewable term insurance otherwise must be converted, there shall be given such insured an additional period of two years from the date on which he is required to renew payment of premiums in which to convert said term insurance as hereinbefore provided."

Sec. 24. A new section is hereby added to Article IV of the war risk insurance act to be known as section 406, and to read as follows:

"Sec. 406. Whenever a claim under United States Government life insurance (converted insurance) is to be paid because of the total permanent disability of the insured, or because of the death of the insured as the result of disease or injury traceable to the extra hazard of the military or naval service, as such hazard may be determined by the director, payment shall be made out of the military and naval insurance appropriation. The United States Government life insurance fund shall be reimbursed out of the military and naval insurance appropriation for any payments made out of such fund prior to the passage of this act, on account of claims because of the total permanent disability of the insured or on account of the death of the insured as the result of disease or injury traceable to the hazard of the military or naval service; and the United

ESTABLISHMENT OF A VETERANS' BUREAU.

9

States Government life insurance fund shall be reimbursed out of the military and naval insurance appropriation for any premiums from the payment of which the insured has been heretofore relieved because of total permanent disability."

SEC. 25. A new section is hereby added to Article IV of the war risk insurance act (including therein section 14 of the act entitled "An act to amend and modify the war risk insurance act," approved December 24, 1919) to be known as section 407, and to read as follows:

"SEC. 407. If no person within the permitted class of beneficiaries survive the insured, then there shall be paid to the estate of the insured the monthly installments payable and applicable under the provisions of Article IV of the war risk insurance act: *Provided*, That in cases where the estate of the insured would escheat under the laws of the place of his residence the insurance shall not be paid to the estate of the insured, but shall escheat to the United States and shall be credited to the United States Government life insurance fund or the military and naval insurance appropriation, as may be proper."

SEC. 26. A new section is hereby added to Article IV of the war risk insurance act, to be known as section 408, and to read as follows:

"SEC. 408. In the event that all provisions of the rules and regulations other than the requirements as to the physical condition of the applicant for insurance have been complied with, an application for reinstatement of lapsed or canceled yearly renewable term insurance or application for United States Government life insurance (converted insurance) hereafter made may be approved: *Provided*, That the applicant's disability is the result of an injury or disease or of an aggravation thereof suffered or contracted in the active military or naval service during the World War: *Provided further*, That the applicant during his lifetime submits proof satisfactory to the director, showing the service origin of the disability or aggravation thereof and that the applicant is not totally and permanently disabled. As a condition, however, to the acceptance of an application for the reinstatement of lapsed or canceled yearly renewable term insurance or United States Government life insurance (converted insurance) the applicant shall be required to pay all the back monthly premiums which would have become payable if such insurance had not lapsed, together with interest at the rate of 3½ per centum per annum on each premium from the date said premium is due by the terms of the policy: *Provided further*, That where any soldier has heretofore allowed his insurance to lapse, while suffering from wounds or disease suffered or contracted in line of service, and was at the time he allowed his said policy to lapse entitled to compensation on account thereof in a sum equal to or in excess of the amount due from him in premiums on his said insurance, and has since died from said wounds or disease without collecting or making claim for said compensation or being allowed to reinstate his said policy on account of his physical condition, then and in that event said policy shall not be considered as lapsed, and the veterans' bureau is hereby authorized and directed to pay to the beneficiaries of said soldier under said policy the amount of said insurance in installments as provided by law."

SEC. 27. A new section is hereby added to Article IV of the war risk insurance act, to be known as section 409 and to read as follows:

"SEC. 409. The veterans' bureau is authorized to make provision in accordance with regulations whereby the premiums on yearly renewable term insurance and United States Government life insurance (converted insurance) may be waived and the insurance may be deemed not to lapse in the cases of the following persons, to wit: (a) Those who are confined in a hospital under said bureau for a compensable disability during the period while they are so confined; (b) those who are rated as temporarily totally disabled by reason of an injury or disease entitling them to compensation during the period of such total disability and while they are so rated: *Provided*, That such relief from payment of premiums on renewable term insurance shall be for full calendar months, beginning with the month in which said confinement to hospital or temporary total disability rating begins, and ending with that month during the half or major fraction of which the person is confined in hospital or is rated as temporarily totally disabled."

SEC. 28. A new section is hereby added to Article IV of the war risk insurance act, to be known as section 410 and to read as follows:

"SEC. 410. Under such rules and regulations as the Secretary of the Treasury and the Postmaster General may prescribe, the Postmaster General is hereby authorized to receive the premiums on yearly renewable term insurance and United States Government life insurance (converted insurance) and to

act for and turn over to the Secretary of the Treasury the money so received, and if the money-order system is used as an agency for the transmission of such money the Postmaster General may adopt a specially designed money-order form for such purpose, and he also is authorized to receive and transmit to the veterans' bureau applications for reinstatement of lapsed insurance and applications for conversion of yearly renewable term insurance."

SEC. 29. A new section is hereby added to Article IV of the war risk insurance act, to be known as section 411 and to read as follows:

"SEC. 411. Subject to the provisions of section 29 of the war risk insurance act and amendments thereto policies of insurance heretofore or hereafter issued in accordance with Article IV of the war risk insurance act shall be contestable after six months from date of issuance or reinstatement, except for fraud or nonpayment of premiums."

Passed the House of Representatives June 10, 1921.

Attest:

W.M. TYLER PAGE, Clerk.

Senator Smoot. I will state that I gave notice of the hearings on the so-called Sweet bill to take place this morning at 10.30 o'clock. Evidently no one desires to submit any testimony or evidence on the bill, and therefore I do not know that there is any necessity of adjourning the meeting, but we might just as well proceed to the consideration of the bill before the subcommittee. I will state, however, that since I received the bill from the Finance Committee I referred it to the War Risk Bureau for report. On June 28, 1921, certain amendments were submitted by Col. Forbes, Director of the War Risk Bureau, and in talking with Mr. Taylor, the legislative representative of the American Legion, he stated to me that he had examined the proposed amendments by Col. Forbes, and everyone of them met with his approval.

That being the case, I think the hearings might as well be declared closed, and we should proceed with the consideration of the bill and report it to the Senate as soon as possible.

Senator WALSH. Unless in the next day or two there is some one who desires to be heard?

Senator Smoot. Yes; if anyone desires to be heard, we will be glad to hear them; but I think what they want is action on the bill as soon as possible.

(Whereupon, at 10.50 o'clock a. m., the committee proceeded to the consideration of the bill referred to.)

ESTABLISHMENT OF A VETERANS' BUREAU.

THURSDAY, JULY 7, 1921.

**UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON FINANCE,
Washington, D. C.**

The subcommittee met at 10.30 o'clock a. m., in room 312, Senate Office Building, Washington, D. C., Senator Reed Smoot presiding.

Present: Senators Smoot (chairman), Dillingham, Calder, and Walsh.

Senator Smoot. Mr. Elliott, I believe you wished to address the committee this morning on H. R. 6611.

STATEMENT OF HON. RICHARD N. ELLIOTT, REPRESENTATIVE IN CONGRESS FROM INDIANA.

Mr. ELLIOTT. Mr. Chairman, I am interested in the proviso beginning on page 22, line 14, and ending on page 23, line 2, of the Sweet bill.

I offered this amendment, which was adopted by the House, in the interest of the soldier who had heretofore allowed his insurance to lapse, while suffering from wounds or disease suffered or contracted in line of service, and was at the time he allowed his said policy to elapse entitled to compensation on account thereof in a sum equal to or in excess of the amount due from him in premiums on his said insurance, and has since died from said wounds or disease without collecting or making claim for said compensation, or being allowed to reinstate his said policy on account of his physical condition.

Senator WALSH. Do you not think that at least there should be included in that language these words: "After having deducted all amounts due for premiums on said policy?"

Mr. ELLIOTT. I have no objection to that.

Senator WALSH. That is what my bill provides. It seems to me that at least that ought to go in.

Mr. ELLIOTT. Under the present law a soldier who contracted tuberculosis in line of service, if he is totally and permanently disabled at the time his policy is allowed to lapse on account of non-payment of premiums, then the policy will not lapse; but if he is only partially but permanently disabled with a disease; or, in other words, still able to go about, then, under the law, he is not entitled to the same treatment that he would be if he were totally disabled; although he may die many months before the man who is rated as totally and permanently disabled.

My amendment will take care of only those men who had compensation coming to them from the Government on account of wounds or disease suffered or incurred in line of service, and then only where they fail to collect it in their lifetime. This bill seeks to allow men who are suffering from permanent disease incurred in line of service to reinstate their policies.

One of the cases which I have in mind, and which caused me to seek to amend this bill is a case where a man contracted tuberculosis in the Army and died 1 year and 16 days after his discharge. After he allowed his policy to lapse on account of nonpayment of premiums he tried to reinstate by sending a check to the department, but this was rejected on account of the fact that the law did not authorize him to reinstate. He filed a claim for compensation and the claim was adjudicated after his death, and the money is lying down there in the Bureau of War Risk Insurance to-day.

It seems to me, gentlemen, that this is a meritorious proposition. The Government owed these men more money than they owed the Government; and, in addition to that, it was money that was earned by their very life's blood which they poured out on the altar of their country for their country's benefit.

Senator WALSH. Was this language inserted by an amendment offered upon the floor?

Mr. ELLIOTT. Yes; I offered that amendment on the floor of the House, and it was voted in after a fight.

Senator WALSH. What was the vote—do you recall?

Mr. ELLIOTT. It was 160 to 60. There were several votes taken. The parliamentary situation changed.

Senator WALSH. There were very few amendments offered that passed the House.

Mr. ELLIOTT. This was offered; and the motion to recommit, which put those regional offices back in the bill, was about all that passed to amount to anything.

Senator SMOOR. Is there anything else you desire to say, Mr. Elliott?

Mr. ELLIOTT. I believe that is all, Mr. Chairman.

STATEMENT OF HON. NICHOLAS J. SINNOTT, REPRESENTATIVE IN CONGRESS FROM OREGON.

Mr. SINNOTT. Mr. Chairman, I have very little to offer in addition to what Mr. Elliott has stated. This amendment merely permits the policy of a soldier who has suffered from wounds or disease contracted in the line of service and has since died to be reinstated, provided that he is entitled to receive compensation from the Government.

I can best illustrate one of the ideas of this by stating a concrete case that I have myself. A boy who contracted tuberculosis in the Army was discharged in February. In March he endeavored to work. He immediately fainted. He was sent to a hospital in San Francisco, where he remained several months, and died of tuberculosis. All the governmental bureaus and medical authorities found that his death was caused by tuberculosis contracted in the line of service. During all of this time this boy would have been entitled

to \$90 a month from the Government if he did not even put in a claim through inadvertence or ignorance, and at the time of his death the Government really owed him \$900. This amendment would permit so much of that \$900 as is necessary to be applied upon the policy and he would be reinstated.

The reason that this policy was allowed to lapse, as far as the law is concerned, is that it was found that this boy was a temporary total disability from the date of his discharge. Had they found that he was a permanent total disability from the date of his discharge, that would have prevented his policy from lapsing. Although his death proved that he was, as a matter of fact, a permanent total disability, yet the board found that he was a temporary total disability, and therefore his policy lapsed, even though at that very time the Government owed him several hundred dollars.

The CHAIRMAN. The Government did not owe him any, because he had not filed an application.

Mr. SINNOTT. I mean if he had filed his application. It was merely through ignorance that he did not file his application. The application would have been granted as a matter of right.

Senator WALSH. Does the present law keep alive a Government insurance policy regardless of the payment of premiums of a man who is permanently totally disabled?

Mr. SINNOTT. Yes; if he is declared to be a total permanent disability at the time of the lapse, then the policy does not lapse.

Senator WALSH. It is revived, in other words? Does he have to pay any back premiums?

Mr. SINNOTT. I do not know about that.

Senator WALSH. Of course, all policies lapse upon the nonpayment of premiums.

Mr. SINNOTT. Yes.

Senator WALSH. You say that there is a provision in the law to the effect that if a man, two years after his policy has lapsed, is adjudged totally permanently disabled his policy is revived?

Mr. SINNOTT. Yes: that is what they told me in this case.

Senator WALSH. I would like to see that provision. I do not think that is possible.

Mr. SINNOTT. This soldier's policy lapsed on a certain date in March, at which time he was rated as a temporary total disability. They informed me that had he been rated on the date of the lapse of this policy as a permanent total disability it would not have lapsed.

Senator WALSH. Do you know there are cases on record of men whose policies have lapsed who have been reinstated, who have paid premiums, and who have died and been refused the principal sum named in the policy because the reinstatement was declared after death to be invalid, owing to the fact that they were not physically sound at the time of reinstatement?

Mr. SINNOTT. Yes; I understand so. I believe that is all I have to say. Mr. Chairman.

Mr. ELLIOTT. I would like to add just one little statement. At least a year and a half after the discharge of this man from the Army, and several months after his death, the Bureau of War Risk Insurance adjudicated his claim, which he had filed, and allowed him compensation from the date of his discharge to the date of his death.

Senator Smoot. And still he did not pay his insurance.

Mr. ELLIOTT. Well, he never got it. It is there yet. But I say that a year and a half after his discharge from the Army, and at least six months after his death, the Bureau of War Risk Insurance adjudicated this claim and allowed him this money. But he was dead and gone.

Senator Smoot. I suppose you will find that he sent evidence asked for by the War Risk Insurance Bureau?

Mr. ELLIOTT. But they adjudicated it and found that he was entitled to it all this time.

Now, a question has been asked as to how much this would cost. I have no means of knowing, but I know this, that the Associated Press carried a notice of this amendment all over the United States, and I have received about 8 or 10 communications from different parts of the United States about it. Most of the cases that have been sent in to me, where they gave any information at all, concluded that they would not come under this amendment. I know of about three cases personally that might come under it.

Senator WALSH. I have asked for information to ascertain how many policies have lapsed between November 11, 1918, and the present time. That information will some time be forthcoming.

Mr. ELLIOTT. I think if you are going to allow the fellows from now on to reinstate their policies who are suffering from disease, they ought to be allowed to do so.

Mr. SINNOTT. I just want to add one thing, and that is with reference to the matter of putting in a claim. The War Risk Insurance Bureau first held under the law that it was not necessary to put in a claim; but then the comptroller held that it was, and that put my man out. I know of only one case myself. I do not think there will be a great many cases coming under this provision.

Senator WALSH. Senator Smoot, you have followed this matter pretty closely. Has any statement been made by any department of the Government giving information to the people of this country as to how this insurance proposition has worked out or is going to work out in the future?

Senator Smoot. Yes; there was a statement made to the Appropriations Committee showing what it would cost the Government up to about a year ago.

Senator WALSH. Was that in public print?

Senator Smoot. I think it was in a hearing held before the committee.

Senator WALSH. I think the country has a right to know, and at least Members of Congress should know, how this insurance has worked out so far and how it is going to work out hereafter.

Senator Smoot. Lapses took place until there were less than 700,000 carrying insurance, and, as I say, the Appropriations Committee has appropriated hundreds of thousands of dollars for the War Risk Insurance Bureau to expend in visiting the soldiers personally, and sending out circulars begging them to reinstate their policies.

Senator WALSH. Yes; that is administrative authority. But how much money has the Committee on Appropriations appropriated to pay up the insurance under the policies issued by the Government?

Senator Smoot. I can not say.

Senator WALSH. As a matter of fact, they have not paid any, have they? They paid for the administration of the act, but have they appropriated any money to meet deficiencies?

Senator SMOOT. Yes; millions of dollars.

Senator WALSH. We ought to have that information.

Senator SMOOT. I think we can get that. I will say this, however, that since the armistice was signed the premiums that have been paid were about equal to offset the losses that followed after the war. But the Government lost heavily during the war, and the Government expected to lose.

**STATEMENT OF MR. EDWIN S. BETTELHEIM, JR., CHAIRMAN
NATIONAL LEGISLATIVE COMMITTEE, VETERANS OF FOREIGN
WARS OF THE UNITED STATES.**

Mr. BETTELHEIM. Mr. Chairman, I desire to make a few observations on the Sweet bill as it comes to your committee.

In the first section of the bill it is stated that the director of the veterans' bureau shall be an Assistant Secretary of the Treasury. There were some intimations that that officer would be a Director of the Bureau of War Risk Insurance. The thought has just occurred to us that possibly that might tie the hands of the President. With all due consideration to Col. Forbes, who is a capable man and who undoubtedly may be the man appointed to carry on this work, I am wondering whether that meant that hereafter all directors of the veterans' bureau may be the Directors of the War Risk Insurance Bureau.

Senator SMOOT. The bill states that "the word 'director' as hereinafter used in this act shall mean the director of the veterans' Bureau."

Mr. BETTELHEIM. Yes; but some word got out that it was intended that the director shall be the Director of the War Risk Insurance bureau."

Senator SMOOT. To make it plain, this is what we agreed to the other day: "There is hereby established in the Treasury Department a bureau to be known as the Veterans' Bureau, the director of which shall be the Director of the Bureau of War Risk Insurance, who shall be appointed an Assistant Secretary of the Treasury."

Mr. BETTELHEIM. What I mean to say is that if that additional clause were left out it would not change the effect of the bill any, and besides it would not tie the hands of the President.

Senator DILLINGHAM. How will it tie his hands as it is now?

Mr. BETTELHEIM. It makes him a director of the bureau.

Senator SMOOT. He appoints that director anyhow under the law.

Mr. BETTELHEIM. But under the law he has no power to appoint that man. That clause says he shall be the director of the bureau, which is the present incumbent. That is just a thought. I may be wrong about that.

Senator SMOOT. It says: "The director of which shall be the Director of the Bureau of War Risk Insurance, who shall be appointed an Assistant Secretary of the Treasury."

Senator WALSH. Mr. Bettelheim, your point is that that language makes the present incumbent the Assistant Secretary of the Treasury?

Mr. BETTELHEIM. Yes; that is my point.

Senator SMOOT. What objection is there to that?

Mr. BETTELHEIM. It is just an embarrassing situation; that is all. I believe the present incumbent, Col. Forbes, is a very good man, and I said so before the investigating committee, but—

Senator Smoot. Do you want to have the law provide that there shall be an Assistant Secretary of the Treasury and also a Director of the War Risk Insurance Bureau?

Mr. BETTELHEIM. No; I mean that the director of the veterans' bureau shall be an Assistant Secretary of the Treasury, but it does not mean that he should be this present incumbent.

Senator Smoot. This bill does not provide that.

Senator DILLINGHAM. Well, we understand Mr. Bettelheim's point. Let us take up the next point.

Mr. BETTELHEIM. The next point is in section 4. We are dreadfully afraid that section 4 tends to lead to a divided authority. It just turns over to this veterans' bureau the personnel, facilities, property, and equipment, etc., under this ruling of the Secretary of the Treasury, but it does not turn over to the director of the bureau the hospitals in which the veterans are.

Senator DILLINGHAM. That has already been done, has it not, by an order?

Mr. BETTELHEIM. No; it has not, not the hospitals. The hospitals are still under the Public Health Service.

Senator Smoot. The President can do that at any time by an order.

Mr. BETTELHEIM. But you see there is a loophole there for divided authority.

Senator Smoot. I want to say frankly that I am not in favor of section 4 of the bill.

Mr. BETTELHEIM. I think, Senator Smoot, that section 3 of your bill covers the situation, and I would suggest that your bill, S. 1669, is better phrased than the bill as it came from the House.

Senator Smoot. I will tell you that we are going to make a change in section 4.

Mr. BETTELHEIM. On the bottom of page 3 it says, "*Provided*, That all commissioned personnel detailed or hereafter detailed from the United States Public Health Service to the veterans' bureau."

Senator Smoot. Do not bother about that. I think we will take care of that.

Mr. BETTELHEIM. The next point is contained in section 6, which was a matter of discussion for a day and a half in the House. We believe that the number of suboffices should not be limited. We believe that if the number is given the tendency will be to run into that number, whereas if the number is not stated they will establish the offices according to experience. No one knows to-day how many suboffices are necessary. Time will tell. After a year's operation Congress will be able to know how many offices are necessary. It will know then whether there are too many or not enough, but I think if they are limited now it is going to tie hands. For instance, New York State may need four; one down in the lower part of the State, one up in Albany, one in Syracuse, one in Bingham, and one in Buffalo. That will prevent the opportunity of establishing

an office, say, in Vermont or Rhode Island, because the vast amount of territory to be covered will eat up the larger number of offices, and I believe that that thing should not be limited.

Senator WALSH. In other words, you think that is a matter of administration rather than legislation?

Mr. BETTELHEIM. Yes. At the bottom of page 5, after the word "Director," on line 24, I think there should be a period, and that the following clause at the top of page 6, "except to make compensation and insurance awards and to grant vocational training," should be stricken out, because at the present time the Vocational Board is functioning and giving vocational training subject to approval of these offices. That means that a man before he can get vocational training, say, in District No. 1, has to go to the regional office in Boston, and he may live in Vermont, or he may live in New Hampshire. The same thing is true of the district in which Minneapolis is the regional office. He has to go from Billings or Helena, Mont., to Minneapolis, which is almost the same distance as from Washington to Minneapolis.

Senator SMOOT. You do not think those suboffices ought to have that power, do you, to make compensation and insurance awards and to grant vocational training?

Mr. BETTELHEIM. I think they should be able to grant vocational training, and I think the award should be made on the spot. I do not believe the man should be told his award. The man comes up to the board and they see his disability. They are the people who in all fairness to the man and the Government can make the award. The award should be sent to the regional office for approval, but the examining, reviewing, and awarding should be done right there on the spot. I have seen many instances in the Bureau of War Risk Insurance where a man has said that he had something the matter with his arm and he gets something like a 10 or 15 per cent disability; and yet that man has had to come here to Washington and show that he could not lift his arm up any farther than that [indicating]. Then he got a 60 per cent award.

Senator SMOOT. We will have fourteen places hereafter for those men to go to instead of coming to Washington.

Mr. BETTELHEIM. What I mean to say is not that the man should be told right then and there that he is going to get 40 or 50 per cent, but the board there should make the recommendation then and there subject to the approval of the regional office and the final appeal to the central office. The same is true with respect to vocational training. I do not think the man at that minute should be put in vocational training, but no one knows better than the one who sees the man.

Senator SMOOT. What is the next point?

Mr. BETTELHEIM. The House added an initial paragraph, stating that the regional offices, etc., shall terminate on June 30, 1926. It is agreed by all authority that the peak will not be reached until 1927 or 1930. Why put that clause in there at all? There is not a man in this country who can tell when those offices should terminate. Time is the only thing that can tell that.

Senator SMOOT. I will guess that it will be amended long before 1926.

Mr. BETTELHEIM. But I think it should be stricken out by your committee.

Senator WALSH. I suppose the reason for that insertion is that by that time so many cases will have been settled or adjudicated that there will not be any need for anything more than a central office.

Mr. BETTELHEIM. But you are only working up trouble for yourself here; that is, you have to go out to renew that now.

Senator SMOOT. Repeal it, when? In 1926?

Mr. BETTELHEIM. Yes; five years from now.

Senator SMOOT. If there are a million cases adjudicated and settled and only a possibility of a couple of hundred thousand more or a hundred thousand more, why should not we try to reduce the administrative force?

Mr. BETTELHEIM. I say if three years from now you find that the situation has cleared up, do it right then and there; but here you set an objective that one will attempt to go up to.

Senator WALSH. We have your suggestion about that. I think there ought to be authority to reduce these offices.

Mr. BETTELHEIM. Under section 8 the bill states:

All sums heretofore and hereafter appropriated for carrying out the provisions of the war-risk insurance act and amendments thereto, and to carry out the provisions of the act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, and amendments thereto, shall, where unexpended.

It says heretofore and hereafter where unexpended. Now, should all moneys hereafter appropriated for these purposes be placed under the supervision of this bureau? There should be no chance for somebody to expend some part of it and leave the unexpended part to go to this bureau.

Senator SMOOT. You want to strike out the words "and hereafter"? I think that is a good thing. That is on page 6, in line 13. In other words, it makes an appropriation that may be hereafter made for any fiscal year available at any time, and that is bad legislation.

Mr. BETTELHEIM. In lines 24 and 25, page 6, it says, "with the restrictions heretofore imposed as to number of persons that may be employed at stated salaries." There are going to be a number of new positions created in this veterans' bureau. Each regional office will have to have a supervisor in charge. There will be various new additional positions created. I fear if that clause is allowed to remain it is going to tie the hands of the director of this new bureau so that he can not put it on the working basis that Congress wants. I believe you should give him a free hand.

Senator SMOOT. Col. Forbes thinks it is all right and he can get along with it. What is the next point?

Mr. BETTELHEIM. The next point is on page 8, line 10:

In the event that there is not sufficient Government hospital and other facilities for the proper medical care and treatment of beneficiaries under this act * * * the director shall make such recommendations to the Secretary of the Treasury as in his opinion is deemed necessary and advisable for the

further improvement * * * and structures as may be recommended shall become part of the permanent equipment of some one of the now-existing agencies of the Government, including the War Department, Navy Department, Interior Department, Treasury Department, the National Homes for Disabled Volunteer Soldiers.

Why not place these new facilities under the director of the veterans' bureau? Then when he ceases to need them they can be turned over to any other agency. This puts them immediately under the Public Health Service or the War Department or the National Soldiers' Home, whereas they are built especially to care for the disabled soldiers and should come under the administration of the veterans' bureau until such time as they are not needed. Then they can be turned over. The trouble to-day is there is a tendency to divide authority.

Senator WALSH. If you did that you would have to also turn over in this act all equipment that these bureaus or departments have temporarily turned over to the use of the soldiers, would you not?

Mr. BETTELHEIM. That is right. It would save divided authority then.

Senator WALSH. We should take over now those public-health hospitals in which the soldiers are at present housed?

Mr. BETTELHEIM. That is right. That is the difficulty that the investigating committee found, that there seemed to be divided authority; each one is pointing to the other.

Senator WALSH. I suppose your claim is that the title to a great deal of the property which would be used under this act by this director will be, as a matter of fact, in the name of some other department than his own?

Mr. BETTELHEIM. That is it.

Senator WALSH. If it is all put under the Treasury Department, it would be in the department with which he is associated.

Mr. BETTELHEIM. Yes.

Senator WALSH. Under this provision it will be under the Treasury Department.

Mr. BETTELHEIM. It says, "The now existing agencies of the Government." It may include more, but it includes those that are given and the Public Health Service is not given there but is included. Ninety per cent of the activities of the United States Public Health Service to-day has to do with the ex-service men and not with the marine.

Senator SMOOT. That will not be the case after this bill is passed.

Senator WALSH. We will take that under advisement.

Mr. BETTELHEIM. I wish to refer also to section 11, beginning at the bottom of page 9 and extending over onto page 10. It enumerates the penalties, and it has a tendency to run into what is known as the old three-thirty, two-thirds of three months' pay. We believe that there must be discipline in these hospitals and that there must be discipline in these various institutions, but we do not want it to run into too militaristic form of discipline.

Senator SMOOT. Well, what do you suggest? You have to have some kind of penalty.

Mr. BETTELHEIM. A man can be suspended.

Senator Smoot. Supposing they did suspend a man, and he went out and told a story here to the newspapers, what would happen in the United States? Every one of them would make a great blow about it.

Mr. BETTELHEIM. Would there be any difference if you took away two-thirds of his pay? You would penalize his wife and his children.

Senator Smoot. I do not think that would do. There has to be some penalty. What kind of a penalty would you suggest? You know, do you not, that we must have some kind of a penalty?

Mr. BETTELHEIM. I believe you would not need any penalty if you had the right administration of these hospitals.

Senator Smoot. That is assuming that every man that goes into a hospital will be a perfect man.

Mr. BETTELHEIM. Yes; but, Senator, this country called every single man between the ages of 19 and 45. They did not all get into service, but they took the cream.

Senator Smoot. Physically?

Mr. BETTELHEIM. Physically; yes, sir. Now, the average man of this country is a law-abiding, conscientious citizen. A percentage of them must fall within those classes. The average man is law-abiding; but if you get the malingerer every veterans' organization will go out to see that that man is properly talked to.

Senator Smoot. I wish you would hasten on, because we will be accused of not getting this bill out on the floor of the Senate.

Mr. BETTELHEIM. But it is better to do it right, even if we take a whole day at it.

Senator Smoot. We ought to report it just as it is, without the crossing of a t or the dotting of an i. You should see the vast number of telegrams that I have received.

Mr. BETTELHEIM. Senator, we are certainly anxious that it shall go out, but we would rather delay a day to see that it goes out in the best possible form.

Senator Smoot. Well, take the next proposed amendment.

Mr. BETTELHEIM. The next is on page 14, line 6.

Senator Smoot. We intend to strike out those words: "considered to be in active service," and insert "shall be deemed to have the same status," and so forth. All of those amendments we have agreed to. Now, what is the next point?

Mr. BETTELHEIM. We believe that such an amendment, as was introduced by Senator Walsh, permitting the term insurance to be paid in payments different from the \$240, such as divided into three payments, is good.

Senator Smoot. Do you mean that you want lump-sum payments?

Mr. BETTELHEIM. Lump-sum payments would be good, but I think payments divided into three equal parts would be better. I believe that the amendment, known as Senate bill 1291, covers that situation. It says: "Upon proper filing of satisfactory proof of death one-third of the face value of the policy and one-third one year after the date of the death, and one-third two years after the date shall be paid." That is a happy medium between the \$240 payment and the lump sum.

Senator Smoot. I believe in the monthly payments to take care of the dependents of the soldier. I recognize the fact that experience in the past has demonstrated that 92 per cent of all the moneys are expended in the first two years after the premium is paid, and I have been a strong advocate of monthly payments of insurance for the very reason that I have stated. Under a term insurance they ought to be paid just as any other insurance pays them, and, if most of the men want it, of course, they can have it; but I do not believe it is a good thing for the country nor do I believe that it is a good thing for the beneficiaries of the soldier. That is my personal opinion.

Senator WALSH. Where do you propose to insert that, Mr. Bettelheim?

Mr. BETTELHEIM. As a new section.

Senator WALSH. There is a very strong feeling among the insured ex-service men in favor of that.

Mr. BETTELHEIM. There is.

Senator Smoot. I have not any doubt but what many of them would very much prefer it, but many of them would not.

Senator WALSH. They feel that they have matured due to their experience in the war.

Senator Smoot. It is not them that I am looking after. The experience with all insurance companies in the past has been that the beneficiary of the insured spends money without any particular help to them after two years.

Senator WALSH. How can they get statistics of that kind?

Senator Smoot. The insurance companies get the statistics and publish them every year.

Senator WALSH. They trace the beneficiaries?

Senator Smoot. Absolutely.

Mr. BETTELHEIM. I believe those statistics were gotten out at the time of the Hughes committee investigation in the early part of 1919. Since that time there is not a bit of doubt but what the Government has educated the country to insurance. Many men never took any thought of insurance or the benefits of insurance until they were educated on the subject. Not only that, but to-day, through the fact that they have had to get out and depend upon themselves, men who are out in the service have learned how to take care of themselves and their families who have been left at home have learned how to take care of themselves, and they are better able to-day to receive the lump sum.

Senator WALSH. You are in favor of S. 1291?

Mr. BETTELHEIM. Yes; very strongly in favor of that. In closing, we would suggest one additional section, and that is known as section 28 in the Senate bill 1669, introduced by yourself, "That all acts or parts of acts or amendments in conflict with this act shall be repealed or modified to conform herewith." There is nothing in the Sweet bill that provides for that and it leaves it indefinite.

Senator WALSH. All right; we thank you, Mr. Bettelheim.

Senator Smoot. Mr. Fidler, a member of the Federal Board for Vocational Education, is present and we would be very glad to hear from him.

STATEMENT OF MR. HARRY M. FIDLER, MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION.

Mr. FIDLER. There are three representatives of the Federal board, one representing agriculture, one representing labor, and one representing the manufacturers. I am in charge of the labor branch, but I am speaking for the board.

Senator WALSH. Are you permanently with the board?

Mr. FIDLER. Yes.

Senator WALSH. Is there delegated to you a particular branch of the activities of the board?

Mr. FIDLER. No; except by law.

Senator WALSH. Well, your appointment was by law?

Mr. FIDLER. Yes.

Senator WALSH. But you are simply performing general activities as a member of the board, with no special line of activity.

Mr. FIDLER. That is true.

Senator SMOOR. Mr. Fidler, I would like to have you make a statement as succinctly as possible, as we have to adjourn at 5 minutes to 12, and any information that you have in printed form can be printed in the record just as you desire to present it; that is, any information that you will not have sufficient time to call to the attention of the committee.

Mr. FIDLER. Time will not permit. Mr. Chairman, going into this matter at length, and I would be glad to leave these memorandums to be printed in the record.

Senator SMOOR. Make a brief statement as to just what they are and the objects that you have in presenting them.

Mr. FIDLER. The object in presenting this information is to give the Senate committee data that I think they should have in regard to the present status and what the proposed legislation means as affecting vocational rehabilitation.

The gentleman who has just preceded me has gone through a portion of the bill, and the chairman has indicated some changes there that the board is personally in favor of and thinks should be made.

In regard to the number of suboffices in section 6, the latest draft of the bill restricts those to 140. There are now either in operation or authorized 144 local offices. There will undoubtedly be needed some additional offices as, for instance, one in the Hawaiian Islands, one in the Philippines, and one in Porto Rico. The fact that the board has up to date been conservative in the establishment of offices without any restriction being enforced seems to me enough guarantee for the future. It would be unfortunate if a hard and fast limit were placed at this time.

In regard to section 11, it provides that the director may withhold three-fourths of a trainee's pay in a training center for disciplinary purposes. Much objection is raised by the trainees to this provision. The same was not inserted at the request of the board and is not necessary provided it is understood that the board may discontinue a man's training for disciplinary reasons in case he fails to profit by training or to attend the instruction provided for him. I think we all agree

that some reasonable means of enforcing proper discipline should be provided.

It is further satisfactory, in so far as this Federal board is concerned, that we can stop his training if he does not respond and get something out of it.

Senator DILLINGHAM. Does not this apply to the hospitals?

Mr. FIDLER. Every place at which any man is under training.

Senator WALSH. There is no provision covering hospitals to-day. It covers training such as the witness has described. Am I right?

Mr. FIDLER. Yes, sir.

Senator WALSH. So far as the Federal Board is concerned there is no occasion for this provision for disciplining the men under section 11?

Mr. FIDLER. No; we are operating very successfully through the fact that we now impose discipline where it is necessary.

Senator WALSH. When you dismiss them they then go back to their own civilian life under the compensation that the Government allows them?

Mr. FIDLER. Yes, sir. For your information in handling this legislation I would like to give you now the present load of the Vocational Board. We have in actual training, under section 2, 89,844 men.

Senator WALSH. Will you briefly state what section 2 provides?

Mr. FIDLER. Section 2 carries maintenance with it.

Senator WALSH. What must be proved in order to get maintenance?

Mr. FIDLER. They must have a vocational handicap.

Senator WALSH. How about the number under section 3?

Mr. FIDLER. I can leave with you this statement—

Senator WALSH. We can pass that matter for the present and perhaps find it in the statement that you are going to leave with us.

Mr. FIDLER. It is in the statement here some place in connection with the section 2 training. If I remember rightly, it is around 34,000. At the rate of the present load and what we expect it to cost during the fiscal year beginning July 1 vocational training, as the bill is now written, will cost approximately \$162,655.184.

Senator WALSH. So that if the Sweet bill is enacted into law as it passed the House, the appropriation for the present current year, ending June 30, 1922, will be the figure that you have named or approximately—

Mr. FIDLER. \$162,655.184. But understand, Senator, the Sweet bill is not increasing this amount in the least. That will be the load whether you pass the Sweet bill or not, under existing laws.

Senator WALSH. What was your load last year, ending June 30, 1921?

Mr. FIDLER. Around \$118,000,000. The trainees are increasing at the rate of 1,500 a month, just now. This month they will be increased to 90,877. That makes an expenditure of \$13,132,300. There will be no change in that under the Sweet bill.

Senator Smoot. We appropriated \$65,000,000 or vocational training.

Senator WALSH. So we will insert that statement in the record for our further inspection and study.

(The statement referred to and submitted by the witness is here printed in full, as follows:)

Estimated expenditures for vocational training for fiscal year 1922 under Sweet bill as passed by the House.

	Number of trainees.	Amount.		Number of trainees.	Amount.
1921.			1922.		
July.....	90,977	\$13,132,300	January.....	95,044	\$13,734,416
August.....	92,414	13,354,412	February.....	95,297	13,771,082
September.....	90,621	13,005,308	March.....	95,935	13,863,212
October.....	90,527	13,125,044	April.....	95,435	13,790,900
November.....	92,371	13,348,152	May.....	96,251	13,908,812
December.....	93,290	13,490,932	June.....	97,232	14,050,644
			Total.....		162,655,184

Amount appropriated for fiscal year 1922----- \$65,000,000
Additional amount required----- 97,655,184

Average cost per man, section 2, \$100 per month.

Average cost per man, section 3, \$35 per month.

Per cent of administrative expense to total expenditure¹----- 0.0864
Per cent of direct or (expense of trainee) to total expenditures²----- .0136

Senator CALDER. Before you leave that, as I understand the statement that you have just submitted, we will have to appropriate about \$100,000,000 more?

Mr. FIDLER. You will find it in the paper. It amounts to ninety-seven million dollars and something.

Senator CALDER. Approximately \$100,000,000.

Senator WALSH. The statement says that the additional amount required is \$97,000,000, but you tell us the additional cost is \$118,000,000.

Senator SMOOT. We have appropriated \$65,000,000 for the year ending June 30, 1922, and even under existing law, or the Sweet bill, the director now tells us it is going to cost \$162,000,000.

Senator WALSH. But I understood him to say \$118,000,000.

Senator SMOOT. No; that was for last year; for the year ending June 30, 1921.

Senator WALSH. But we have only appropriated \$65,000,000?

Mr. FIDLER. That is for 1922, Senator.

Senator WALSH. I understand now.

Mr. FIDLER. If you want any information on any proposed admission or approximate expense carrying with it the 10 per cent provision extending to the veterans' vocational aid under section 2 for men with 10 per cent disability-----

Senator DILJINGHAM. Section 2 of what?

Mr. FIDLER. Of the old law, which carries with it maintenance pay-----

Senator SMOOT. The House did not put that provision in this bill.

Mr. FIDLER. No; that provision is not in this bill.

Senator WALSH. As I understand that provision, it is not in this bill, but you say it is being urged, and it provides that the trainees

¹ "Administrative expense" includes salary and travel expense of employees; office supplies, rent, communication, and miscellaneous expense.

² "Direct expense" includes training pay, tuition, trainee supplies, transportation, meals and lodging, medical and wage.

under section 3 shall get compensation just as the trainees under section 2?

Mr. FIDLER. In substance; yes.

Senator WALSH. And if that should become law the cost will increase enormously.

Senator SMOOT. Two and a half times.

Mr. FIDLER. I can give you the exact figures, or nearly so, if you like.

Senator WALSH. Does that memorandum that you have there deal with that matter?

Mr. FIDLER. Yes; and I think it is very conservative.

Senator WALSH. Does it deal alone with the topic which we are discussing now?

Mr. FIDLER. Not exactly.

Senator WALSH. There are other subjects included?

Mr. FIDLER. Yes. In addition to the foregoing I understand that certain amendments are under consideration by the committee. First, that the distinction between section 2 and section 3 training be abolished and that all ex-service men showing a degree of disability 10 per cent or more be furnished training with maintenance pay. We have, up to the present time, approved for section 2 training 140,504 men of whom 66 per cent have accepted training. The Bureau of War Risk Insurance has granted compensation to approximately 333,620 men. If section 3 training were extended to all these men and the same proportion accepted training as have accepted our awards to date we might expect 220,189 men would accept training under the rehabilitation act. Roughly speaking, we should probably have our load just about doubled, and it naturally follows that the expense of support and maintenance would likewise be doubled.

I am simply giving you that information and taking those sides in the matter because we all realize that this education is a wonderful thing, and I am just trying to show you as nearly as possible exactly what that provision would mean financially.

Senator SMOOT. State for the record just what the difference is between disability under section 2 and section 3 that would enable them to get vocational training if the 10 per cent is agreed to.

Mr. FIDLER. I have that information very well drawn out here, and I will read on. It would take me but a moment to get to this. To summarize the number of men eligible for training under the three foregoing provisions we find that there would be 333,620 eligible under extension of training pay to section 3 trainees.

That would be the extension of section 2 pay.

Senator WALSH. To section 3 men?

Mr. FIDLER. Yes, sir.

Senator SMOOT. I thought you had in that statement a summary of just what disability a man had to have before he could receive vocational training under section 2 and under section 3.

Senator WALSH. Can you tell us that, Mr. Taylor?

Mr. TAYLOR. In one case the man must have a 10 per cent disability, which is a vocational handicap, in which event he gets vocational-training pay, and in the other case, if the disability is not a vocational handicap, is less than 10 per cent, he does not get vocational-training pay.

Mr. FIDLER. He does not get subsistence pay, but he gets his books and tuition furnished. He gets vocational training.

Mr. TAYLOR. But he does not get vocational-training pay.

Mr. FIDLER. He does not get subsistence pay. It is all the same thing.

Senator WALSH. In either case no one can get training unless he has at least a 10 per cent handicap?

Mr. TAYLOR. Vocational handicap; yes.

Mr. BETTELHEIM. If a man is a salesman and is accustomed to carrying something in his arm, and his arm is not rated at 10 per cent, but at 8 per cent, we will say, he still has a vocational handicap. Therefore he can get training. It may not be 10 per cent according to the War-Risk Insurance rating. It is dependent upon how bad a vocational handicap he has.

Mr. FIDLER. If he has a vocational handicap he can come under section 2.

Mr. TAYLOR. And get vocational training and vocational subsistence.

Mr. FIDLER. If he comes under section 2 he gets subsistence pay. A man who is compensated under the War Risk Insurance Bureau is eligible for section 3 training.

Senator WALSH. Any man who is getting compensation?

Mr. FIDLER. From the War Risk Insurance, traceable to the war.

You will find everything in this statement that will be of interest to you, I think.

I am also submitting a statement of the amount of money that has been appropriated since the beginning.

Senator WALSH. Do those memoranda have headings so that they will show in the record what they are?

Mr. FIDLER. Yes. I am also submitting a memorandum containing a few recommendations on the restricted pay. I understand the chairman says that Col. Forbes thinks he can get along with it. I think in the operation of the thing they will find they need at least 20 more \$3,000 men, because of local offices in our larger cities.

(The papers referred to and submitted by the witness, marked, respectively, "Exhibit A," "Exhibit B," and "Exhibit C," are as follows:)

EXHIBIT A.

GENERAL RÉSUMÉ.

FEDERAL BOARD FOR VOCATIONAL EDUCATION,
Washington, D. C., July 6, 1921.

From: Mr. Fisher.

To: Mr. Fidler.

Referring to the Sweet bill (H. R. 6611), I would like to call your attention to the following points.

In section 6 the number of suboffices, as I understand it, is in the latest draft of the bill restricted to 140. We now have either in operation or authorized 144, and we shall undoubtedly need some additional offices, as, for instance, one in the Hawaiian Islands, one in the Philippine Islands and one in Porto Rico. The fact that the board has up to date been conservative in the establishment of offices without any restriction being in force seems to me enough guaranty for the future. It would be unfortunate if a hard and fast limit were placed.

Section 8 contains this clause, "With the restrictions heretofore imposed as to number of personnel that may be employed at stated salaries." As you

know, we are now limited in our salaries above \$2,400, as follows: One hundred at \$2,500, 60 at \$2,750, 80 at \$3,000, 10 at \$3,250, 37 at \$3,500, 80 at \$4,000, 3 at \$5,000, 1 at \$6,000, 1 at \$6,500. This means that above \$2,500 we have only 222 positions at our disposal. These restrictions were placed in force a year ago when the number of men in training was 38,000. The number of men in training to-day is 85,000, and yet we are expected to operate under the same restrictions. This is almost impossible. If one figures that each of our 14 district offices should be entitled to an average of 10 persons in the restricted group, including the district vocational officer his three assistant district vocational officers, and heads of various administrative sections, that would preempt 140 positions. If each local office is to have one or two men in the restricted salary group, it would mean a preemption of 21. Central office should probably be entitled to 25 restricted salaries. This would make a total of 375 salaries which ought to be made available above the \$2,500 mark. Whether the committee would give relief to this extent I do not know, but certainly there ought to be some modification in the present limitations proportionate to the increased load and organization.

Section 11 provides that the director may withhold three-fourths of a trainee's pay in a training center for disciplinary purposes. Much objection is raised by the trainees to this provision. The same was not inserted at the request of the board and is not necessary, provided it is understood that the board may discontinue a man's training for disciplinary reasons in case he fails to profit by training or to attend the instruction provided for him. I think we all agree that some reasonable means of enforcing proper discipline must be provided.

In addition to the foregoing points, I understand that certain amendments are under consideration by the committee:

First, that the distinction between section 2 and section 3 training be abolished and that all ex-service men showing a degree of disability 10 per cent more be granted training with maintenance pay. We have, up to the present time, approved for section 2 training 140,504 men of whom 66 per cent have accepted training. The Bureau of War Risk Insurance has granted compensation to approximately 333,620 men. If section 2 training was extended to all these men and the same proportion accepted training as have accepted our awards to date we might expect that 220,189 men would accept training under the rehabilitation act. Roughly speaking, we should probably have our load just about doubled and it naturally follows that the expense of support and maintenance would likewise be doubled.

Second, that the benefits of our act be extended to include training pay for widows and orphans of men killed in service during the war. We have only approximate figures on the number who would be eligible under such a provision. It has been estimated that there would be in the neighborhood of 39,840.

Third, that the benefits of the act be extended to include training pay for American citizens disabled in the service of the allies. The number who would come under this provision has been estimated at _____.

To summarize the numbers eligible for training under the three foregoing provisions we find that there would be eligible under extension of training pay to section 3 trainees, 333,620; to widows and orphans, 39,840; men disabled in service of the allies, unknown; total, 373,460.

Assuming that 66 per cent of these accept training, we would have some 246,000 trainees from the preceding groups. At the present average cost of \$160 per month per trainee, this would mean a monthly expense of \$39,000,000, or \$468,000,000 per annum. It is only fair, however, in this connection to say that many men who would become eligible under this more liberal provision of the law are already satisfactorily employed and probably would not wish to take advantage of the training which would be offered. It is my understanding that the committee would probably insert some restrictive clause which would eliminate from the benefits of training men who, for instance, have been hospitalized for slight operations, for dental work, or similar causes. It is impossible to give any further estimates until we know what restrictions are proposed, and even then it may be difficult to get the information unless the Bureau of War Risk Insurance has a current record of disability classifications.

The Congress is being asked to raise the base rate of training pay from \$80 to \$100 in all cases. This would mean an increase in training pay of \$20 per

month for approximately 3,100 trainees actually in training now, or a present increase in our disbursements of about \$62,000 per month.

I believe that both this matter and the extension of training benefits to section 3 trainees, etc., is distinctly a matter of policy, and should be determined by the Congress. The board is prepared to carry out the wishes of Congress, but I do not see that we are called upon to either approve or disapprove the amendment of the law in these respects.

R. T. FISHER,
Assistant Director.

EXHIBIT B.

TOTAL VOCATIONAL APPROPRIATIONS FROM JUNE 27, 1918, TO JUNE 16, 1921.

JULY 2, 1921.

Note to Mr. McIntosh:

For your information, I have to furnish the following list of appropriations made for vocational rehabilitation work:

June 27, 1918-----	\$2,000,000
July 11, 1919-----	6,000,000
July 19, 1919-----	8,000,000
Nov. 4, 1919-----	5,000,000
Mar. 6, 1920-----	11,000,000
June 5, 1920-----	7,000,000
June 5, 1920-----	90,000,000
Mar. 4, 1921 (for 1922)-----	65,000,000
June 16, 1921 (deficiency for 1921)-----	15,000,000
	209,000,000

E. JOS. ARONOFF, *Secretary.*

EXHIBIT C.

GENERAL EXPENDITURES OF PRESENT FORM AND ACTIVITY OF FEDERAL BOARD FOR VOCATIONAL EDUCATION.

JULY 5, 1921.

The Federal Board for Vocational Education has a central office in Washington, 14 district offices, and 142 local offices throughout the country. The central office exercises general supervision over the work throughout the country; audits, approves, and pays all bills; defines policies; entertains and passes on appeals regarding eligibility and character of training.

The district office exercises general supervision over the district, gathers information which will establish eligibility of men for training, rates men as being eligible or ineligible for training, approves training arrangements, makes contracts with institutions for training, and has charge of the general follow-up of all men in training.

The local office, in charge of a local supervisor, is charged with the responsibility of entering men who are declared eligible into training and giving such men such personal service and help as is necessary and possible and of getting men who have been trained back into employment at the completion of their training.

The net registration of men whose eligibility for training is being investigated is increasing at the rate of 1,500 per month. The number pending final decision on July 1 was approximately 1,500, about the same as the average monthly applications filed with the board. The chief cause why this small number of cases are pending is, first, the board is unable on the basis of the evidence at hand to connect the present claimed disability with military service; and second, it is unable to get accurate and satisfactory medical information from certain parts of the country as quickly as is desirable. There is no delay in awarding training to men who are obviously disabled and whose disability can be traced to the service. A large number of men, however, who were discharged with no disability are now claiming disability, and it is difficult to always establish connection of the present claimed disability with the service.

As of June 15, 1921, there were:
 Eligible for section 2 training—

For whom training is feasible.....	140,504
For whom training is not feasible at present time.....	18,344
Eligible for section 3 training.....	64,880

As of May 1, 1921, the following numbers had entered training:

Section 2 (with pay).....	93,708
Section 3 (without pay).....	12,077
Elks fund, etc.....	116
 Total	 105,898

There were in training on June 15, 1921:

Section 2.....	75,812
Section 3.....	8,478
Elks fund, etc.....	76
 Total	 84,366

The above figures show that while the total eligible for section 2 for whom training was feasible was 140,504, that 86,880 had entered training, leaving a difference of 46,601 until a later date. On May 1 the districts reported that 5,537 men who were eligible for section 2 training had declined to accept and that 24,710 had deferred their training until a later date. The others had been offered training if they would accept it. The Government is ready when the man is found and is ready.

On June 16, 8,084 men are reported as having completed training, 2,488 as having discontinued, and 12,943 as having their training interrupted. A large percentage of the latter have entered employment as a result of training. This in addition to the 4,084 definitely reported as rehabilitated or completed; 1,416 have died while in training status.

The first 2,000 men who were rehabilitated went into 163 different kinds of employment at an average annual wage of \$1,463.33. The average prewar wage of the same men was \$1,072.71. In reading the above figures, however, it must be borne in mind that before the war these men were physically sound and the annual wage given was at the end of their prewar employment, while they are now entering employment physically disabled and the wage given is that which they are earning at the beginning of their post-war employment. These men also received varying amounts of compensation from the Bureau of War Risk Insurance in addition to the \$1,463.33 annual wage.

The board is using about 2,200 schools and 10,000 plants and factories in retraining the men. It is the policy of the board to use regularly established educational institutions rather than establish and maintain another system of education in America.

Congress has allowed the board to use its discretion in fixing 62 salaries in excess of \$2,500 per annum. The board has fixed the maximum amount allowed in 21 instances and is paying less than the maximum allowed to 41.

Reports from schools and colleges throughout the country show that approximately 90 per cent of the men in training are making good. The 10 per cent who are not making good are the ones usually heard from rather than the 90 per cent who are making good. Practically all of the 90 per cent believe in the Government and in what it is doing in the retraining of men who have vocational handicaps.

The Benevolent and Protective Order of Elks furnished a revolving fund to loan men money to tide them over until their first pay check came from the Government. The original fund was \$200,000. The total amount loaned up to March 1, 1921, was \$636,596.48. Up to that date there had been repaid \$581,005.94, or about 91 per cent of the total amount loaned. It should be remembered that the Elks had no way to collect this money except by appealing to the honesty of the man and his ability to pay. It is a remarkable record.

Men going into training throughout the country receive their first pay check within 20 days from the time they enter training. The board is paying all men in training every 15 days.

As of March 1, 1921, approximately 15 per cent of the men in training in section 2 were in training in prevocational or try-out courses (not occupational

therapy); 34 per cent were in trade and industrial courses; 24 per cent in business and commercial courses; 12 per cent in agriculture; and 14 per cent in professional courses.

The board is giving prevocational or vocational training in practically all hospitals where disabled men are being sent by the Bureau of War Risk Insurance. The last report shows over 11,000 men in training in 127 hospitals.

Up to May 1, 1921, the board had spent \$120,793,345.52 since the passage of the rehabilitation act on June 17, 1918, two and a half years ago. Of this the total spent in direct payments to the men and for their tuition, books, supplies, etc., was \$106,426,432.95. The overhead for the entire time since the organization of the rehabilitation work, which includes rent, office equipment and supplies, salaries, printing, travel and subsistence of employees, telephone and telegraph, etc., was approximately 13 per cent. This overhead has decreased to approximately 8 per cent in the month of June.

There are several types of training centers for the men suffering from tuberculosis:

- (a) A center in a public health hospital.
- (b) A center in a soldiers' home.
- (c) A center in a contract hospital.
- (d) A center in a community outside of a hospital for men living at home.
- (e) A resident center where the men are section 2 trainees living in dormitories.

Of these centers the number where tuberculous men are receiving training is 64, the number for mental cases is 27, the number for general cases is 33. the number of community centers outside of hospitals where a man with any previous disability might receive training is 53, and the special resident centers are 3.

The board has started since this report two additional centers for mental cases, one at Port Jefferson, Long Island, and the other at Silver Springs, Md. It is the desire of the board to establish as many of these resident centers in the various parts of the United States as the necessity demands. These centers are under medical supervision, with a psychiatrist continuously on duty, and the men are given training under scientific observation and direction. In the centers where the men are suffering from tuberculosis we have a specialist with nurses and follow-up workers to look after the individual.

Senator Smoot. The hour of 12 o'clock having arrived, and with the understanding that you will put in all these papers and have them made a part of the record, the subcommittee will adjourn now to meet to-morrow morning at 10 o'clock.

(Whereupon, at 12 o'clock noon, the subcommittee adjourned until to-morrow, Friday, July 8, 1921, at 10 o'clock a. m.)