

# 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

—  
SATURDAY, JULY 16, 1921  
—

## PART 3

Printed for the use of the Committee on Finance



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1921

**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.

SATURDAY, JULY 16, 1921.

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
Washington, D. C.

The committee met in executive session, pursuant to call of the chairman, at 10.30 o'clock a. m., Senator Boies Penrose presiding.

Present: Senators Penrose, McCumber, Smoot, La Follette, Sutherland, Simmons, Reed, and Walsh.

(During the session of the committee the following occurred:)

## STATEMENT OF HON. HAROLD W. BREINING, ACTING ASSISTANT DIRECTOR OF THE BUREAU OF WAR RISK INSURANCE, WASHINGTON, D. C.

The CHAIRMAN. What position do you occupy, Mr. Breining?

Mr. BREINING. Acting Assistant Director of the Bureau of War Risk Insurance.

The CHAIRMAN. When were you appointed to that position?

Mr. BREINING. In February, 1921.

The CHAIRMAN. Where do you reside?

Mr. BREINING. Brooklyn, N. Y., is my legal residence.

The CHAIRMAN. What occupation did you follow before you took your present position?

Mr. BREINING. Before I took this position I was in the Bureau of War Risk Insurance; prior to that I was in the Army a little over a year and a half, and prior to that I was in the insurance business in New York.

Senator SUTHERLAND. What kind of insurance business?

Mr. BREINING. Fire and casualty.

The CHAIRMAN. You were appointed largely on the ground of your experience as an insurance expert, were you?

Mr. BREINING. I was appointed in the Army to take care of war risk insurance; I was in a part of the war risk section in France for about a year.

Senator SMOOT. Night before last you appeared before the subcommittee and were requested to furnish the subcommittee with the estimated expenditures under present statutes for the fiscal year 1922 and the estimated expenditures under the Sweet bill, if it passed, for the fiscal year 1922. Did you prepare these figures?

Mr. BREINING. Yes, sir.

The CHAIRMAN. Senator Smoot, do you want these figures put into the record here?

Senator SMOOT. I will put the figures in right now at this place in the record.

(The tabulated statement referred to, submitted by Senator Smoot, is here printed in full, as follows:)

Appropriation.	Act of Congress authorizing expenditures.	Estimated amount available for expenditure.	Estimated expenditures under present statutes, fiscal year 1922.	Estimated expenditures if "Sweet bill" passed fiscal year 1922.
Salaries and expenses, Bureau of War Risk Insurance.	War risk act Oct. 6, 1917, as amended, and legislative, executive, and judicial act Mar. 3, 1921.	\$7,400,000.00	\$6,945,400.00	\$5,945,400.00
Marine and seamen's insurance. <sup>1</sup>	War risk act June 12, 1917..	68,300,000.00	588,000.00	588,000.00
Military and naval allowances	War risk act Oct. 6, 1917, as amended, and sundry civil act July 19, 1919.	19,179,000.00	2,040,000.00	2,040,000.00
Military and naval insurance.	War risk act Oct. 6, 1917, as amended.	187,270,000.00	117,000,000.00	120,000,000.00
Military and naval compensation.	War risk act Oct. 6, 1917, as amended, and sundry civil act Mar. 4, 1921.	161,079,000.00	145,000,000.00	145,000,000.00
Medical and hospital services	.....do.....	33,000,000.00	74,585,269.59	87,095,269.59
United States Government life insurance fund. <sup>2</sup>	War risk act, Oct. 6, 1917, as amended.	54,764,000.00	5,000,000.00	5,000,000.00
Army allotment trust fund <sup>3</sup>	.....do.....	20,100,000.00	809,000.00	809,000.00
Navy allotment trust fund <sup>4</sup>	.....do.....	221,000.00	734,000.00	734,000.00
Marine Corps allotment trust fund. <sup>5</sup>	.....do.....	61,500.00	60,000.00	60,000.00
Coast Guard allotment trust fund. <sup>5</sup>	.....do.....	11,000.00	33,000.00	33,000.00
Total, Bureau of War Risk Insurance.	.....do.....	551,386,000.00	352,794,669.59	367,294,669.59
Federal Board Vocational Education. <sup>3</sup>	Vocational rehabilitation act, June 27, 1918, as amended, and sundry civil act, Mar. 4, 1921.	65,000,000.00	162,655,184.00	162,655,184.00
Grand total.....	.....do.....	616,386,000.00	515,449,853.59	529,949,853.59

<sup>1</sup> Represents premiums received in addition to \$50,000,000 appropriation by Congress less losses paid.

<sup>2</sup> Represents premiums received and estimate of premiums to be received, fiscal year 1922, in addition to appropriation of \$23,000,000, less losses paid.

<sup>3</sup> Supplemental appropriation will be necessary.

<sup>4</sup> Represents mutual insurance trust fund and no appropriation by Congress.

<sup>5</sup> Represents no appropriation by Congress but only funds deducted from service pay and disbursed in accordance with war risk act.

**Senator Smoot.** The question has arisen as to the estimated expenditures under present statutes for the fiscal year 1922 in the item of military and naval insurance of \$117,000,000, and which under the Sweet bill would be \$120,000,000.

I wish you would tell the committee whether that is an actual expense for the Government of the United States, or whether the whole of that is paid out of premiums; and if paid out of premiums, is it to be hereafter met by appropriations made by Congress?

**Mr. BRENING.** The expenditures of \$117,000,000 against the available balance of \$187,000,000 will be paid out of premiums that have been received. But that \$117,000,000 represents only what would appear to be one-twentieth of the amount that will be paid under the Government's obligation on term insurance, and next year we will have to ask for an appropriation from Congress.

**Senator Smoot.** In other words, this is now available, and you will use it to pay the expenses of this year?

**Mr. BRENING.** Of this year; yes, sir. Figuring on an ordinary insurance basis, those premiums would be distributed over the 20 years, but we are not doing that; we are just using the premiums we have received and paying it out of the money we have so that we will not have to go to Congress for an appropriation while we have got money.

**Senator SUTHERLAND.** Next year you will have additional premiums?

Mr. BREINING. The premiums next year, I should say offhand, will amount to \$20,000,000; our losses will possibly run \$130,000,000. So there will be a net deficit of \$110,000,000.

Senator SUTHERLAND. Is that not under converted insurance?

Mr. BREINING. No, sir; under term insurance. The converted insurance, so far, has been self-sustaining.

Senator SUTHERLAND. And will continue self-sustaining?

Mr. BREINING. It should continue to be self-sustaining unless an epidemic of unheard-of proportions hits the country. That is one of the reasons, if I might explain, for part of that \$3,000,000 additional. The rates on United States life insurance are based on the American experience mortality rates, and the American experience mortality rates are based on the average occupation of a man, and do not take into consideration the excess chances of death or disability in an occupation such as that of a soldier.

Senator SMOOT. In other words, you do not keep this in a fund to meet the obligations which the Government will have to meet hereafter?

Mr. BREINING. No, sir.

Senator SMOOT. But whenever those obligations arise we will have to make appropriations for them.

Mr. BREINING. After those obligations arise you will have to make appropriations for them.

Senator SUTHERLAND. But in the future those occupations will be generally such as will be covered by the American mortality tables?

Mr. BREINING. Yes, sir; they will. But these men who have been in the Army have suffered so that, for instance, a man who has tuberculosis contracted in the service is a risk that no insurance company would take at the present time. While he is not dead, while possibly he is not an encumbrance, he is a potential encumbrance; because in the course of two or three years he will be totally disabled or dead, and we will have to pay his insurance, whereas the original cause of which was the service.

Senator SUTHERLAND. At the same time, your reasons, taken by and large, consist of a very fine body of men.

Senator SMOOT. This convertible insurance covers an unusually select body of men?

Mr. BREINING. No, sir. He is allowed to convert, no matter what the physical condition is. That is the part, in my opinion, if I might express my judgment, which is absolutely unfair to the men who are healthy.

Senator SUTHERLAND. I presume it is true of the Government insurance, as it is of the other insurance companies, that whenever they are ailing they want insurance, and these men who are ailing are more apt to keep it up than the able-bodied men?

Mr. BREINING. Yes, sir. In an insurance company, if a man was 25 years old and was ailing to such an extent that he could be expected to only live 20 years, they would write him, but possibly at a rate for a man 40 years old.

Senator SUTHERLAND. The short-term policy?

Mr. BREINING. A 20-payment life policy or a 20-year endowment policy; whereas we are writing it without regard to a man's disability.

Senator SMOOT. Converted or general disability 20-year term?

Mr. BREINING. Those are the two most popular forms.

Senator WALSH. Originally there was one insurance fund?

Mr. BREINING. Yes, sir.

Senator WALSH. Insurance-premium money was put in one fund and all the obligations were drawn from that one fund?

Mr. BREINING. Yes, sir.

Senator WALSH. There came a time when you established, through act of Congress, convertible insurance?

Mr. BREINING. Yes, sir.

Senator WALSH. At that time you separated the funds?

Mr. BREINING. Yes, sir.

Senator WALSH. At that time you kept this convertible insurance separated from the old original insurance?

Mr. BREINING. Yes, sir.

Senator WALSH. The convertible insurance fund consists of practically all the well men and perhaps some incapacitated men, but mostly all the physically sound men?

Mr. BREINING. It consists of every man who wanted to convert.

Senator WALSH. It is the larger fund now?

Mr. BREINING. No, sir.

Senator WALSH. It is not the larger fund?

Mr. BREINING. The yearly premiums are greater.

Senator WALSH. Are larger now?

Mr. BREINING. Yes, sir.

Senator WALSH. Those drawing upon the old insurance fund are all the disabled men who have established a liability by reason of their permanent incapacity. Is that right?

Mr. BREINING. And those who did not want to convert.

Senator WALSH. Those two elements?

Mr. BREINING. Yes, sir.

Senator WALSH. There is a prosperous liability against that old insurance fund?

Mr. BREINING. Yes, sir.

Senator WALSH. It is steadily increasing?

Mr. BREINING. Yes, sir.

Senator WALSH. By reason of the fact that all the cripples and all the permanently disabled are drawing from that fund?

Mr. BREINING. Yes, sir; also death claims.

Senator WALSH. That fund is getting no benefit whatever of premiums coming from those who took the converted form of insurance?

Mr. BREINING. No, sir.

Senator WALSH. That is a closed book?

Mr. BREINING. Yes, sir.

Senator WALSH. The obligations are fixed and our Government must take care of the amount of money in addition to the premiums that come in under the old insurance to pay the obligations under the old insurance. Is that true?

Mr. BREINING. Yes, sir.

Senator WALSH. And the convertible insurance is self-supporting, self-paying, and we have no obligation?

Mr. BREINING. That is right.

Senator REED. Can a man convert who is physically disabled or sick?

**Mr. BREINING.** Not if totally and permanently disabled; no, sir; because his term insurance policy would have expired or, rather, it would become a claim against the Government; if a man was totally and permanently disabled, he would receive his \$57.50 per month from the term insurance, and he could not convert, because that would have become a claim.

**Senator REED.** How would it be if he was only partially disabled?

**Mr. BREINING.** A man who is only partially disabled can convert.

**Senator LA FOLLETTE.** Much the larger proportion of those who did not convert their policies are those with considerable disability, are they?

**Mr. BREINING.** No, sir; there are many men in that class who have converted their insurance.

**Senator LA FOLLETTE.** What proportion, if you know?

**Mr. BREINING.** I could not give that.

**Senator LA FOLLETTE.** You have no information on which to base that?

**Mr. BREINING.** No, sir.

**Senator WALSH.** But all the permanently disabled men are in that class?

**Mr. BREINING.** Not all of them.

**Senator WALSH.** As a result of the war?

**Mr. BREINING.** No, sir; not as a result of that, because there are some who converted before; and that is what we are trying to get taken care of now.

**Senator SMOOT.** In this act?

**Mr. BREINING.** Yes, sir.

**Senator SMOOT.** Under the law, if there is a tubercular man carrying insurance now and he desires to convert it into converted insurance, he can do so?

**Mr. BREINING.** He can convert it into Government life insurance.

**Senator SMOOT.** And that is the only question—as to whether that class of people taking the insurance and converting it into converted insurance, it will pay out or not and not be a burden upon the Government?

**Mr. BREINING.** If they were allowed to convert and a great many of them converted it would be a drain upon the Government life insurance fund.

**Senator SMOOT.** Do you not think they will convert? I should think, if I had tuberculosis and was carrying insurance in the amount of \$10,000 and I could convert, I certainly would.

**Mr. BREINING.** I do not know as they will, because they are given those benefits now and they have not converted. Many men, I find, will want 20-year payments.

**Senator WALSH.** How much was the income under the convertible insurance last year in excess of the outlay—a very substantial sum?

**Mr. BREINING.** On the conversion insurance it is.

**Senator WALSH.** That is what I mean.

**Mr. BREINING.** But not on the term insurance.

I can supply that figure. We do not consider that there is much greater income than there is expenditure, for this reason, that in our converted insurance, when a man pays a yearly premium on 20-payment life policy of possibly \$100, \$80 of that must go to reserve, which will be used either, if the man cancels his policy, and then it

will be returned to him, or to take care of the extra hazard of the man in later years.

Senator WALSH. How much went into reserve last year?

Mr. BREINING. Offhand, I would say we have about \$30,000,000 reserve.

Senator SIMMONS. As I understand it, you say this converted insurance is expected to take care of itself?

Mr. BREINING. Yes, sir.

Senator SIMMONS. Is that old line term insurance?

Mr. BREINING. No, sir; that is conversion insurance or United States Government life insurance.

Senator SIMMONS. You have been talking about convertible insurance, the other class. What is the other class?

Mr. BREINING. The other class is term insurance.

Senator SUTHERLAND. Is it, strictly speaking, term insurance, as the term is used by life insurance companies—that is really straight life insurance?

Mr. BREINING. No, sir; it is not straight life insurance. It really is term insurance, in the same way fire insurance is. As a man gets older, his premium from year to year goes up, as the hazard increases.

Senator SUTHERLAND. What I want to get at is this, as to the term insurance: Have you made any calculation—I presume you have—as to the probably annual deficit which the Government would have to meet on this term insurance?

Mr. BREINING. The potential incumbrances at the present time, I believe, are about \$1,300,000,000. We received about \$366,000,000 in premiums.

Senator WALSH. A year?

Mr. BREINING. No, sir; since the outset of term insurance, which would leave \$934,000,000, which would seem to be an incumbrance against the Government and have to be paid by appropriation, and it will actually upon the statute books have to be paid by appropriation. But there is one thing that has to be considered in there which makes a great difference, and that is that while the men were in the Army they paid in possibly \$250,000,000 of that \$366,000,000. The Government had the use of that money while they were not drawing any benefits from the insurance, that is, the men were not drawing any benefits from the insurance in the way of actual cash. So that if the men had not paid that \$250,000,000 or \$300,000,000, whatever it may be, into the Treasury, and given the use of it to the Government, the Secretary of the Treasury would have had to float some Treasury notes or Liberty bonds and have paid  $5\frac{1}{2}$  or  $5\frac{1}{2}$  per cent, whatever was the prevailing rate of interest. So that the Government really did get a great benefit from having that \$250,000,000 or \$366,000,000.

Senator SMOOT. If they had not had that, the amount would have been that much more that they would have had to borrow?

Mr. BREINING. Yes.

Senator SUTHERLAND. And if it had been compounded as a permanent insurance fund is, it would, of course, have grown quite rapidly?

Mr. BREINING. Yes, sir.

Senator REED. As I understand you, on this term insurance there is a potential liability of approximately \$900,000,000.

Mr. BREINING. Yes, sir.

Senator REED. Which will have to be met by annual appropriations, and the appropriations will have to be of such size as to meet the losses or expenditures during each year?

Senator SIMMONS. I am trying to get an estimate of what that will be in the way of annual expenditures on account of that liability, in excess of anything the Government will receive.

Mr. BREINING. I do not believe it will run over \$125,000,000.

Senator SIMMONS. Does the Government receive anything upon that term insurance?

Mr. BREINING. They are now receiving, it is estimated, for this fiscal year \$22,000,000.

Senator SIMMONS. And your estimate is that it will require an annual appropriation, in excess of what will be received, of \$120,000,000?

Mr. BREINING. That is the maximum I would estimate that will have to be paid; for instance, this year we estimate that will be about \$95,000,000.

Senator SIMMONS. The average figure will be more than that?

Mr. BREINING. If we needed an appropriation—the expenditures are greater by \$95,000,000 this year than the receipts.

Senator WALSH. If you had not established the convertible insurance, but had kept all the insurance in one fund, that amount would not be necessary to be appropriated, would it?

Mr. BREINING. Yes, sir; it would.

Senator WALSH. It would be, just the same?

Mr. BREINING. Yes, sir.

Senator WALSH. So there has been no advantage in establishing the convertible insurance?

Mr. BREINING. The only advantage has been in offering the men a better form of insurance. A young man does not want to take term insurance, because while he may pay \$6.70 or \$6.80 when he is 21 years old, that premium advances so that when he gets 70 years old he would be paying \$100 on every thousand.

Senator WALSH. Has it not had the effect of taking a large amount of premiums out of the insurance funds?

Mr. BREINING. Yes, sir.

Senator WALSH. The larger amount of liabilities are already fixed in the term insurance because of the casualties of the war, chiefly.

Mr. BREINING. But the liabilities taken out are in the same proportion to the premiums taken out, because as the Government undertook this term insurance they were not going to make any money on any risks; in other words, there was a mutual affair in which the Government took care of the extra war hazard.

Senator SUTHERLAND. Because the men could not get war insurance?

Mr. BREINING. Yes, sir.

Senator SIMMONS. You are not issuing any more war insurance?

Mr. BREINING. Yes, sir; I believe it expires on March 3, 1926. I believe that was the ruling of the Attorney General.

Senator SIMMONS. How long do you estimate this annual liability will continue?

Mr. BREINING. That will continue for 25 years, but not in as great proportions as it does now.

Senator SIMMONS. That will grow less?

Mr. BREINING. After 17 years it will grow less, or 18 years. We paid out 2 years, which left 18 more payments.

Senator SIMMONS. Then, your estimate is that the Government will probably be called upon to appropriate in excess of \$120,000,000 annually on account of the old insurance?

Mr. BREINING. I do not believe it will be any more than that—\$120,000,000 is the maximum in any year.

The CHAIRMAN. What is the total annual cost to the Government under the Sweet bill?

Mr. BREINING. We figure on \$14,500,000—the extra cost?

The CHAIRMAN. I want the total cost.

Mr. BREINING. The annual total expenditure the Government will be called upon to defray, together with the Federal Board, will be \$529,949,853.59.

The CHAIRMAN. That will be the annual amount to be appropriated?

Mr. BREINING. That will be the annual amount to be expended on the Vocational Board and War Risk Bureau.

The CHAIRMAN. For an indefinite period?

Mr. BREINING. It is pretty hard to go five years ahead. I would not say it was an indefinite period, because it is likely that within 10 years there will not be as much medical and hospital services to be rendered.

Senator McCUMBER. It will be less?

Mr. BREINING. Yes; it will be less.

Senator McCUMBER. There will not be any vocational training?

Mr. BREINING. It should be completed. I would not want to go down in the record as expressing an opinion on vocational education.

The CHAIRMAN. You are a prominent official in this bureau. I have been startled to be informed as to the extent to which men are compelled to apply themselves to vocational studies for which they are unfitted and unwilling to engage in. Do you know anything about that?

Mr. BREINING. No, sir; I am not connected with the Federal board at all.

The CHAIRMAN. I did not know whether you had heard in any way. It does not touch your activities in any manner?

Mr. BREINING. No, sir.

Senator WALSH. Coming to the item of military and naval insurance, as I understand the statement which I have in front of me, the estimated amount available for expenditure under that is \$187,270,000. That means that the Government has in its Treasury from former appropriations and premiums received that sum of money?

Mr. BREINING. Yes, sir.

Senator WALSH. That the estimated expenditure under that item for the current year is \$117,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. That the estimated expenditures if the Sweet bill is passed will be \$120,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. As a matter of fact, there will not need to be \$1 taken out of the Treasury for either of those items, because there is already in the Treasury from previous appropriations \$187,000,000?

Mr. BREINING. This year.

Senator WALSH. And next year there will be a balance under that item of \$67,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. Is that true?

Mr. BREINING. Yes, sir.

Senator WALSH. That same situation is true in regard to marine and seamen's insurance, is it not?

Mr. BREINING. In regard to marine and seamen's insurance the \$588,000 is all the losses the Government can sustain; that is, all the outstanding losses. That will be cleaned up if the \$588,000 was paid. But there are several legal questions involved.

Senator WALSH. In regard to the United States Government life insurance fund, there is available from appropriations already made—

Mr. BREINING (interposing). Fifty-four million dollars.

Senator WALSH. For premiums collected?

Mr. BREINING. Yes, sir; or to be collected this year.

Senator WALSH. The disbursements for the current year as estimated under the Sweet bill, are \$5,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. So there is going to be a balance left in the Treasury from premiums of \$49,000,000, approximately?

Mr. BREINING. Yes, sir.

Senator WALSH. Under the Army allotment trust fund does that \$20,100,000 represent premiums collected?

Mr. BREINING. That represents deductions made from a man's pay in the service, and which the bureau forwards to next of kin or whoever the man designates under the war-risk act.

Senator WALSH. That is money that has come from the service men?

Mr. BREINING. Yes, sir.

Senator WALSH. Out of their pay?

Mr. BREINING. Yes; and we are handing it over, acting simply as a medium of sending it to their designated beneficiaries.

Senator WALSH. That is also true of all the other trust fund items referred to here?

Mr. BREINING. Yes, sir; that does not cost the Government a cent.

Senator WALSH. In the item of medical and hospital service, where the permanent amount necessary to render this service of military and hospital work is \$74,500,000, increased to \$87,000,000, you say there is an increase under the Sweet bill of \$12,500,000, do you not?

Mr. BREINING. Yes, sir.

Senator WALSH. You mean, do you not, by that, that there is an increase over what would have to be given in the way of additional medical care and hospitalization facilities under that law by reason of more new applicants coming in?

Mr. BREINING. No, sir.

Senator WALSH. It was the Sweet bill, also?

Mr. BREINING. No, sir. This year it would cost us \$74,000,000 if the Sweet bill were not passed; it would cost \$12,500,000 additional if the Sweet bill is passed; that is, giving medical service to men for less than 10 per cent.

Senator WALSH. Have you made any estimate at all for the likely increase—because the statistics show an increase of about 1,500 or 1,000 a month? Have you made any allowance for the number that would come to you for hospital care under that law?

Mr. BREINING. \$74,000,000 represents the increase. Last year we had only \$54,000,000.

Senator WALSH. It must include all the increase next year as well as the Sweet bill?

Mr. BREINING. No, sir; it includes the same thing.

Senator WALSH. Exactly the same number?

Mr. BREINING. Exactly the same number, plus the Sweet bill.

Senator WALSH. So you have not made any estimate for any increase under the old law. You have just added the amount you think would be necessary for giving medical care or incapacitation less than 10 per cent?

Mr. BREINING. That is included in the basic figure of \$87,000,000. It would not be any greater in the \$87,000,000 than in the \$74,000,000.

Senator REED. For my own information, let me ask a question: You said that this whole service was going to cost us how much a year?

Mr. BREINING. \$120,000,000 was the maximum.

Senator REED. You are speaking now of the insurance?

Mr. BREINING. Yes.

Senator REED. But the service we are rendering to these soldiers costs five hundred and some odd million?

Mr. BREINING. The total will be \$529,000,000.

Senator REED. And of that how much is for the insurance?

Mr. BREINING. \$120,000,000—that is, under the Sweet bill.

Senator REED. How much for hospitalization? You have the figures all there on that sheet?

Mr. BREINING. Yes, sir.

Senator REED. I was trying to get at the item, and I will ask you to point it out, how much for rehabilitation?

Mr. BREINING. That is the very last item.

Senator REED. \$162,655,000?

Mr. BREINING. Yes, sir.

Senator REED. That rehabilitation is expected to be something that is over in a couple of years, is it not?

Mr. BREINING. Yes, sir; I imagine it will be. No change is made in the Sweet bill that would effect that, and the increase over last year is just the natural increase there would have been had the Sweet bill not ever have been considered. But that is really outside of my scope.

Senator REED. I was wondering whether you cared to express an opinion. But, from your experience and study on this point, do you not think that there ought to be a requirement put into this bill fixing the time within which vocational training ought to be accomplished?

Mr. BREINING. I believe that there is a provision in the bill which says that within one year they must take the training—make application.

Senator REED. And how long is the training to last?

Mr. BREINING. I believe the maximum they allow is four years.

Senator REED. That would mean, then, that at the end of five years we should be rid of this item?

Mr. BREINING. Yes, sir.

Senator SMOOT. Unless there is a change in the law.

Senator REED. Unless there is a change in the law. I put it to the committee just by way of suggestion whether four years is not too long a time to allow for this vocational training. It seems to me it is a good while.

Mr. BREINING. If I may say there, I believe the reason they say four years is because the average college course is four years.

Senator REED. Are they sending many of these men to college?

Mr. BREINING. I could not say officially. But I believe there are quite a number.

Senator REED. Can you submit to the committee a statement showing the different avocation in which these men are now being trained?

Mr. BREINING. I believe the Federal board could do that. You see I have not any official connection with that.

Senator WALSH. For the fiscal year ending 1922, after the Sweet bill is out into operation, there are funds from which to draw to pay every single obligation created by the Sweet bill upon the Government, except the Medical and Hospital Service, are there not?

Mr. BREINING. Yes, sir. There will be a deficit in the Federal board, but that is not affected by the Sweet bill.

Senator WALSH. There will need to be appropriated in order to cover that deficit on account of medical and hospital service, because there is only available now under existing appropriations \$33,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. There will need to be appropriated to keep the finances of this department balanced up to July 1 next about \$53,000,000?

Mr. BREINING. Yes, sir.

Senator WALSH. So that every single dollar that will be drawn upon under the terms of the Sweet bill is already provided for next year until July 1, 1922, except \$53,000,000?

Mr. BREINING. Yes, sir. Of course the passage of the Sweet bill will save \$1,000,000 in the salaries and expenses at Washington.

Senator WALSH. There is a credit of \$1,000,000 on account of the salaries in Washington?

Mr. BREINING. Yes, sir.

Senator SMOOT. That Vocational Board item is \$162,655,184. You have only an appropriation of \$65,000,000?

Mr. BREINING. Yes, sir.

Senator SMOOT. So you have got to have an appropriation of \$97,000,000 more?

Mr. BREINING. Yes, sir. But that will not be affected by the Sweet bill, and we would have to have a substantial appropriation on medical and hospital services regardless of the Sweet bill.

Senator SIMMONS. Under this Sweet bill, providing for an independent bureau with a director, the vocational training service is put under that director. Will you have any use for that vocational training board?

Mr. BREINING. Not for the board itself, which I believe consists of the Secretary of Labor, the Secretary of Agriculture, the Secretary of

Commerce, and Commissioner of Education. We would not have any use for that board. We will have use for their trained educators.

Even after the Sweet bill there will be a necessity for that board, because they will have the interdepartmental hygiene service.

Senator SUTHERLAND. But there is acting for the board a committee or board of educators who really perform the duties under it?

Mr. BREINING. The real head of that was Mr. Lamkin, who has resigned. It is not expected that the director would throw off everybody working for the Federal board now, but just absorb them.

Senator SUTHERLAND. There are a few others associated with him who are educators and supposed to be experts in this vocational training?

Mr. BREINING. Yes, sir.

Senator SUTHERLAND. Who are they?

Mr. BREINING. I could not name them, but Mr. Lamkin really had the administration and running of the rehabilitation.

Senator SMOOT. Was not Mr. Fidler appointed to fill Lamkin's position?

Mr. BREINING. I could not say; possibly he was.

Senator SUTHERLAND. The credit of \$1,000,000 on salaries in Washington will be distributed?

Mr. BREINING. Distributed in the field; yes.

Senator SUTHERLAND. That will not be a saving then; that will be even more expensive, will it not?

Mr. BREINING. It will be possibly a little more expensive; I do not think it is appreciable, in comparison with the service that will be rendered.

Senator SUTHERLAND. I understand that, but still you will not have a saving of the \$1,000,000?

Mr. BREINING. No, sir.

Senator SUTHERLAND. But it will not be paid out in salaries here in Washington; it will be paid out in salaries out in these regional districts?

Mr. BREINING. Yes, sir.

Senator WALSH. I want to ask a question based on what Senator Simmons suggested. Under the item "Military and naval," the estimated amount is \$187,270,000 available for expenditure; estimated expenditures under present statutes for the fiscal year 1922, \$117,000,000; estimated expenditures if Sweet bill is passed, fiscal year 1922, \$120,000,000. There is a note under that item which reads as follows:

Represents premiums received and estimate of premiums to be received, fiscal year 1922, in addition to appropriation of \$23,000,000, less losses paid.

The Senator wants to know, and I would like to know also, how much of that item of \$187,000,000 represents premiums and how much appropriations. Explain that footnote, please.

Mr. BREINING. That is an impossible question to answer, for this reason: These men put \$366,000,000 in this fund; the Congress put \$23,000,000 in the fund. Now, when you were paying losses, you could not say which dollar came out of the men's contributions to the fund or which came out of the congressional appropriation. It all constituted one fund.

Senator WALSH. They are going to have \$64,000,000; because they are going to have that sum left after paying, under the Sweet bill,

all expenses estimated under that item. Because of that fact we really have not touched the Government's \$23,000,000?

Mr. BREINING. We really have not.

Senator WALSH. And are still paying funds received under the service men's premiums.

Mr. BREINING. We are actually doing that.

Senator SMOOT. We understand that a considerable amount of that money ought to be reserved to pay losses, and are using the money rather than getting appropriations; but the appropriations will have to come, as you said, in the future.

Mr. BREINING. An insurance company would spread it over each year.

Senator WALSH. But you are closing it up?

Mr. BREINING. We are closing it up, and do not want to keep a balance on hand.

(Thereupon the committee proceeded to the further consideration of executive business, of which a stenographic record was not made.)