Notes and Brief Reports

Veterans Disability Compensation and Survivor Benefits Act of 1974*

Under Public Law 93–295 signed by President Nixon on May 31, 1974, 2.2 million service-connected disabled veterans and 375,000 survivors of veterans who died of service-connected causes received cost-of-living increases, effective May 1, 1974, in veterans' compensation and dependency and indemnity compensation (DIC) payments. The new law also provided for equalizing rates of death compensation to the survivors of veterans of peacetime and wartime service irrespective of calendar period of service.

Veterans' compensation is paid in accordance with the degree of service-connected disability and is based on the average impairment of earning capacity resulting from such injury. The cost-of-living increase for disability compensation amounts to 15 percent for veterans with disabilities rated from 10 percent to 50 percent, and 18 percent for those with higher-rated disabilities (table 1). Dollar-wise, the increases ranged from $4 a month for a 10-percent disability to $89 for a 100-percent disability. Allowances to dependents of a veteran whose disability is rated at 50 percent or more went up 15 percent (table 2). The 18-percent increase in the additional payments for severe anatomical losses brought the monthly compensation payment to more than $1,400 in some cases.

The cost-of-living increase provided by P.L. 93–295 for DIC payments amounted to 17 percent (table 3). The DIC increases do not apply to dependent parents since they received increases as of January 1, 1974, under earlier legislation (P.L. 93–177).

Monthly DIC payments to widows or widowers are based on the pay grade of deceased veterans. Orphaned children are paid a flat statutory rate that is unrelated to the pay grade of their deceased fathers. Under the new law, the DIC monthly rate rises from $92 to $108 for one child, and from $172 to $201 for three children. Each additional child receives $40; the previous amount was $34. Proportionate increases are authorized for disabled children over age 18 and students aged 18 to 23.

Survivors of veterans who died before January 1, 1957, from service-connected causes have a choice of continuing to receive death compensation or of electing DIC payments. Those who continued to receive death compensation, but not those who chose DIC payments, have had their benefits differentiated according to whether they were survivors of veterans with peacetime or wartime service. The benefit rate for peacetime survivors was 80 percent of that for wartime survivors. P.L. 93–295 eliminates that distinction.

Also increased by 17 percent were the additional allowances payable to those receiving DIC and death compensation (including parents) who are in need of aid and attendance. The new allowance is $64 a month; the previous amount was $55. Similarly, the allowance for a child who is incapable of self-support upon reaching age 18 was increased from $55 a month to $64.

* Prepared in the Interprogram Studies Branch, Division of Economic and Long-Range Studies.

TABLE 1.—Monthly service-connected disability compensation payable to veterans without dependents

Percent of disability	Old law [1]	New law [2]
10	$28	$32
20	51	59
30	77	89
40	106	122
50	149	171
60	179	211
70	212	250
80	245	289
90	275	325
100	495	584

[1] P.L 92–328, effective August 1, 1972.
[2] P L 93–295, effective May 1, 1974.

TABLE 2.—Additional monthly allowances for dependents of veterans with service-connected disabilities [1]

Type of dependent	Old law [2]	New law [3]
Veteran totally disabled with—		
Wife and no child	$31	$36
Wife and 1 child	53	61
Wife and 2 children	67	77
Wife and 3 children	[4] 83	[5] 95
No wife, 1 child	21	24
No wife, 2 children	36	41
No wife, 3 children	[4] 53	[5] 61
1 or 2 dependent parents, each	25	29
1 or more children over 18 in school, each	48	55

[1] Rates based on 100-percent disability Rate for disabilities of 50 percent or more are payable at the same ratio that the degree of disability bears to 100 percent
[2] P L 92–328, effective August 1, 1972
[3] P L 92–295, effective May 1, 1974
[4] Plus $15 for each child in excess of 3.
[5] Plus $17 for each child in excess of 3.

TABLE 3.—Monthly dependency and indemnity compensation payable to widows of deceased veterans or servicemen

Illustrative grade or rank	Old law [1]	New law [2]
E-1	$184	$215
E-3	195	228
E-5	212	248
E-7	227	266
E-9	251	294
O-1	232	271
O-3	257	301
O-5	299	350
O-7	365	427
O-10	469	549

[1] P L 92-197, effective January 1, 1972 Basic rate increased by $22 per month for each child under age 18 Basic rate increased by $55 per month when widow is a patient in a nursing home or is so disabled as to require the aid and attendance of another person

[2] P L. 93-295, effective May 1, 1974. Basic rate increased by $26 per month for each child under age 18 Basic rate increased by $64 per month when widow is a patient in a nursing home or is so disabled as to require the aid and attendance of another person

For wartime veterans and for those who served between the end of the Korean conflict and the beginning of the recognized Vietnam era, earlier legislation provided that any chronic or tropical disease diagnosed within certain specified periods following discharge from active duty could be deemed service-connected on a rebuttable basis for disability purposes. P.L. 93–295 extends this presumptive protection to veterans who served between the end of World War II (December 31, 1946) and the beginning of the Korean conflict (June 25, 1950).

Research Grants Studies

Section 1110 of the Social Security Act provides for a cooperative research grants program. The grants given by the Social Security Administration (SSA) under this program are to nonprofit organizations for research in the broad area of social security. A report on a recently completed grants project is summarized below, and similar summaries will be published in the BULLETIN as the projects are concluded.

EXPENDITURE PATTERNS OF WELFARE, AGED, AND DISABLED HOUSEHOLDS

Households headed by welfare recipients, aged persons, or disabled persons are not mutually exclusive. In fact, most households with disabled persons participate in welfare programs and have an aged person as the head of the household. Teh-wei Hu, project director, and Norman L. Knaub and Sharif Ghalib of the Pennsylvania State University used SSA Research Grant No. 56073 to study expenditure patterns of these household units.

Budget studies generally concentrate on the household rather than the individual. In this study the household is defined as either a person living alone or with others (but who is financially independent) or a group of 2 or more people who pool their income. The income measure used is the net real disposable income, as distinguished from money income, because it is more representative of the differences in economic conditions between welfare and nonwelfare recipients, aged and nonaged households, and disabled and nondisabled households. In addition to the income variable, variables for the asset, size, and composition of the household are included in the model, as are variables for age, race, disability status, education, and sex of the head of household, and the tenure status and location of the household.

Regression equations were used to measure and test the possible differences in expenditure patterns between the welfare, aged, and disabled households and the nonwelfare, nonaged, and nondisabled households. Income for the welfare households was separated into cash welfare income, in-kind welfare income, and other nonwelfare income to measure the effects of welfare payments on family expenditures. Income for the aged households was separated into social security benefits and other income to measure the effects of social security cash payments on family expenditures. Data for this research were obtained by reexamining questionnaires that had been used in the 1960–61 survey of consumer expenditures (CES, by the Department of Agriculture and the Bureau of Labor Statistics) and the 1968–71 Panel Study of Income Dynamics (Panel Study, Institute of Survey Research, University of Michigan). Actually used were 11,827 households from the CES survey and 2,342 households (or a total of 7,026 households over the 3 years) from the Panel Study survey.

The analysis of expenditure patterns of welfare households focused on four questions: What are the welfare families' expenditures on food,