

WORLD WAR ADJUSTED COMPENSATION ACT

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LETTER

FROM

THE SECRETARY OF WAR

TRANSMITTING

REPORT OF THE ADJUTANT GENERAL OF THE ARMY DATED  
DECEMBER 6, 1926, RELATIVE TO THE ADMINISTRATION OF THE  
WORLD WAR ADJUSTED COMPENSATION ACT SO FAR AS THE  
WAR DEPARTMENT IS CONCERNED

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DECEMBER 7, 1926.—Referred to the Committee on Ways and Means and  
ordered to be printed

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WAR DEPARTMENT,  
*Washington, December 6, 1926.*

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: Section 307 of the World War adjusted compensation act provides that any officer charged with the administration of any part of the act shall make a full report to Congress on the first Monday of December of each year as to his administration thereof. It is believed that the requirement of the law can be met most satisfactorily by transmitting to you a report of The Adjutant General of the Army dated December 6, 1926, relative to the administration of the World War adjusted compensation act so far as the War Department is concerned. Accordingly that course is pursued and the report mentioned transmitted herewith.

Respectfully,

DWIGHT F. DAVIS,  
*Secretary of War.*

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WAR DEPARTMENT,  
THE ADJUTANT GENERAL'S OFFICE,  
*December 6, 1926.*

SIR: Section 307 of the World War adjusted compensation act provides that any officer charged with the administration of any part of the act shall make a full report to Congress on the first Monday

of December of each year as to his administration thereof. You having charged me personally with the administration of the act so far as the War Department is concerned, I have the honor to submit the following report pursuant to the aforementioned provision.

My report to you dated December 7, 1925, which was published as House Document 124, Sixty-ninth Congress, first session, having covered the matter of the preparation of the plans for the administration of the act and their execution from the inception of the work until December 1, 1925, I shall confine myself in this report to the incidents connected with the administration from that date until December 1, 1926. In other words, this report taken in connection with the report dated December 7, 1925, records the history of the administration of the act from its inception to December 1, 1926.

Of principal interest during the past year was the enactment into law on July 3, 1926, of certain amendments to the original act. Naturally in handling millions of applications for adjusted compensation covering every conceivable type of service and submitted under varying conditions there arose cases calling for a construction of certain provisions of the World War adjusted compensation act. The great majority of these matters were settled with little difficulty; however, there were a few questions which gave the War Department considerable concern. These matters were satisfactorily settled by the enactment of this amendatory legislation. It is deemed proper here to state these problems and their solution.

The World War adjusted compensation act provides adjusted compensation for veterans of the World War at the rate of \$1.25 a day for each day of oversea service and \$1 a day for each day of home service rendered subsequently to April 5, 1917, and prior to July 1, 1919, in excess of 60 days. If the amount due the veteran is \$50 or less, he is paid in cash; if it exceeds \$50, he receives from the United States Veterans' Bureau an adjusted service certificate of a face value equal to the amount of 20-year endowment insurance that may be purchased at his age with the amount of his adjusted service credit, increased by 25 per cent. The amount of adjusted service credit due is limited in the case of a veteran who had oversea service to \$625 and in the case of a veteran with home service only to \$500. The law further provides that, should a veteran die without having filed an application, the amount of the adjusted service credit shall be paid in cash to his dependents in the order of preference specified in the law in ten quarterly installments.

It will be noted therefore that should a veteran die prior to making application for adjusted compensation, his dependents, that is the widow, child or children, mother or father, as the case may be, will receive only the amount of the adjusted service credit and that in 10 quarterly installments, while if the veteran dies after making application and such dependent is named as beneficiary, approximately two and one-half times that amount will be received and in one cash payment. It is therefore of vital monetary interest to a dependent who is also the beneficiary, that the veteran makes an application.

Comparatively early in the administration of the act cases arose where a veteran had prepared or made out an application for adjusted compensation one day, mailed it to the War Department on the next, his decease occurred on the third day, and his application was received on the fourth day, or where a veteran had prepared his

application and neglected to mail or file it prior to his decease, the application being found among his effects and filed after his death by some one else. The War Department took the position in such cases that where a veteran had prepared or made an application and had expressed a clear intention to file it promptly, which intention was frustrated by death, it could nevertheless be filed by some one else as the veteran's application. In consequence of such determination by the War Department applications of this nature were certified to the United States Veterans' Bureau as valid applications. It is proper to state in this connection that the Navy Department took a similar view in the matter to that taken by the War Department. This procedure was continued until payment to a widow had been withheld, and upon suit being entered by her before the Court of Claims that court held that where an application was under the absolute control of the veteran at the time of his death, and still subject to be withheld by him, no one could file the same for him after his death. The court in rendering its decision in this case stated *inter alia*,

It (the application) was not filed or forwarded in his lifetime, nor did the veteran authorize anyone else to file or present it for filing.

It is thus clear that the decision of the court did not state that no application whatever could be received after the death of the veteran, and, consequently, it would not appear that the decision of the court went so far as to preclude the acceptance of applications mailed by veterans prior to their death and thus without their absolute control.

The amendatory act of July 3, 1926, made clear the difference between the "making" and "filing" of an application, and in a provision having retroactive effect provides explicitly that if a veteran dies after an application is made and before it is filed it may be filed "by any person." This amendment practically disposes of all the difficulties which arose in this connection and nullified the effect of the decision of the Court of Claims heretofore mentioned. It ratified the action of the War and Navy Departments in holding such applications valid and in making the certifications required by law. While the number of such cases was comparatively small, being some 347 among the millions of applications received, yet the matter was vital from a monetary standpoint to the dependents of the deceased veterans.

The same amendatory provision of the act of July 3, 1926, provides that where a veteran died between May 19, 1924, and July 1, 1924, without making application, his surviving widow may make application with the same force and effect as if the application had been made by the veteran. In the light of the provision of the law heretofore explained whereby the beneficiary of a veteran who makes application prior to his death receives approximately two and one-half times the amount received by the dependent of a veteran who does not make application before death, and the fact that application blanks were not available before June 28, 1924, this amendatory provision is most just and equitable. The original act became law on May 19, 1924; however, no funds were available for its administration until June 14, 1924. Consequently although the form of application blank and the instructions had been drawn up to the minutest detail and the concurrence of all interested agencies obtained, the printing of the blanks had to wait the availability of funds. Notwithstanding

the fact that funds were not available until the date mentioned the printing and the complete distribution of the blanks was accomplished so that they were available on June 28, 1924, no matter how remote the place. However, inasmuch as it was more or less impossible in all cases for veterans to obtain blanks and make and file their applications between the date of passage of the original act May 19, 1924, and July 1, 1924, hardship was caused to the widows as heretofore explained in cases where the veterans died between those dates, since, through no fault of his own, he was precluded from making his application. The amendatory provision provides for such a contingency. By agreement of the War and Navy Departments and the United States Veterans' Bureau, where the widow in such cases has already applied for adjusted compensation as a dependent her original application as such is now to be considered as an application under the amendatory provision without further action on her part. The adjustment between the amount already paid her as the dependent and that due under the amendment to be made by the United States Veterans' Bureau. By joint regulation hereinafter quoted of the Secretary of War and the Secretary of the Navy the original form of application blank was adopted for use by widows making original application for adjusted compensation under this amendatory provision; thereby saving the Government the cost of printing new forms and the delay occasioned by the preparation and printing of a new form of blank.

The act of July 3, 1926, further provides that if the veteran dies after application is made it shall be valid if the Secretary of War or the Secretary of the Navy, as the case may be, finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefits of the act on behalf of the veteran, and is filed before January 2, 1928, whether or not the veteran is alive at the time it is filed. This amendatory provision disposes of the vexing problem of intent to file and removes from the War Department the burden of seeking to establish such intention by proof outside the documents submitted—more or less unsatisfactory and frequently impossible to obtain—for it will be noted that under the new provision the intention to claim is to be disclosed in the application itself. As to the manner in which an application itself may disclose an intention to claim the benefits of the act, it has been held by the department that claim for adjusted compensation made on the regular form of application blank and bearing the bona fide signature of the applicant satisfies the requirement of the amendatory provision. This ruling is sufficient to dispose of most cases. In a few cases, where the regular application form has not been used, the paper submitted has been carefully examined and the intention sought from the language used by the veteran. No matter how informal, the paper is treated as a valid application, if the requisite intention can be gathered therefrom. The amendatory provision makes a rule of law of the regulation that the War Department has followed consistently from the beginning, viz, that the only technical essential of a valid application made upon the regular form of blank is the signature of the applicant.

Section 303 of the original act was amended so as no longer to require the War and Navy Departments to certify the facts of record in their respective departments upon which their conclusions of the amount of adjusted service credit due are based, but merely to

require that it be certified to the United States Veterans' Bureau that a valid application has been received. The effect of this provision has been that it reduces the cost of entering and typing this information upon the certificates forwarded to the United States Veterans' Bureau.

A new section was added to the original act by the act of July 3, 1926. This section provides:

The decisions of the Secretary of War, the Secretary of Navy, and the director on all matters within their respective jurisdictions under the provisions of this act (except the duties vested in them by Title VII) shall be final and conclusive.

This section seems to clearly state the intent of the Congress as to the finality of the decisions of the several administrative officials within their respective jurisdictions and as stated in the Senate report accompanying the amendatory bill serves "to remove any doubt as to the finality of the determination of the Secretary of War or the Secretary of the Navy concerning the validity of an application."

Various questions connected with the subject of dependency had occasioned some difference of opinion under the original act. These have now been settled by the amendments.

Section 601, as originally enacted placed the widow in the first class of dependents, "if unmarried." The act, however, nowhere defined what was meant by the phrase just quoted. Unlike the pension laws, there was no express provision that compensation should cease if the widow should remarry. There could be no question if the widow applied while under coverture, for she was "not unmarried" but those cases wherein her second or later marriage had been dissolved and she thereafter applied were of considerable difficulty of solution. While it was recognized the War Department had no jurisdiction whatever as to the payments to dependents, that being a matter exclusively within the jurisdiction of the United States Veterans' Bureau, whether or not the dependent could apply was a matter which, under section 604 of the act was, in the cases of Army veterans, for the determination of the Secretary of War. In guiding it in such determinations the War Department took the view that the widow who had remarried but whose second or later marriage had been in some manner terminated was an unmarried widow and consequently was entitled to make application as the widow of the veteran. This position was taken because the Congress had used language different from that of the pension laws and very significantly had omitted any provision that adjusted compensation should not be payable if the widow should remarry—a provision found in all the various pension acts. The original language of section 604 granted adjusted compensation to the "widow if unmarried" and numerous authorities hold that under certain circumstances this phrase means not having a husband at the time in question. It was quite different from the active form employed in the various pension acts, such as "Provided, That such widows have not remarried;" "Provided, That the pensions to widows provided for in this act shall cease when they shall marry again;" "Provided, That such widows have not remarried;" etc. Hence the unusual phrase "if unmarried" was given the same meaning as was placed thereon in various cases arising under State laws involving wills, viz, not having a husband at the time in question. The amendatory act discarded the phrase "if unmarried" entirely and adopted language like that of the pension

laws—"no payment under section 601 shall be made to a widow if she has remarried before making application." This is the language of the pension acts and should, of course, be given the construction of that placed on those acts. Hence, no necessity now arises for passing on the meaning of the phrase originally employed. It will be noted, however, that remarriage after application but before payment will not prevent payment.

Section 602(b) of the amended act by making it conclusive that a child under 18 years of age was dependent or, more accurately, making actual dependency of no importance in such cases, and section 602(c), in liberalizing the presumption of dependency with respect to parents, are matters primarily for the United States Veterans' Bureau but it has been noted that these provisions have practically eliminated cases where a dependent's application has been passed and certified but payment later denied thereon. The most beneficent feature of the dependency provision is that it no longer confines dependency to dependency that existed at the time of the death of the veteran but will cover any case of dependency that has arisen or may arise during the entire period of the administration of the act, i. e., until January 1, 1928.

Section 608 is a new section designed to remove the discrimination against veterans who died while in the service during the compensable period. These veterans did not receive the \$60 discharge bonus, and a deduction of 60 days had to be made against their adjusted service credit because of the language of section 201 of the original act. A lump sum of \$60 is now paid the dependents in such cases. It has not been necessary to recertify such cases and where a claim is presented to the War Department, it is simply transferred to the United States Veterans' Bureau, with a statement as to the date of death while in service of the veteran concerned.

The amendments heretofore discussed are those which pertained principally to matters involving the jurisdiction of the War Department. In summarizing, it may be said that the amendments of July 3, 1926, accomplished the following purposes, so far as War Department administration is concerned:

1. Clarified the law as to what constitutes a valid application.
2. Removed any doubt as to the finality of determination of the Secretary of War as to (a) validity of an application or (b) the amount of adjusted service credit.
3. Prescribed a liberal method of treating an application made but not filed by a deceased veteran.
4. Made more definite, in the direction of liberality, the rules for determining the eligibility of dependents to apply.
5. The amendments, particularly the retroactive ones, were so worded by the Congress as to involve a minimum of additional administrative effort upon the executive department concerned.

Section 302(d), providing for applications by veterans, and section 604(d), providing for applications by dependents of deceased veterans, read identically as follows:

The Secretary of War and the Secretary of the Navy shall jointly make any regulations necessary to the efficient administration of the provisions of this section.

Section 302(c) and section 604(c) in the original act specifically provided that when physical or mental incapacity prevented the

veteran or the dependent, as the case may be, from making a personal application, then application should be made—

by such representative of the veteran (dependent) and in such manner as the Secretary of War and the Secretary of the Navy shall jointly by regulation prescribe. An application made by a representative other than one authorized by any such regulation shall be held void.

Section 302(c) as amended by the act of July 3, 1926, provides that when physical or mental incapacity prevents the veteran from making a personal application, then application should be made—

by such representative of the veteran and in such manner as may be by regulations prescribed.

Pursuant to the authority contained in these provisions, six joint regulations were adopted. These joint regulations are as follows (the date following in each instance being the date on which the regulation is regarded as having become effective):

#### (1) APPLICATIONS BY MINOR DEPENDENTS

An application will be received from a minor dependent of 16 years of age or upwards, or his legally appointed guardian, but a minor dependent under 16 years of age must apply through a legally appointed guardian, signing for the dependent and attaching to the application a copy of the court order appointing him or her the legal guardian of the said dependent, and an affidavit setting forth the fact that he or she is identical with the person set forth in the court order. (August 8, 1924.)

#### (2) ADMINISTRATION OF OATHS

Any oath or affidavit required under the provisions of the World War adjusted compensation act, or pursuant to any regulation made thereunder, may be taken before any justice of the peace, notary public, or other person who is legally authorized to administer an oath in a State, Territory, or the District of Columbia, or in a Federal judicial district; or in foreign places before any commissioned officer of the Army or of the Navy of the United States, or before any consul of the United States or any other person having in foreign places the general powers of a notary public or of a consul of the United States. The attesting officer, if having an official seal, shall affix the same, but his failure to do so, or the fact that he has no official seal, shall not be cause for rejection of the application. No certificate of the authority of the attesting officer shall be required. (September 20, 1924.)

#### (3) APPLICATIONS ON BEHALF OF MENTALLY INCAPACITATED VETERANS IN VETERANS' BUREAU HOSPITALS

In the case of a veteran administratively determined to be mentally incapacitated, who is a patient in a hospital under the control of the United States Veterans' Bureau, or in any other Government hospital, the head of which will signify to the Veterans' Bureau his consent to be governed by the regulations and directions issued by the director of said bureau with respect to the designation of beneficiaries in the case of veterans who have been determined to be mentally incapacitated, the appointment of a legal guardian to represent the veteran in making application for adjusted compensation will be waived by the War and Navy Departments, and the commanding officer or other head of any such hospital may act for and on behalf of said veteran for the purpose of enabling him to file his application for adjusted service credit under the World War adjusted compensation act: *Provided*, That this joint regulation shall be effective when the Director of the United States Veterans' Bureau has signified to the War and Navy Departments that he has required in all such cases that the official acting for the veteran shall designate as beneficiary only the veteran or his estate. (November 25, 1924.)

## (4) APPLICATION ON BEHALF OF MENTALLY INCAPACITATED VETERANS IN STATE HOSPITALS

In the case of a veteran who has been duly committed to any State hospital for the insane the appointment of a legal guardian to represent the veteran in making application for adjusted compensation will be waived by the War and Navy Departments, and the superintendent or other head of any such hospital may act for and on behalf of said veteran for the purpose of enabling him to file his application for adjusted service credit under the World War adjusted compensation act: *Provided*, That the head of said hospital will signify to the Veterans' Bureau his consent to be governed by the regulations and directions issued by the Director of the Veterans' Bureau with respect to the designation of beneficiaries in the case of veterans who have been determined to be mentally incapacitated: *Provided further*, That this joint regulation shall be effective only when the Director of the United States Veterans' Bureau has signified to the War and Navy Departments that he has required in all such cases that the official acting for the veteran shall designate as beneficiary only the veteran or his estate. (January 17, 1925.)

## (5) APPLICATIONS BY PERSONS HAVING "PATRIA POTESTAS"

In those cases where by joint regulation the action of a legally appointed guardian is required, such action may be taken by a person having the legal power known in the civil law as the "patria potestas" in those jurisdictions in which the patria potestas is recognized by statute. Proof that the person claiming the patria potestas has such power should be in the form of affidavits from two disinterested persons, one of whom at least preferably (but not necessarily) should be an attorney. (August 3, 1925.)

## (6) APPLICATIONS BY WIDOWS OF VETERANS WHO DIED AFTER MAY 19, 1924, AND BEFORE JULY 1, 1924

Where application is made as the widow of a veteran who died after May 19, 1924, and before July 1, 1924, without himself making application, the regular form for application for adjusted compensation (W. W. C. Form No. 1) will be used. The widow will fill out items 1 to 18, inclusive, in the same manner as the veteran would have done, subject to the changes stated below.

Item 10 will be changed before execution as follows: Strike out everything in the third and fourth lines after the word "act," and the word "name" and the phrase "address of beneficiary;" change the word "veteran" in the phrase "signature of veteran" to the word "widow." Said item will then be executed by the widow opposite the phrase "signature of widow."

The fingerprints of the widow will be inserted in the space at item 11 and the word "veteran" in said space changed to "widow of veteran."

In item 19, in the blank on the first line, the widow will insert the words, "widow of the veteran," and will date and sign the item in the space provided.

Item 20 will be changed before execution by the insertion of the words, "widow of the," after the second word in the second line, and will then be executed by two witnesses in the usual manner.

No other items in the application blank will be executed.

The widow must also furnish a properly authenticated death certificate of the veteran. (July 24, 1926.)

The comparatively small number of joint regulations may be ascribed to the fact that the Instructions Relative to Applying for Adjusted Compensation, which were issued at the inception of this work, as a joint Army, Navy, and Marine Corps document, covered the ground so thoroughly that little need for amendatory or corrective action arose.

It will be noted that each of the six joint regulations was promulgated for the purpose of making application easier. Thus the first quoted joint regulation made application in person possible without the appointment of a legal guardian in the case of minors over 16 years of age (liberalizing the "Instructions" under item 19);

the second made it easier to secure an oath in foreign countries and prevented rejection of applications on account of the lack of a seal; the third and fourth made it unnecessary to appoint legal guardians for mentally incompetent veterans, but carefully safeguarded their rights by preventing the naming of a beneficiary who would take otherwise than under the laws of intestacy of the veteran's domicile; the fifth recognized the great power given the parent in civil law jurisdictions in the existence of the "partia potestas," so that applications received from Porto Rico and the Philippine Islands on behalf of minor dependents did not require the appointment of a legal guardian; and the sixth permitted the widow in the exceptional class of cases to which it applies to make use of the old form of application, thereby saving her the delay and inconvenience of awaiting the preparation of a new form and the Government the expense attendant upon printing the same.

Upon the failure before the adjournment of Congress of the passage of the bill in June, 1924, providing funds for the administration of the World War adjusted compensation act, the President by letter dated June 14, 1924, made available to the War Department from funds of the United States Veterans' Bureau, \$1,800,000 for salaries and expenses and \$14,000 for printing and binding to be available only until January 1, 1925. He had previously allotted to the department from appropriated funds for the fiscal year 1924, \$199,000 for printing of the application blanks and their distribution.

The second deficiency bill, approved December 5, 1924, provided in part as follows:

Administrative expenses, World War adjusted\* compensation act: For temporary personal services in the District of Columbia in accordance with the classification act of 1923, purchase, hire, exchange, and repair of typewriters, adding machines, and other mechanical devices, printing and binding, stationery, office supplies and equipment, telegrams, telephones, maintenance and operation of motor trucks, transportation of things, other necessary contingent and miscellaneous expenses, and rent of buildings and parts of buildings in the District of Columbia, if space is not provided by the Public Buildings Commission in Government-owned buildings, to enable the Secretary of War to perform such duties as are required of him by the World War adjusted compensation act of May 19, 1924, \$3,600,000, to remain available until June 30, 1925: *Provided*, That the Secretary of the Treasury is authorized to issue to the Secretary of War, without charge, for temporary use, such surplus office supplies and equipment as may be under the control of the General Supply Committee.

When the funds appropriated by the above-quoted provision became available, the War Department reimbursed the United States Veterans' Bureau for funds expended by that bureau up to and including December 31, 1924, and thereafter assumed and paid its own obligations.

The second deficiency bill, 1925, provided in part as follows:

Administrative expenses, World War adjusted compensation act: The appropriation of \$3,600,000 for administrative expenses, World War adjusted compensation act, contained in the second deficiency act, fiscal year 1924, approved December 5, 1924, shall remain available until June 30, 1926.

The second deficiency bill, 1926, provided in part as follows:

Administrative expenses, World War adjusted compensation act: The unexpended balance on June 30, 1926, of the appropriation of \$3,600,000 administrative expenses, World War adjusted compensation act, 1924 and 1925, is continued

and made available until June 30, 1927, and shall also be available to cover obligations incurred for such administrative expenses during the period from July 1, 1926, to the date of the approval of this act, inclusive.

It is under the appropriation provided for in the above paragraph that the adjusted compensation work is at present being administered. The following expenditures have been made to date.

Expended June 14 to Dec. 31, 1924:

Personnel	\$1, 559, 709. 51
Supplies	129, 262. 88
Printing and binding	83, 812. 77
Services	7, 090. 96
	<hr/> 1, 779, 876. 12

Expended Jan. 1 to June 30, 1925:

Personnel	951, 608. 32
Supplies	10, 733. 48
Printing and binding	9, 117. 91
Services	19, 498. 11
	<hr/> 990, 957. 82

Expended July 1, 1925, to June 30, 1926:

Personnel	584, 887. 63
Supplies	7, 543. 48
Printing and binding	164. 85
Services	5, 216. 82
	<hr/> 597, 812. 78

Expended July 1 to Nov. 30, 1926:

Personnel	103, 646. 17
Supplies	2, 295. 44
Printing and binding	
Services	1, 524. 08
	<hr/> 107, 465. 69

RECAPITULATION

Appropriation	3, 600, 000. 00
Expended	3, 476, 112. 41

Balance Dec. 1, 1926	123, 887. 59
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The legislation providing funds for the administration of the World War adjusted compensation act contained a provision that the Secretary of the Treasury was authorized to issue to the Secretary of War, without charge, for temporary use, such surplus office supplies and equipment as might be under the control of the General Supply Committee. This provision in effect permitted the procurement of surplus property for temporary use from any governmental agency, for where it was found that any such agency had property not in use all that was necessary was for that agency to transfer the equipment to the General Supply Committee as surplus, whereupon the committee could loan it to the Secretary of War for temporary use under the authority of the act cited. In this manner a saving of considerable magnitude was made to the Government in the administration of the adjusted compensation work. My report of December 7, 1925, gives in detail the manner and extent of procurement of

office supplies and equipment through this means and the savings thereby effected. With the gradual falling off in the number of applications received daily and the corresponding release of employees from the work, there has gone hand in hand the return of this loaned property. Of the 1,092 typewriting machines obtained from other governmental agencies by loan, all except 79 have been returned. Of the 1,920 desks and typewriter stands all except 91 have been returned. One hundred and twenty chairs remain of the 3,420 originally borrowed. In the case of tables none remain of the 483 formerly in use. Corresponding return has been made in the case of the many other classes of articles borrowed for the work, such as lockers, supply cabinets, office safes, penholders, sponge cups, books, box openers, carpenter tools, typewriter kits, chair pads, drinking glasses, desk trays, waste-paper baskets, pen trays, inkstands, inkwells, time stamps, mimeograph machines, mail trucks, electric fans, and hundreds of other types of articles.

All of the property so obtained was placed in serviceable condition and so maintained throughout the progress of the work. Consequently upon its return to the agency from which obtained it is ready in the greater part for immediate issue and use. This in itself results in a material saving to the Government.

The computation of the amount of adjusted service credit due veterans was mechanically performed through the use of specially adapted adding and subtracting machines. These machines were originally the standard commercial type of bookkeeping machine, largely used in all accounting and fiscal agencies. They are readily reconstructed at small cost into the standard type and consequently with the advancement of the adjusted compensation work those machines not needed have been reissued to governmental agencies requiring them. Since all of the machines purchased will eventually be so converted and issued to governmental agencies which otherwise would have to purchase them, the expenditure made for the adjusted compensation work will be almost entirely absorbed. Thus, by utilizing standard machines for the adjusted compensation work, the Government has had their use for the temporary work and is now enabled to use them for its permanent needs in other agencies. To date 25 of these machines have been reissued to other agencies requiring them.

The clerical force engaged upon the adjusted compensation work has been kept at all times at a strength commensurate with the amount of that work before the department. With the falling off in the number of applications received daily a corresponding gradual decrease in the number of employees has occurred. During the past year there has been a reduction in force of 281 employees, including those who resigned. This reduction is absolute since no appointments to the work have been made since October, 1924. In releasing the large clerical force originally employed upon the adjusted compensation work, the department has followed the practice, since the peak of the work was reached in October, 1924, of filling no vacancies occurring through resignation, but allowing such separations by resignation supplemented by forced reductions in the number of

employees from time to time to accomplish the result of maintaining the strength of the clerical force in exact ratio to the work before it. In cases other than separation by resignation or discharge from cause, that is in cases where employees have been released on account of the falling off in the amount of work, the practice has been followed of endeavoring to place the employees so released into vacant positions in the governmental service or into positions in civil life. Considerable success has attended the department in its efforts in this regard due in a large part to the wholehearted, thorough, and active cooperation of the United States Civil Service Commission. Since the reduction in force was begun in November, 1924, to date 900 employees released from the work have been placed in vacant positions in the governmental service through the efforts of the department. This does not include those who, through their own individual efforts, obtained other departmental or civil employment. These clerks were placed in the following named executive departments and separate bureau: Agriculture, 14; Civil Service Commission, 2; Commerce, 495; Federal Trade Commission, 1; Government Printing Office, 3; Interior, 6; Interstate Commerce Commission, 4; Justice, 15; Labor, 12; Library of Congress, 1; Navy, 36; Post Office, 7; Public Buildings and Public Parks, 2; State, 17; Tariff Commission, 3; Treasury, 38; Veterans' Bureau, 68; War Department, 186; and city post office, 1.

The total separations by months from December 1, 1925, to date are as follows: December 11, January 86, February 7, March 14, April 9, May 15, June 51, July 9, August 6, September 27, October 6, and November 40.

The appended chart marked "A" shows by State with regard to the 2,818,242 cards tabulated to date representing the service of that number of individuals, the net number of days of home service, the net number of days of overseas service, the net number of days of home service after return from overseas, the number of individuals who had home service only, the number of individuals who had both home and overseas service, the total money value of service computed at \$1 for each day of compensable home service and \$1.25 for each day of compensable overseas service, the classes of compensation—i. e., whether \$50 or under, \$51 to \$500, \$501 to \$625, over \$625—the number of native and foreign born, the total number of veterans for whose service adjusted compensation was allowed, the number of dependents allowed adjusted compensation, and finally the percentage of those applying from the State to the total number applying. Since these statistics represent the adjusted-service credit of approximately 79 per cent of the Army veterans, it will serve in connection with the statistics kept by the United States Veterans' Bureau to compute an estimate of the amounts due veterans or dependents who have not as yet made application.

The following is a comparison of the percentage of soldiers furnished by each State, with the percentage from that State, who have applied for compensation of the total who have applied and their cards tabulated. The percentages of soldiers furnished by States are taken from the official records:

	Percent- age of soldiers furnished	Percent- age of total number of veterans who have applied		Percent- age of soldiers furnished	Percent- age of total number of veterans who have applied
Alabama.....	1.94	1.62	New Hampshire.....	0.39	0.36
Arizona.....	.27	.30	New Jersey.....	2.87	3.06
Arkansas.....	1.60	1.40	New Mexico.....	.31	.32
California.....	3.16	4.84	New York.....	9.78	9.65
Colorado.....	.89	1.00	North Carolina.....	1.93	1.93
Connecticut.....	1.33	1.16	North Dakota.....	.62	1.49
Delaware.....	.19	.16	Ohio.....	5.30	5.61
District of Columbia.....	.50	.66	Oklahoma.....	2.07	2.01
Florida.....	.89	.96	Oregon.....	.85	.93
Georgia.....	2.32	1.76	Pennsylvania.....	7.69	7.61
Idaho.....	.47	.38	Rhode Island.....	.49	.50
Illinois.....	6.77	6.91	South Carolina.....	1.41	1.11
Indiana.....	2.92	2.86	South Dakota.....	.73	.73
Iowa.....	2.50	2.51	Tennessee.....	2.01	1.88
Kansas.....	1.76	1.71	Texas.....	4.20	4.20
Kentucky.....	2.08	2.00	Utah.....	.45	.42
Louisiana.....	1.68	1.56	Vermont.....	.30	.26
Maine.....	.67	.63	Virginia.....	1.90	1.80
Maryland.....	1.25	1.30	Washington.....	1.26	1.44
Massachusetts.....	3.60	3.40	West Virginia.....	1.32	1.40
Michigan.....	3.53	3.73	Wisconsin.....	2.58	2.68
Minnesota.....	2.57	2.64	Wyoming.....	.28	.32
Mississippi.....	1.40	1.16	Alaska.....	.05	.04
Missouri.....	3.43	3.27	Hawaii.....	.22	.23
Montana.....	.87	.53	Philippines.....	.53	.06
Nebraska.....	1.28	1.19	Porto Rico.....	.43	.49
Nevada.....	.12	.09	Others.....	.04	.74

The above tabulation indicates the States from which the greater percentage of individuals have applied for adjusted compensation and is self-explanatory.

The distribution of application blanks for adjusted compensation was begun on June 16, 1924, and completed on June 28, 1924. This distribution involved some 12,000,000 blanks and was so planned that the applications would be available as far as practicable at the same time throughout the United States and foreign countries, however remote the place of residence of the veteran. Now that nearly 3,000,000 applications have been received from veterans the success of the distribution and its breadth and scope become apparent. It is interesting to note how the men who served during the World War are now scattered over the earth.

As to the diversity of the places and countries from which applications have been received besides the United States and its possessions, the following countries and places are represented:

Abyssinia.	British South Africa.	Germany.
Albania.	British West Africa.	Greece.
Algeria.	British West Indies.	Haiti.
Alsace-Lorraine.	Bulgaria.	Holland.
Arabia.	Canada.	Honduras.
Argentina.	Cape Verde Islands.	Hungary.
Armenia.	China.	Iceland.
Australia.	Cook Islands.	India.
Austria.	Cuba.	Ireland.
Bahama Islands.	Danish West Indies.	Italy.
Belgium.	Denmark.	Japan.
Bermuda.	Egypt.	Kongo Free State.
Bohemia.	England.	Lithuania.
Bolivia.	Finland.	Luxemburg.
Brazil.	France.	Mexico.
British Guiana.	Galicia.	Montenegro.

Morocco.	Serbia.	Colombia.
Newfoundland.	Sicily.	Tahiti.
Nicaragua.	Spain.	Siberia.
Norway.	Syria.	Chile.
Nova Scotia.	Switzerland.	Azores.
Palestine.	Sweden.	Chosen.
Panama.	Turkey.	Tunis.
Persia.	Uruguay.	Seychelles Islands.
Peru.	Wales.	Isle of Rhodes.
Poland.	Yugoslavia.	Malta.
Portugal.	Latvia.	San Marino.
Rumania.	New Zealand.	Estonia.
Russia.	Czechoslovakia.	Riga Latvia.
Salvador.	Costa Rica.	Venezuela.
San Domingo.	Cyprus.	Burma.
Scotland.	Guatemala.	

On December 1, 1926, there had been received in the War Department 2,920,406 original applications for adjusted compensation of which number 2,837,221 have been certified to the United States Veterans' Bureau as valid, 31,574 are in the hands of veterans for correction and 43,440 have been disallowed, leaving a total of 8,171 under action in the office. It is estimated that approximately 19 per cent or 700,000 compensable veterans or dependents have not as yet applied, who under the provisions of the World War adjusted compensation act may make application for the benefits conferred until January 1, 1928. Early in the administration of the act the department requested through the press that those individuals who did not intend to make application for adjusted compensation make known such decision to the department. As a result there were received 182 letters from individuals stating that they did not intend to apply.

The act provides that any national bank, or any bank or trust company incorporated under the laws of any State, Territory, possession, or the District of Columbia, is authorized, after the expiration of two years after the date of the certificate, to loan to any veteran upon his promissory note secured by his adjusted service certificate, any amount not in excess of the loan basis of the certificate.

The law provides further that adjusted service certificates shall be dated as of the first day of the month in which application is filed, but in no case before January 1, 1925. On January 1, 1925, there had been received in the War Department 1,970,753 applications for adjusted compensation and in consequence of the aforementioned provisions of the law, all of these veterans will be entitled to borrow upon their certificates on or after January 1, 1927. This will be the first occasion the certificate will have a tangible value since the enactment of the World War adjusted compensation act. Doubtless when veterans who have not as yet applied for adjusted compensation become aware of the fact that their comrades who have already been issued their adjusted service certificates may and are borrowing upon such certificates, they will promptly submit the application which they have delayed. The extent to which an impetus will be given to the approximately 700,000 outstanding claims by reason of this fact, of course, is indeterminable. That there will be occasioned an increase in the daily receipt of applications is reasonable and to be expected.

As has been stated before, the number of clerks employed is kept commensurate with the adjusted-compensation work before the

department. Naturally in such a huge undertaking involving the adjudication of the claims of millions of individuals there is a large volume of correspondence, a considerable portion of which involves intricate and complex questions. In maintaining the strength of the clerical force the department has kept a very narrow margin of employees upon the work. However, it will not be unprepared if due to the impetus given by the fact that the certificates will have a loan value after January 1, 1927, the number of applications received daily is materially increased, for it has kept of record the addresses of the employees heretofore released from the work and consequently will be in a position to reinstate them in the work if necessary rather than obtaining individuals not conversant with the work.

In conclusion I desire to commend to you the services rendered by the personnel of the department in connection with the administration of the task before it, both those who are now engaged upon the work and their associates who have since left the service. Their efforts have been untiring and their loyalty and industry outstanding. They have contributed most materially to the success of the department in this undertaking and are to be congratulated upon the results obtained.

Very respectfully,

ROBERT C. DAVIS,  
*Major General, The Adjutant General.*

The SECRETARY OF WAR.

Adjusted compensation applications

State	Number of days' service		Money value		
	Net home service	Overseas service	Home	Overseas	Total
Alabama.....	6,860,304	8,100,444	\$6,860,304.00	\$10,125,555.00	\$16,985,859.00
Arizona.....	2,226,697	1,582,238	2,226,697.00	1,977,797.50	4,204,494.50
Arkansas.....	6,242,081	6,488,804	6,242,081.00	8,111,005.00	14,353,086.00
California.....	31,513,332	25,468,476	31,513,332.00	31,835,595.00	63,348,927.00
Colorado.....	5,396,634	4,994,592	5,396,634.00	6,243,240.00	11,639,874.00
Connecticut.....	5,455,775	7,600,969	5,455,775.00	9,501,211.25	14,956,986.25
Delaware.....	856,495	968,438	856,495.00	1,210,547.50	2,067,042.50
District of Columbia.....	3,839,841	3,480,493	3,839,841.00	4,350,616.25	8,190,457.25
Florida.....	5,118,405	4,789,985	5,118,405.00	5,987,481.25	11,105,886.25
Georgia.....	9,220,997	8,432,195	9,220,997.00	10,540,243.75	19,761,240.75
Idaho.....	1,824,422	2,092,248	1,824,422.00	2,615,310.00	4,439,732.00
Illinois.....	35,344,198	36,981,056	35,344,198.00	46,226,320.00	81,570,518.00
Indiana.....	15,819,139	14,079,281	15,819,139.00	17,599,101.25	33,418,240.25
Iowa.....	11,111,352	12,608,780	11,111,352.00	15,760,975.00	26,872,327.00
Kansas.....	8,656,568	8,747,030	8,656,568.00	10,933,787.50	19,590,355.50
Kentucky.....	10,445,851	9,610,659	10,445,851.00	12,013,323.75	22,459,174.75
Louisiana.....	6,914,322	7,293,939	6,914,322.00	9,117,423.75	16,031,745.75
Maine.....	2,744,382	3,581,223	2,744,382.00	4,476,528.75	7,220,910.75
Maryland.....	6,715,427	7,182,108	6,715,427.00	8,977,635.00	15,693,062.00
Massachusetts.....	15,630,957	22,788,692	15,630,957.00	28,485,865.00	44,116,822.00
Michigan.....	17,879,115	21,715,231	17,879,115.00	27,144,038.75	45,023,153.75
Minnesota.....	10,874,706	14,749,709	10,874,706.00	18,437,136.25	29,311,842.25
Mississippi.....	4,551,174	5,718,994	4,551,174.00	7,148,742.50	11,699,916.50
Missouri.....	15,091,087	16,981,068	15,091,087.00	21,226,335.00	36,317,422.00
Montana.....	2,358,761	3,113,281	2,358,761.00	3,891,601.25	6,250,362.25
Nebraska.....	6,639,889	5,894,847	6,639,889.00	7,368,558.75	14,008,447.75
Nevada.....	464,828	474,743	464,828.00	593,428.75	1,058,256.75
New Hampshire.....	1,489,751	2,317,763	1,489,751.00	2,897,203.75	4,386,954.75
New Jersey.....	15,492,077	18,374,309	15,492,077.00	22,967,886.25	38,459,963.25
New Mexico.....	1,701,218	1,539,578	1,701,218.00	1,924,472.50	3,625,690.50
New York.....	46,600,451	57,347,773	46,600,451.00	71,684,716.25	118,285,167.25
North Carolina.....	8,225,303	10,702,081	8,225,303.00	13,377,601.25	21,602,904.25
North Dakota.....	1,982,065	2,755,973	1,982,065.00	3,444,966.25	5,427,031.25
Ohio.....	26,331,382	32,049,756	26,331,382.00	40,062,195.00	66,393,577.00
Oklahoma.....	9,765,642	9,814,683	9,765,642.00	12,268,353.75	22,033,995.75
Oregon.....	5,399,057	5,010,538	5,399,057.00	6,263,172.50	11,662,229.50
Pennsylvania.....	35,131,302	47,954,600	35,131,302.00	59,943,250.00	95,074,552.00
Rhode Island.....	2,349,639	3,048,761	2,349,639.00	3,810,951.25	6,160,590.25
South Carolina.....	4,776,399	5,670,271	4,776,399.00	7,087,838.75	11,864,237.75
South Dakota.....	3,087,994	3,687,787	3,087,994.00	4,609,733.75	7,697,727.75
Tennessee.....	8,459,580	10,079,705	8,459,580.00	12,599,631.25	21,059,211.25
Texas.....	23,026,972	22,003,336	23,026,972.00	27,504,170.00	50,531,142.00

Utah.....	2,368,802	1,942,451	2,368,802.00	2,428,063.75	4,796,865.75
Vermont.....	1,121,267	1,766,929	1,121,267.00	2,208,661.25	3,329,928.25
Virginia.....	8,215,371	10,498,881	8,215,371.00	13,123,601.25	21,338,972.25
Washington.....	8,588,382	7,628,924	8,588,382.00	9,536,155.00	18,124,537.00
West Virginia.....	6,327,112	7,276,945	6,327,112.00	9,096,181.25	15,423,293.25
Wisconsin.....	11,387,321	14,700,438	11,387,321.00	18,375,547.50	29,762,868.50
Wyoming.....	1,556,688	1,926,516	1,556,688.00	2,408,145.00	3,964,833.00
Alaska.....	261,561	148,310	261,561.00	185,387.50	446,948.50
Canal Zone.....	902,453	334,555	902,453.00	418,193.75	1,320,646.75
Hawaii.....	1,861,187	428,781	1,861,187.00	535,976.25	2,397,163.25
Philippine Islands.....	751,752	237,571	751,752.00	296,963.75	1,048,715.75
Porto Rico.....	2,520,956	44,278	2,520,956.00	55,347.50	2,576,303.50
Virgin Islands.....	2,506	3,510	2,506.00	4,387.50	6,893.50
Others.....	2,819,918	3,812,774	2,819,918.00	4,765,967.50	7,585,885.50
Total.....	492,300,847	548,627,300	492,300,847.00	685,784,125.00	1,178,084,972.00

*Adjusted compensation applications*

State	Number of veterans								Dependents		Per-centage of ap-plica-tions	
	By amount of adjusted compensation				Nature of service		By nativity		Total	Vested		Con-tin-gent
							Native born	Foreign born				
	\$50 and under	\$51 to \$500	\$501 to \$625	Over \$625	Home service	Overseas service						
Alabama.....	2,972	29,806	4,979	7,827	18,140	27,444	45,126	458	45,584	1,732	278	1.62
Arizona.....	253	4,034	1,221	3,167	3,514	5,161	8,129	546	8,675	192	25	.30
Arkansas.....	2,599	25,889	4,311	6,814	16,510	23,103	39,296	317	39,613	1,315	186	1.40
California.....	2,922	69,025	25,117	39,425	55,402	81,087	119,126	17,363	136,489	3,099	221	4.84
Colorado.....	857	16,986	3,405	6,817	11,365	16,700	26,019	2,046	28,065	784	74	1.00
Connecticut.....	1,068	17,189	4,730	9,679	11,551	21,115	24,306	8,360	32,666	977	82	1.16
Delaware.....	181	2,575	408	1,442	1,496	3,110	4,187	419	4,606	145	10	.16
District of Columbia.....	794	10,209	2,148	5,409	7,997	10,563	17,160	1,400	18,560	502	34	.66
Florida.....	1,167	16,645	2,921	6,393	11,346	15,780	26,197	929	27,126	771	83	.96
Georgia.....	2,141	30,737	5,478	11,075	20,923	28,508	48,800	631	49,431	1,921	234	1.76
Idaho.....	257	6,655	1,547	2,346	4,516	6,289	9,990	815	10,805	270	34	.38
Illinois.....	5,639	120,679	23,502	45,054	72,807	121,967	165,937	28,837	194,774	5,547	341	6.91
Indiana.....	3,268	48,730	9,719	18,866	34,191	46,392	76,868	3,715	80,583	2,301	262	2.86
Iowa.....	2,427	48,179	8,072	12,170	27,512	43,336	66,566	4,282	70,848	1,946	141	2.51
Kansas.....	1,908	27,660	5,943	12,699	20,627	27,583	46,909	1,301	48,210	1,492	213	1.71
Kentucky.....	2,558	34,982	7,249	11,636	23,484	32,941	55,850	575	56,425	1,889	344	2.00
Louisiana.....	2,077	30,414	3,575	7,927	20,031	23,962	43,124	869	43,993	1,483	175	1.56
Maine.....	967	10,027	2,018	4,675	7,713	9,974	15,133	2,554	17,687	585	66	.63
Maryland.....	1,624	20,841	3,894	10,390	14,200	22,549	34,482	2,267	36,749	1,152	102	1.30
Massachusetts.....	2,948	49,498	12,364	31,096	34,352	61,554	73,590	22,316	95,906	3,621	225	3.40
Michigan.....	2,963	61,755	16,240	24,157	39,036	66,079	86,848	18,267	105,115	2,958	345	3.73

Adjusted compensation applications—Continued

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WORLD WAR ADJUSTED COMPENSATION ACT

State	Number of veterans								Dependents		Per-centage of ap-plica-tions	
	By amount of adjusted compensation				Nature of service		By nativity		Total	Vested		Con-tin-gent
	\$50 and under	\$51 to \$500	\$501 to \$625	Over \$625	Home service	Overseas service	Native born	Foreign born				
Minnesota	3,354	49,018	9,574	12,338	24,248	50,036	64,807	9,477	74,284	1,934	209	2.64
Mississippi	2,178	21,581	3,566	5,427	12,826	19,926	32,557	195	32,752	1,342	219	1.16
Missouri	5,129	54,940	10,554	21,481	37,812	54,292	89,057	3,047	92,104	3,339	328	3.27
Montana	347	8,779	2,672	3,065	5,308	9,555	12,362	2,501	14,863	316	40	0.53
Nebraska	1,081	19,448	5,079	8,073	13,496	20,185	31,200	2,481	33,681	721	85	1.19
Nevada	47	1,363	457	529	894	1,502	1,989	2,407	2,396	50	3	0.09
New Hampshire	398	5,616	1,211	2,930	3,958	6,197	8,242	1,913	10,155	360	27	0.36
New Jersey	2,607	48,291	10,510	24,750	30,098	56,060	67,517	18,641	86,158	2,591	230	3.06
New Mexico	575	5,282	1,123	2,147	4,007	5,120	8,849	278	9,127	336	56	0.32
New York	6,351	158,090	36,650	70,829	95,394	176,526	202,489	69,431	271,920	8,709	780	9.65
North Carolina	2,709	34,231	5,743	11,621	18,739	35,565	53,858	446	54,304	1,756	306	1.93
North Dakota	357	9,255	1,415	2,709	5,257	8,479	11,361	2,375	13,736	403	53	0.49
Ohio	7,714	91,998	19,698	38,573	54,921	103,062	144,514	13,469	157,983	4,387	439	5.61
Oklahoma	2,135	36,029	6,921	11,623	23,297	33,411	55,940	768	56,708	1,681	273	2.01
Oregon	491	14,797	3,872	7,113	11,666	14,607	23,722	2,551	26,273	602	48	0.93
Pennsylvania	6,274	119,864	28,709	59,711	67,244	147,314	182,860	31,698	214,558	7,532	714	7.61
Rhode Island	424	7,866	1,980	3,708	4,856	9,122	10,229	3,749	13,978	448	37	0.50
South Carolina	2,109	19,461	3,706	6,113	12,875	18,514	31,171	218	31,389	1,302	180	1.11
South Dakota	569	13,978	2,079	3,928	8,395	12,159	18,549	2,005	20,554	335	54	0.73
Tennessee	2,476	33,164	6,589	10,875	18,655	34,449	52,709	395	53,104	2,239	361	1.88
Texas	4,196	68,907	13,927	31,446	46,371	72,105	115,547	2,929	118,476	3,309	494	4.20
Utah	374	6,803	2,322	2,280	5,179	6,600	10,660	1,119	11,779	364	38	0.42
Vermont	369	3,559	933	2,274	2,495	4,740	6,481	754	7,235	271	31	0.26
Virginia	2,038	29,970	5,035	13,595	17,234	33,404	49,671	967	50,638	1,991	264	1.80
Washington	1,025	21,606	6,917	10,913	18,026	22,435	34,772	5,689	40,461	1,006	96	1.44
West Virginia	1,956	25,468	3,238	8,773	15,691	23,744	37,611	1,824	39,435	1,116	177	1.40
Wisconsin	2,854	48,996	6,483	17,131	29,170	46,264	68,202	7,262	75,464	2,537	291	2.68
Wyoming	177	5,614	1,062	2,321	3,302	5,872	8,206	968	9,174	159	14	0.32
Alaska	67	613	133	286	629	470	745	354	1,099	8	1	0.04
Canal Zone	19	581	279	1,306	1,112	1,073	1,855	330	2,185	12	4	0.08
Hawaii	84	4,448	363	1,475	4,967	1,403	5,672	698	6,370	50	2	0.23
Philippine Islands	20	562	176	1,020	980	798	1,561	217	1,778	38	1	0.06
Porto Rico	1,019	11,202	431	1,035	12,873	814	13,654	33	13,687	550	71	0.49
Virgin Islands	1	7	1	5	5	9	11	3	14	1	0	0.00
Others	579	11,583	2,204	4,144	6,313	12,197	5,235	13,275	18,510	3,130	432	0.66
Total	103,593	1,675,585	354,453	684,611	1,075,006	1,743,236	2,497,508	320,734	2,818,242	89,607	9,833	100.00