Montana Department of the Disabled American Veterans

Max S. Baucus

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ADDRESS BY MAX BAUCUS
TO THE MONTANA DEPARTMENT OF THE
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Mid-Winter Meeting
of the Executive Committee

Yogo Inn
Lewistown, Montana

December 6, 1975

I WOULD FIRST LIKE TO THANK ALL THOSE RESPONSIBLE FOR GIVING ME THE OPPORTUNITY TO ADDRESS THIS GROUP TONIGHT. I AM NOT A VETERAN, NOR AM I DISABLED, BUT FOR SOME OF YOU I AM YOUR REPRESENTATIVE IN CONGRESS, AND I AM SEEKING TO LEARN ALL I CAN ABOUT THE PROBLEMS YOU ARE EXPERIENCING AND THE POSSIBLE SOLUTIONS THAT THE FEDERAL GOVERNMENT CAN EMPLOY TO DEAL WITH THOSE PROBLEMS.

INVITING ME TO SPEAK HERE TONIGHT PROMPTED ME TO SPEND EVEN MORE TIME LOOKING INTO VETERANS' QUESTIONS. NOT ONLY DID I TAKE THE OPPORTUNITY TO REVIEW THE VARIOUS LEGISLATIVE PROPOSALS DEALING WITH VETERANS' MATTERS WHICH ARE PENDING OR WERE RECENTLY PASSED BY THE HOUSE, BUT I ALSO WAS ABLE TO REVIEW A SERIES OF PUBLICATIONS DOCUMENTING THE SUCCESSES AND FAILURES IN THE VETERANS' ADMINISTRATION.
Before describing what I was able to learn about the problems of disabled vets in Montana, I would like first to briefly describe national veterans’ issues. In February of this year, the President announced his budget proposals for fiscal year 1976. According to the report accompanying his budget request, his proposals would “provide liberalized readjustment benefits on a broad front -- education, training, housing, and jobs.” The budget apparently also would provide increased assistance to V.A. pension beneficiaries in recognition of the rising cost of living.

The President proposed benefits and services to veterans and their families to rise from $15.5 billion in 1975 to $15.6 billion in 1976. Although this might sound like a $100 million increase to some people, actually it is a reduction in terms of real dollars. That is, although the budget request was an increase in current dollars of a percent or so, when one considers the decreased buying power of a dollar due to inflation, the budget request actually reflects a lower amount of money being requested.

An additional misleading factor with respect to the President’s budget request is the fact that there are more people eligible to receive veterans’ benefits in 1976 than there were in 1975. I was unable to obtain the precise statistics. Based on the fact that the veterans’ population increased by nearly 200,000 between fiscal year 1974 and 1975, we can surmise that a similar increase occurred in the past year.
Today there are nearly 29 1/2 million living veterans. And, of course, these living veterans actually account for only about 1/3 of all potential recipients of V.A. benefits. Additional potential recipients include more than 31 million dependent children under 18 years of age, 10 million other family members over 18 years of age, 24 million spouses of veterans, 3 million widows, almost one million dependent children of deceased veterans, and more than 200,000 dependent parents of deceased veterans. In short, the potential beneficiary population of veterans' services is nearly 100 million Americans. Put another way, nearly 50 percent of the population in the United States are potential beneficiaries of veterans' programs.

How are these people faring today? According to statistics compiled by the Veterans' Administration, one might conclude that they are faring well. The median income of veterans in 1973 was nearly $11,000, while non-veterans were barely over $7,000. Unemployment rates also show that veterans do better than non-veterans, with the exception of younger veterans in the age category of 20-24. In 1974, the average unemployment rate for male veterans was 2.3 percent, as compared to 4 percent for non-veterans.
In the last session of Congress, there were 14 veterans bills that were signed into law and one, the G.I. bill amendments, which became public law over the President's veto. These bills included a national cemeteries act; a veterans' loan guarantee program; the Veterans' Health Care Expansion Act of 1973, a bill to increase the monthly rates of disability and death pensions; the payment of G.I. bill benefits during the energy crisis; control of overseas war memorials; increased coverage of servicemen's group life insurance programs; a temporary extension of the delimiting period for veterans whose G.I. bill benefits ended in 1974; an increase in veterans' and survivors' compensation payments; the education and vocational rehabilitation amendments; increases in pensions; amendments in the provision of automobiles and other adaptive equipment; amendments to the Loan Guarantee Program; and increases in vocational rehabilitation rates.

In the current Congress two significant pieces of legislation passed. The first was H.R. 7767, the formal title for which is "A Bill to Increase the Rates of Compensation and Dependency and Indemnity Compensation for Service-Connected Disabled Veterans and Certain Surviving Widows and Children." Passed by the House in mid-June by a unanimous vote and signed into law by the President on August 5, 1975, the new law provides increases for service-connected disabled veterans. For veterans rated 10-50 percent disabled, the benefit increase is 10 percent. For veterans whose disability is rated 60 percent or more, benefits are increased 12 percent. Statutory awards, relating to more serious disabilities, were increased by 12 percent.
A second bill, H.R. 10355, was passed by the House on October 30, 1975 by a unanimous vote. The bill, titled "The Veterans' and Survivors' Pension Adjustment Act of 1975", increases by approximately 8 percent the monthly rates for veterans under the current pension program and increases the maximum annual income limitations by $300.

ENOUGH OF THE FACTS--HOW ARE VETERANS REALLY DOING?

For those of you in the audience who remain awake, I suspect that many of you may be perturbed. Why? The answer quite simply is that the status of veterans is not nearly as rosy as national statistics would have you believe. My limited time in Congress has taught me a painful lesson. That all too often national statistics mask the problems experienced by citizens in rural areas. And Montana is a rural area -- we must not forget that, nor should we ever be ashamed of it.

I would like to divide the remainder of my remarks this evening into three areas: First, I will discuss the problems of citizens in rural areas as typified by the medical facilities available to veterans in Montana; Second, I will look at the dilemmas facing Congress in deciding between holding down Federal expenditures and improving the effectiveness of programs provided to the American public; Third, I will briefly touch upon some of the potential problems that could result from federal centralization -- most particularly in the area of national health benefits.
HEALTH BENEFITS FOR VETERANS LIVING IN RURAL AREAS

There is a continuing effort in all branches of government to make government services more efficient. Increased efficiency, by definition, is to achieve more benefits at the same or less cost. Unfortunately, efforts to achieve efficiency frequently overlook two important considerations. The first is equity; the second is effectiveness. What do I mean by that? The answer is really quite simple. Too often government efforts to cut costs alter the way services are delivered. A frequent result of such efforts is that, although money might be saved, some of the potential recipients receive substantial reductions in the quality of services offered them.

I would like to use as an example the V.A.'s handling of the Veterans Hospital in Miles City. Constructed in 1951, the Miles City Hospital is a relatively modern health facility. Yet, in 1965, the Veterans' Administration proposed to close it. Why? According to the Veterans' Administration, not only would federal funds be saved by closing the hospital, but also the quality of health care services rendered to the veterans who used that hospital would be raised. Fortunately, the Montana Congressional delegation successfully opposed the V.A.'s proposal.
I reviewed the congressional history centering around the proposal to close the Miles City Hospital, and I find it to be a useful illustration of the anti-rural mentality which exists in Washington today.

In a hearing before the House Committee on Veterans' Affairs in April 1965, Senator Mansfield rattled off seven factors that the Veterans' Administration failed to take into account in making its recommendation to close the Miles City Hospital. I think these factors are worth repeating here, not only because they were ultimately persuasive in stopping the closing down of the Miles City Hospital, but, as importantly, because they apply to many subsequent recommendations made by the Veterans' Administration in connection with services offered to Montana veterans.

The first factor noted by Senator Mansfield was "geography." The Miles City Hospital, at that time, served an area covering eastern Montana, western Montana, the western Dakotas, and northern Wyoming -- an area substantially larger than all the New England states combined.

The next factor he noted was patient load. According to figures developed by congressional staff, the Miles City Hospital in the 1960's averaged more than 80 percent occupancy.
A third, and perhaps more significant factor was "cost per patient". According to figures brought to the attention of the Veterans’ subcommittee, it was shown that on the basis of hearings held by the House Veterans’ Affairs Committee in 1965, the Miles City Hospital had a cost per patient lower than all other hospitals in the West, except for one located in Fresno, California.

A fourth factor noted by Senator Mansfield was the impact on the veteran and his family. If Miles City Hospital were closed down in 1965, it would have increased the distances traveled by visiting families. Currently, some families travel distances up to 400 to 500 miles to visit hospitalized relatives. If the Miles City Hospital were closed, travel distances would have been substantially extended and the hardships on veterans’ family would have been increased. Visits would have then decreased, and the therapeutic value of veterans seeing their families would have been lost.

A fifth factor noted by Senator Mansfield was obsolescence. Miles City was and is a relatively new hospital. It is modern in nearly all respects, and it can be increased in size with little additional cost.
A sixth factor noted by Senator Mansfield was that the hospital employed more than 130 people and, although the Veterans' Administration stated that in closing the hospital all of the hospital employees would have been provided for, the actual figures show that only 33 would have received an opportunity for employment.

I must note here that the closing of federal installations is not unique to Veterans' facilities. It occurs every day, and unfortunately, is occurring with increasing frequency in rural areas. The most recent example I can think of is the proposal by the Bureau of Land Management to reorganize its staff in Montana. According to the BLM plan, the Dillon office is to be reduced from 24 employees to 12 employees. The 12 employees who would lose their job in Dillon, we are told, have the opportunity to work in other BLM offices in the region. What a proposal such as this overlooks is that if the employees choose to leave, they will hurt the local economy of that small community. On the other hand, if they choose to stay, it will probably be very difficult for them to find employment. Either way, Dillon loses.

And all too often, government actions of this type are countered with federal job creation programs that cost substantially more per person than the cost of maintaining them in their previous jobs. I can just picture the Economic Development Administration, for example, making a proposal to spend $50,000 per person to create 12 new jobs in Dillon. To me, that just does not make sense.
GETTING BACK TO MILES CITY, THE SEVENTH AND LAST FACTOR PRESENTED BY SENATOR MANSFIELD IS THE HUMAN FACTOR. CONGRESS, BY LAW, HAS STATED THAT THE VETERANS OF THIS COUNTRY WILL BE GIVEN THE BEST MEDICAL TREATMENT WHEN THEY RETURN FROM THE WARS. NOTHING IS TOO GOOD FOR THESE VETERANS WHO GAVE FROM TWO TO SIX YEARS OF THEIR LIVES IN TIMES OF GREAT NATIONAL EMERGENCY.

SO WHAT HAPPENED TO THE MILES CITY HOSPITAL? ALL OF YOU KNOW THAT FORTUNATELY THE EFFORTS BY THE CONGRESSIONAL DELEGATION IN CONNECTION WITH SUBSTANTIAL LOBBYING EFFORTS BY ORGANIZATIONS SUCH AS YOURS, WERE SUCCESSFUL IN MAINTAINING THAT HOSPITAL. I DON'T KNOW WHETHER THE MILES CITY HOSPITAL IS IN JEOPARDY TODAY. ALTHOUGH I DID CHECK THE LATEST VETERANS' ADMINISTRATION'S STATISTICS ON HOSPITALS AND NOTED THAT MILES CITY HAS THE LOWEST AVERAGE DAILY PATIENT CENSUS OF ALL THE 183 V.A. HOSPITALS. AS OF AUGUST 31, 1975, THE MILES CITY HOSPITAL WAS SERVING AN AVERAGE OF 57 PATIENTS PER DAY. THE OTHER VETERANS' HOSPITAL IN THE STATE, FORT HARRISON, LOCATED OUTSIDE OF HELENA, HAS ONLY A SLIGHTLY LARGER PATIENT LOAD. LESS THAN 140 PATIENTS ARE SERVED EACH DAY ON AN AVERAGE AT THE FORT HARRISON HOSPITAL, WHICH RANKS IT AS THE 10TH LOWEST IN PATIENT LOAD OF THE NEARLY 200 VETERANS' HOSPITALS THROUGHOUT THE COUNTRY.
Does that mean that Miles City and Fort Harrison will be closed? I certainly hope not. I would think that the victory in 1965 over the closing recommendation would cause the V.A. some pause in raising this issue again. On the other hand, I'm not suggesting that any of us should be less vigilant in watching to see that the Veterans' Administration does not propose such a drastic move.

As many of you know, we are now faced with an administration that talks big when it comes to saving money. Unfortunately, all too often the savings proposed by the Administration are not savings at all. I am reminded of a statement made by Senator Mansfield in connection with the proposed Miles City closing. He put it this way:

"This is not economy. They may call it that. But this is computerized economics. This is a milked economy. It is the kind of economy which tends to accelerate the process of headlong flights of people to urban areas. This will make for blighted areas. The problems there are not growing less acute, for that is where veterans' hospitals, along with countless other public and private services, are steadily being concentrated. In accelerating this process, it is false economy, because it multiplies the problems and skyrockets costs in the cities. It is the kind of economy which tends not only to increase urban blight, but to hasten rural decay."
Senator Mansfield's comments are as pertinent today as they were in 1965. In fact, I think they are even more relevant today, because efforts to cut federal spending are greater today than anytime in recent memory.

**The Dilemma of Federal Budget Cutting vs. Program Effectiveness**

That brings me to the second major point tonight. Efforts to achieve reductions in federal spending too often lead to a deterioration in the quality of services provided to program beneficiaries.

I suspect that many of you would like to see reductions in federal spending. I'm sure that federal deficits in the neighborhood of $70 billion per year scare you just as much as they scare me. Our national debt is heading towards $600 billion. Something must be done to keep down federal expenses. Yet, who should suffer these reductions?

When I came to Congress I was appointed a member of the Appropriations Committee. Some people were quite excited with that appointment. I was the first Montanan in over 50 years to sit on the House Appropriations Committee. Also, the conventional wisdom in Washington is that the Appropriations Committee is the most powerful committee in Congress and that its members are in a extremely powerful position.
The reality of this appointment has turned out to be somewhat different than it had been described to me. Apparently the reason that some congressmen want to get on the Appropriations Committee is to obtain increased federal funding for their districts. What this overlooks is that providing extra funds is a very small part of the responsibility of the Appropriations Committee. The major responsibility is to insure that monies voted are needed and are used wisely and effectively. In short, the role of Appropriations is to keep down expenditures, not boost them.

Thus, I am continually faced with the dilemma of trying to keep down the cost of programs, while not reducing the quality of services. As I have noted before in the previous example of Miles City Hospital, that balance is always a difficult one to make.
Many of you know that the Veterans' Administration continually seeks to cut the quality of its services. One such example was the decision by the V.A. to transfer all veterans records that had not been used for some time to a central depository in St. Louis. That proposal was designed to save money. I don't know whether money was saved by implementing that proposal, but I do know from information I have received from veterans' officials in Montana that the quality of service available to Montanans was substantially reduced. One horror story that was told to me recounted an incident where a veteran traveled 500 miles by car to Fort Harrison only to find out that his file had been transferred to St. Louis and that the information that he needed was not available at Fort Harrison.

To harken back to Senator Mansfield's quote: "This is a false economy." Why? The answer, quite simply, is that more money had to be expended to make those records available to the veteran. And what about his expenses? I suspect he incurred even greater expenses, because he probably had to return to Fort Harrison once his records and been retrieved from St. Louis.
Another element involved in the dilemma of federal budget-cutting versus program effectiveness can be seen in the stringent federal guidelines issued by government agencies. While many of you have the opportunity to use veterans' hospitals, I'm sure that many of your friends frequently use health facilities in your localities. For those of you and your friends who qualify for Medicare reimbursement, I suspect that some of you may have had problems. With increasing frequency, I receive complaints from Montanans who have not been reimbursed for medical expenses because the medical facility that treated them did not satisfy HEW's standards. Does that make sense? I suppose if you want to be sure that everybody can go to a sophisticated medical facility, it does.

On the other hand, do all Montanans who live in distant rural areas have the wherewithal, the time, and the good health to travel to a hospital in Helena or Great Falls? I don't think they do. And I don't think they should be deprived of medical services by their local hospitals simply because those hospitals lack a resident pharmacist or a resident pathologist or a resident this or that. For a hospital with ten beds, it is not economically feasible to satisfy such requirements. Yet, many of Montana's small rural hospitals are located hundreds of miles away from the more sophisticated installations that meet HEW's standards. And, I wouldn't be surprised if the quality of care provided in those hospitals, although it may not be sophisticated, is probably as gentle and effective as any services available in the world.
FEDERAL CENTRALIZATION

This brings me to the last point of my address: Namely, federal centralization should not be achieved at the expense of quality services available in rural areas.

Trends in rural America are changing. For the first three quarters of this century, people were migrating from rural areas to urban and suburban areas. In the past quarter century, state legislatures and House of Representatives have become increasingly dominated by urban and suburban representatives.

Yet, in the past five years, a dramatic change is occurring in America. The migration to cities has changed. For the first time since the 19th century, people are moving back to rural areas. The population of Montana reflects that change. We are a growing state, and we need increased services as a result of our growth. Unfortunately, legislative bodies at national and state levels do not yet reflect the changing trend to rural migration.

We must to be vigilant against urban and suburban dominated legislatures nibbling away at the benefits available to rural citizens. We must not allow federal and state centralization to reduce the quality of services available to rural citizens.
I WOULD LIKE TO CLOSE WITH ANOTHER QUOTE FROM Senator Mansfield, which he made before the Veterans’ Affairs Committee in connection with the proposed closing of Miles City Hospital:

"Montana is one of the states in the Union and is entitled to equitable considerations with all the others. I do not think that a small state should be discriminated against. I do not think that everything should be shifted to the urban areas which are becoming more urban with each passing day. I think that we in Montana are entitled to a square deal, and I hope that this committee will see to it that not only Montana, but other states are treated on an equitable basis."

I WOULD LIKE TO THANK ALL OF YOU FOR INVITING ME HERE THIS EVENING, AND I LOOK FORWARD TO PROVIDING CONTINUED SERVICE TO YOU AS A MEMBER OF CONGRESS.

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