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REPORT
No. 93-769

AUTHORIZING ALLOTMENTS FROM THE PAY OF MEMBERS OF THE NATIONAL GUARD OF THE UNITED STATES FOR GROUP LIFE INSURANCE PREMIUMS AND FOR OTHER PURPOSES

APRIL 3, 1974.—Ordered to be printed

Mr. BYRD, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 383]

The Committee on Armed Services, to which was referred the bill (S. 383) to amend chapter 13 of title 37, United States Code, to authorize allotments from the members of the National Guard of the United States, who are not on active duty, to make payment for group life insurance premiums and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

COMMITTEE AMENDMENTS

1. On page 1, line 7, insert "(a)" immediately before "The". This is a technical amendment to provide a transition for the main portion of the amendment.

2. On page 2, line 5, strike out the period and the quotation marks and insert in lieu thereof the following:

if the State or association concerned has agreed in writing to reimburse the United States for all costs incurred by the United States in providing for such allotments. The amount of such costs and procedures for reimbursements shall be determined by the Secretary of Defense and his determination shall be conclusive. All amounts of reimbursements for such costs received by the United States from the State or association concerned shall be credited to the appropriations or funds against which charges have been made for such costs.

3. On page 2, between lines 5 and 6, insert the following:

(b) The United States shall not be liable for any losses or damages suffered by any person as the result of any error made by any officer or employee of the United States in administering the allotment program authorized under subsection (a).

4. Amend the title so as to read: _____

A bill to authorize allotments from the pay of members of the National Guard of the United States for group life insurance premiums.

PURPOSE OF THE BILL

The purpose of this bill would be to allow the Secretaries of the Army and Air Force to permit allotments from the pay of members of the National Guard, who are not on active duty, to make payment for group life insurance premiums of programs sponsored by the state military department or state associations of the Guard.

EXPLANATION OF THE AMENDMENTS

1. The first amendment is technical in nature and does not change the meaning of the bill.

2. The second amendment provides that the state military departments or state associations of the National Guard would be responsible to the Federal Government for the cost of administering this program.

3. The third amendment provides that in administering the allotment provision the United States would not be liable for any damages growing out of this administrative function.

4. The fourth amendment changes the title of the bill to express more clearly its purpose.

EXPLANATION OF THE BILL

This bill provides new law in that it would permit the Service Secretaries of the Army and Air Force to establish an allotment system for members of the National Guard if requested by the separate states for the purpose of paying group life insurance premiums sponsored by the state military department or the state Guard Association.

However, no Guardsman would be required as a matter of law to take the state or Guard Association sponsored life insurance or to use the allotment provision provided for in this legislation.

With the expected extension of the Servicemen's Group Life Insurance (SGLI) program to certain members of the Reserve and Guard the Committee felt the allotment provision was justified for the state Guard programs.

Under SGLI, payments for life insurance will be automatic for certain members of the Guard and Reserve by payroll deduction unless the individual declines coverage in writing.

Thus, by providing the allotment provision for the Guard sponsored programs the Committee has placed these programs on a relatively equal competitive basis. The Guardsman would have the convenience

of a pay deduction for this Guard sponsored life insurance program just as he would for the Federal Government sponsored life insurance program.

BACKGROUND

The unique nature of the National Guard, being a dual agency under control of the State Governor unless mobilized by the Federal Government, resulted in the Guard in some states establishing their own group life insurance programs.

Group life insurance programs, under the sponsorship of the state military department or state National Guard Associations, have up to the present provided the only life insurance coverage to Guardsmen because of their membership in the Guard.

Guard witnesses testified that these programs could not survive in competition with the payroll deduction to be offered by SGLI. Testimony during the hearings also revealed that some of the funds generated by the state or Guard Association backed programs are used to promote and strengthen the National Guard in an overall way. This support for the Guard in states with active group life insurance programs would be reduced if SGLI drives the state supported programs out of business.

However, in approving the bill the Committee took the position that cost of such an extension should be borne by the state sponsors. The Committee also took the position that the Federal Government should be excluded from any liability in administering the program.

FISCAL DATA

The Committee bill as amended would result in no increased budgetary requirements for the Department of Defense.

DEPARTMENTAL POSITION

The Department of Defense favors enactment of this legislation as indicated below.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., March 28, 1974.

HON. JOHN C. STENNIS,
*Chairman, Armed Services Committee,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to S. 383 and the hearing held by the General Legislation Subcommittee on March 22, 1974. Pursuant to the referenced hearing, the Department of Defense has reconsidered its position with respect to S. 383, a bill "To encourage persons to join and remain in the Reserve and National Guard by providing full-time coverage under Servicemen's Group Life Insurance for such members and certain members of the Retired Reserve up to age sixty."

The Department of Defense would interpose no objection to the enactment of S. 383, subject to its amendment to insert after "State" on line 5, page 2 of the bill, "if the State or association concerned has agreed in writing to reimburse the United States for all costs incurred

by the United States in providing for such allotments. The amount of such costs and procedures for reimbursement shall be determined by the Secretary of Defense and his determination shall be conclusive. All amounts of reimbursement for such costs received by the United States from the State or association concerned shall be credited to the appropriations or funds against which charges have been made for such costs."

The Office of Management and Budget advises, that from the standpoint of the Administration's program, there is no objection to the presentation of the report for the consideration of the Committee.

Sincerely,

L. NIEDERLEHNER,
For MARTIN R. HOFFMAN.

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