

basic compensation rate payable to these veterans be increased by \$100 per month. A similar increase is recommended in the higher statutory awards, pending the completion of the re-evaluation of the rating schedule.

RECOMMENDATION NO. 2

The Commission recommends that the compensation rates payable to veterans whose disabilities are evaluated from 10 to 90 percent be increased not less than the rise of the cost of living as measured by the Consumer Price Index, since December 1, 1965.

Background to Recommendation:

In order to maintain compensation rates at levels which are economically realistic, it has been necessary from time to time to adjust these rates to the changing cost of living in America. Most recently, compensation rate increases of about six percent were made in 1962 and 1965. Between the effective date of the last increase, December 1965, and December 1967, the cost of living (according to the Consumer Price Index) has risen 6.5 percent and is continuing to rise.

The Commission wishes to establish the most equitable rate structure possible. This is not possible until the study being undertaken on Economic Validation of the Rating Schedule is completed.

Until this time, we want to protect the 10 to 90 percent disabled veteran from the economic cost resulting from substantial increases in the cost of living. Therefore, we recommend an appropriate increase in the compensation rates payable to these veterans, including the additional benefits for dependents.

This recommendation is made in conjunction with our recommendation for a \$100 monthly compensation rate increase for the totally disabled and for an increase in statutory allowances.