

VETERANS' COMPENSATION AND READJUSTMENT
BENEFITS AMENDMENTS OF 1996

JUNE 27, 1996.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. STUMP, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 3673]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3673) to amend title 38, United States Code, to revise and improve certain veterans programs and benefits, to authorize the American Battle Monuments Commission to enter into arrangements for the repair and long-term maintenance of war memorials for which the Commission assumes responsibility, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

INTRODUCTION

The reported bill reflects the Committee's consideration of several bills introduced during the 104th Congress, including H.R. 368, H.R. 1482, H.R. 1809, H.R. 2155, H.R. 2513, H.R. 2851, H.R. 3248, H.R. 3495, and H.R. 3611.

On April 17, 1996, the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs ordered reported H.R. 3248 to the full Committee, which contained provisions from H.R. 368, H.R. 1482, H.R. 1809, and H.R. 2155. The Subcommittee ordered reported favorably H.R. 2513 and H.R. 3495 to the full Committee on May 22, 1996.

On May 30, 1996, the Subcommittee on Education, Training, Employment and Housing ordered reported favorably H.R. 2851 and H.R. 3459 to the full Committee.

On June 20, 1996, the full Committee met and ordered reported H.R. 3673 to the House by unanimous voice vote.

SUMMARY OF THE REPORTED BILL

H.R. 3673 contains three titles.

Title I would:

1. Add bronchiolo-alveolar carcinoma to the list of service-connected illnesses presumed to manifest in a radiation-exposed veteran.
2. Provide a presumption of permanent and total disability for veterans over the age of 65 who are nursing home patients.
3. Establish a pilot program under which non-VA physicians may provide disability examinations to applicants for VA benefits pursuant to contracts.
4. Limit the clothing allowance for incarcerated veterans.
5. Extend the time for the submission of the final report of the Veterans' Claims Adjudication Commission, and provide an additional \$150,000 for the Commission's final activities.

Title II would:

1. Modify the VA's GI Bill "two-year rule" regulating access for veterans to institutions of higher learning.
2. Eliminate the distinction between courses through open circuit TV and independent study allowing individuals to pursue their educational programs through open circuit TV.
3. Modify the medical certification required to retain eligibility for Montgomery GI Bill flight training benefits.
4. Allow full-time education benefits to be paid to veterans training under cooperative training programs.
5. Extend the VA's authority for the enhanced loan asset sales for an additional year to reduce VA servicing and facilitate conversion of long-term assets into cash through reduced VA interest payments to investors in the secondary mortgage market.
6. Extend authorization of the Homeless Veterans' Reintegration Project (HVRP) through fiscal year 1999, and authorize \$10 million per year for the Project.

Title III would:

1. Authorize the American Battle Monuments Commission to assume responsibility for overseas war memorials and accept private funds for maintenance.
2. Expand eligibility for burial benefits to include certain veterans who die in State nursing homes.

BACKGROUND AND DISCUSSION

TITLE I—VETERANS COMPENSATION BENEFITS

In May 1996, there were approximately 2.2 million veterans receiving disability compensation. The Department of Veterans Affairs expects to spend more than \$15 billion in fiscal year 1997 on disability compensation. The basic purpose of the disability compensation program is to provide a measure of relief from the impaired earning capacity of veterans disabled as the result of their

military service. The amount of compensation payable varies according to the degree of disability, which, in turn, is required by law to represent, to the extent practicable, the average impairment in earning capacity resulting from such disability or combination of disabilities in civilian occupations.

To be eligible to receive disability compensation, a veteran must have contracted a disease, suffered an injury which is not the result of willful misconduct, or aggravated an existing disease or injury during active duty service, and have been discharged under other than dishonorable conditions.

The responsibility for determining a veteran's entitlement to service connection for a disability rests solely with the Department of Veterans Affairs.

SECTION 101. *Presumption that bronchiolo-alveolar carcinoma is service connected.* Compensation benefits would be available to veterans who were exposed to radiation during their military service and who now have bronchiolo-alveolar carcinoma, a radiation-related cancer of the lung. This is estimated to affect about ten cases annually.

SECTION 102. *Presumption of permanent and total disability for veterans over age 65 who are nursing home patients.* This presumption would make the rating procedure for eligibility determination unnecessary. According to VA, persons in nursing homes are currently considered permanently and totally disabled and are rated as such. In the rare instance of an individual rated permanently and totally disabled and subsequently discharged from the nursing home, a new rating determination would be necessary.

SECTION 103. *Pilot program for use of contract physicians for disability examinations.* The Secretary of Veterans Affairs would have discretionary authority to conduct a pilot program under which contract physicians would provide disability examinations to applicants for VA benefits. The Secretary would be authorized to conduct the pilot program in up to ten regional offices. This provision would allow the VA to explore another method for improving the timeliness of benefits claims processing. The Secretary would be required to submit a Report to Congress on the effect of this authority not later than three years after the date of enactment of this Act.

SECTION 104. *Limitation on clothing allowance for incarcerated veterans.* The VA is required to pay a clothing allowance to each veteran, who, because of a service-connected disability, wears or uses a prosthetic or orthopedic appliance which tends to wear out or tear the veteran's clothing, or who uses medication prescribed for a skin condition which is due to a service-connected condition and causes irreparable damage to the veteran's outer garments. The provision would withhold a pro-rated payment to a veteran incarcerated for more than 60 days in a State, Federal, or local penal institution where inmates receive institutional clothing at no personal expense.

SECTION 105. *Extension of Veterans' Claims Adjudication Commission.* The Veterans' Benefits Improvements Act of 1994 (Public Law 103-446) established the Veterans' Claims Adjudication Commission to study the processes and procedures of the Department of Veterans Affairs for the adjudication, resolution, review and

final disposition of VA benefits claims. The purpose of the study was to determine the following:

1. The efficiency of current processes and procedures under the system for the adjudication, resolution, review, and final disposition of claims for veterans benefits, including the effect of judicial review on the system, and means of increasing the efficiency of the system.
2. The means of reducing the number of claims in the system for which final disposition is pending.
3. The means of enhancing the ability of the Department of Veterans Affairs to achieve final determinations regarding claims in the system in a prompt and appropriate manner.

The Commission was directed to submit to the Secretary and to the Committees on Veterans' Affairs of the House and Senate a preliminary report on the study one year after the date of the enactment of the Veterans' Benefits Improvements Act of 1994 (November 2, 1994). The preliminary findings and conclusions were submitted to the joint staff of the Veterans' Affairs Committees on February 7, 1996. Additionally, not later than 18 months after the enactment date, the Commission was directed to submit a final report on the study.

On April 23, 1996, the Chairman of the Veterans' Claims Adjudication Commission submitted a request for an extension in order to complete the study requirements set forth in Public Law 103-446. Additional public meetings are scheduled in order to fulfill the high expectations of the study, as well as work group sessions. The additional time will ensure the Commission presents comprehensive, concrete, and specific recommendations to the Congress.

This provision would authorize the extension of the reporting deadline to December 31, 1996. It would also authorize an additional \$75,000 in fiscal year 1996 and \$75,000 in the first two quarters of fiscal year 1997. The Commission shall terminate 90 days after the date on which the Commission submits its final report.

TITLE II—EDUCATION AND OTHER READJUSTMENT BENEFITS

VA has provided a wide variety of education benefits since the end of World War II. Today's major education program, the Montgomery GI Bill, currently enrolls nearly 200,000 veterans and dependents in colleges and vocational schools. Following WWII and the Vietnam War, the large number of veterans using GI Bill education benefits created an environment for schools and programs designed only to generate revenue from veterans benefits without providing a quality education. To reduce the incidence of these types of operations, Congress put in place the "two-year rule." The law required that schools be in operation for at least two years to be approved for veterans benefits. Courses offered by the schools had to meet the same requirement.

Currently, the State Approving Agencies (SAAs) closely monitor the quality of schools and programs in every state. Acting as VA's quality control agent, the SAAs regularly inspect institutions for compliance with state and VA laws and regulations, and certify schools for eligibility for veterans education benefits.

SECTION 201. *Period of operation for approval.* This provision would modify the Department of Veterans Affairs' GI Bill's "two-year rule" which regulates veterans' access to institutions providing education and training. The provision would remove the 2-year restriction on all degree granting institutions, including branch campuses, and retain it for non-degree granting institutions and programs, including branches. The Committee believes allowing participation by veterans on new branch campuses of already proven institutions gives them the necessary flexibility to maximize the use of the Montgomery GI Bill. The provision would also allow a veteran to attend courses offered on or through military bases under contract with DoD using GI Bill benefits. Finally, the provision would strengthen the conditions under which the State Approving Agencies must approve courses, including maintenance of adequate records, a written record of previous education attained by the eligible person, and satisfaction of all appropriate criteria outlined in chapter 36 of title 38, United States Code.

SECTION 202. *Eliminate the distinction between open circuit TV and independent study.* Currently, a veteran must be concurrently enrolled in a course offered in-residence to receive educational assistance for a course pursued by open circuit TV. There is no such requirement for pursuit of any other kind of independent study. This provision would afford individuals who wish to pursue their educational programs through open circuit TV the opportunity to do so without the courses-in-residence requirement. The Committee believes this would be a step toward increasing educational opportunities for veterans through electronic delivery systems.

SECTION 203. *Medical qualifications for flight training.* Currently, a veteran is required to meet the medical requirements for a commercial pilot's certificate throughout flight training. If VA later discovers that the veteran's medical certification has lapsed during training, an overpayment may be created. This proposal would permit payment of educational benefits for flight training provided the veteran meets the medical requirements for a commercial pilot's certificate at the beginning of training and within 60 days after completion of training.

SECTION 204. *Cooperative Programs.* This provision would allow veterans training under cooperative training programs to be paid full-time educational benefits. Veterans are currently paid at a rate of 80 percent of the full-time educational benefit rate. A cooperative program leads to a college degree using a combination of in-residence training at a university and work experience at a job site. Cooperative training continues to offer the veteran not only a source of income while training, but a valuable opportunity to gain useful work experience.

SECTION 205. *Extension of Enhanced Loan Asset Sale Authority.* This provision would extend the authority of the Secretary of Veterans Affairs to guarantee the real estate mortgage investment conduits (REMICs) that are used to market vendee loans. The VA home loan program generates millions of dollars in home loans which VA packages as secondary mortgage market securities. Congress authorized VA to improve its payment of interest on these securities in a manner that would allow VA to offer reduced interest rates, thereby saving the VA millions of dollars in interest pay-

ments. The VA's lead underwriter, First Boston Corporation, has estimated that timely payments reduce the yield that must be offered to investors. Reducing the yield on certificates would lower the payments to certificate holders and increase sales receipts to VA. This provision would also make the Secretary's authority to guarantee REMICs permanent.

SECTION 206. *Extension of authority for the Homeless Veterans Reintegration Projects.* The Homeless Veterans Reintegration Project (HVRP) is administered by the Department of Labor and is designed to help indigent and homeless veterans return to society as productive citizens. Aided by community-based organizations, the program's goal is to find and place homeless veterans in jobs, and the Committee believes HVRP is an effective program. In fiscal year 1996, the program received no appropriated support, but the Committee feels it is important to maintain the program. Although in the past, \$5 million was appropriated annually for HVRP, this year the Appropriations Committee has urged the Secretary of Labor to fund the program within his discretionary resources. As stated in Public Law 103-446, it was the Sense of Congress that organizations dedicated to serving homeless veterans should receive a share of federal funds devoted to the homeless in a proportion roughly equal to the percentage of homeless veterans among the general homeless population. That percentage is currently estimated at one-third of the adult male population.

TITLE III—OTHER MATTERS

SECTION 301. *Repair and long-term maintenance of war memorials.* The provision would amend title 36, United States Code, authorizing the American Battle Monuments Commission (ABMC) to assume responsibility for overseas memorials and accept private funds for maintenance. Currently, the ABMC does not have the authority to receive monetary donations and without the authorization would not be able to accept private funds to maintain overseas war memorials.

SECTION 302. *Burial benefits for certain veterans who die in State nursing homes.* The Department of Veterans Affairs currently pays burial benefits for veterans who were either compensation or pension recipients, or who died in VA medical facilities. This provision would provide burial benefits to approximately 300 of the 2,500 veterans who die in State nursing homes yearly, but who do not qualify for priority care in Veterans Health Administration facilities. These veterans generally do not have service-connected disabilities or low incomes.

SECTION-BY-SECTION ANALYSIS

Section 1 would be cited as the "Veterans' Compensation and Re-adjustment Benefits Amendments of 1996".

Section 101 would amend section 1112(c)(2) of title 38, United States Code, by adding bronchiolo-alveolar carcinoma to the list of presumed service-connected illness in veterans exposed to radiation.

Section 102 would amend section 1502(a) by providing a presumption of permanent and total disability for veteran nursing home patients over the age of 65.

Section 103(a) would provide the Secretary of Veterans Affairs the authority to conduct a pilot program under which contract physicians may provide disability examinations to applicants for disability benefits.

Section 103(b) would limit the Secretary to carrying out this pilot program in not more than 10 regional offices of the Department of Veterans Affairs.

Section 103(c) would provide for payments for contracts under the pilot program to be made from amounts available to the Secretary of Veterans Affairs for payment of examinations of applicants for benefits.

Section 103(d) would require the Secretary of Veterans Affairs to submit to Congress a report on the effect of this pilot program, specifically on the cost, timeliness and thoroughness of medical disability examinations, not later than three years after the date of enactment of this Act.

Section 104(a) would amend chapter 53 of title 38, by inserting a new section after section 5313, limiting the payment of the clothing allowance to veterans incarcerated in a Federal, State, or local penal institution for a period in excess of 60 days.

Section 104(b) would amend the table of sections at the beginning of Chapter 53 by inserting a new item: "5313A. Limitation on payment of clothing allowance to incarcerated veterans".

Section 105(a) would amend section 402(e)(2) of the Veterans' Benefits Improvements Act of 1994 by extending the reporting deadline of the Veterans' Claims Adjudication Commission to December 31, 1996.

Section 105(b) would provide an additional \$150,000 for activities of the Veterans' Claims Adjudication Commission.

Section 201(a) would amend chapter 36 by deleting section 3689 and amending the table of sections by deleting section 3689 and by deleting the reference to section 3689(b)(6) and substituting 3680A(g).

Section 201(b) would amend section 3680A by adding new subsections (e), (f), and (g) which would direct the Secretary not to approve enrollment in the following situations: non-degree courses in institutions or branches of institutions that have been in operation less than two years; institutions that have undergone a substantial change in ownership, location or student body makeup; institutions operated under contract to another institution; and an unapproved course offered by a contractor. The Secretary would be authorized to approve veteran enrollment in courses offered on or near military installations offered under contract to the Department of Defense.

Section 201(c) would amend section 3675(b) to require that State Approving Agencies determine that educational institutions keep records showing the student's progress, enforcement of standards, credit for previous education and training, and course length modification where appropriate. Institutions and courses would also be required to meet the criteria laid out in section 3676(c)(1), (2) and (3).

Section 202(a) would amend section 3482(f) by allowing full benefit payment for courses taken by open circuit TV.

Section 202(b) would amend section 3523(a)(4) by adding closed circuit TV courses to the type of independent study courses which the Secretary may approve enrollment of a veteran's surviving dependent. The Secretary would also be prohibited from approving enrollment in courses offered by radio.

Section 202(c) would amend section 3680(c) to prohibit enrollment in courses taught exclusively by radio.

Section 203(a) amends sections 3034(d)(2) and 3241(b)(2) by removing the stipulation that a veteran enrolled in a course of flight instruction maintain a commercial pilot medical certificate throughout flight training. As amended, a veteran would be required to obtain a commercial pilot's medical certificate at the beginning and end of flight training.

Section 203(b) would amend section 16136(c) of title 10 by removing the stipulation that a veteran enrolled in a course of flight instruction maintain a commercial pilot medical certificate throughout flight training. As amended, a veteran would be required to obtain a commercial pilots medical certificate at the beginning and end of flight training.

Section 204(a) and (b) would amend sections 3032 and 3231 to allow that full-time rates be paid to veterans receiving training under cooperative programs.

Section 204 (c) would amend subsection (b) of section 3532 by striking "\$327" and inserting "\$404".

Section 205 would amend section 3720(h)(2) to extend VA's authority to sell real estate mortgage investment conduits on the secondary mortgage market through December 31, 1997.

Section 206(a) would amend section 738(e)(1) of the Stuart B. McKinney Homeless Assistance Act, 42 U.S.C. 11448(e)(1), by authorizing the program and funding at \$10,000,000 per year through fiscal year 1999.

Section 206(b) would make technical corrections to Public Law 104-110 by repealing section 102(d)(2) and would amend section 741 of the Stuart B. McKinney Homeless Assistance Act, 42 U.S.C. 11450, so as to appear as in effect immediately before the enactment of Public Law 104-110.

Section 301 would amend section 125(b)(2) of title 36, (section 5(b)(2) of the Act of March 4, 1923), by giving authority to the American Battle Monuments Commission to enter into arrangements with the sponsors of memorials to provide for the repair or long-term maintenance of the memorial. It would also establish a fund in the Treasury to cover Commission expenses for the maintenance and repair of memorials for which the Commission has entered.

Section 302 would amend section 2303(a) to provide for burial costs and transportation to the place of burial for a veteran who dies in a State home, or for a veteran in an institution receiving hospital care, nursing home care, or nursing home care payments.

OVERSIGHT FINDINGS

No oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The following letter was received from the Congressional Budget Office concerning the cost of the reported bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 21, 1996.

Hon. BOB STUMP,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3673, Veterans' Compensation and Readjustment Benefits Amendments of 1996, as ordered reported by the House Committee on Veterans' Affairs on June 20, 1996.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL,
Director.

Attachment

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3673
2. Bill title: Veterans' Compensation and Readjustment Benefits Amendments of 1996.
3. Bill status: As ordered reported by the House Committee on Veterans' Affairs on June 20, 1996.
4. Bill purpose: This bill would amend current law governing several veterans programs. The changes with significant budgetary impacts address financial management of housing programs, clothing allowances, examinations for disabilities, and homeless veterans.
5. Estimated cost to the Federal Government: The table below summarizes the budgetary effects of the bill. It shows the effects of the bill on direct spending and authorizations of appropriations.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING							
Proposed changes:							
Estimated budget authority	0	-4	-3	-1	-1	-1	-1
Estimated outlays	0	-4	-3	-1	-1	-1	-1
SPENDING SUBJECT TO APPROPRIATIONS ACTION							
Proposed changes:							
Estimated authorization level	0	19	19	19	10	10	11
Estimated outlays	0	8	14	19	19	13	13

NOTE: Costs of the bill would fall under budget function 700. Veterans' Affairs.

6. Basis of estimate: The estimate assumes enactment of the bill by October 1, 1996, and appropriation of the authorized amounts for each fiscal year. CBO used historical spending rates for estimating outlays.

Direct Spending

The bill contains several provisions that would affect direct spending:

Extension of the authority to sell certain loans.—The bill would extend through December 31, 1997, the authority of the Secretary of Veterans Affairs to guarantee the real estate mortgage investment conduits (REMICs) that are used to market vendee loans. Vendee loans are issued to buyers of properties that VA acquires through foreclosures. VA then sells these loans on the secondary mortgage market using REMICs. By guaranteeing the certificates issued on a pool of loans, VA obtains a better price but assumes some risk.

Because recent history indicates that receipts would increase by about 0.4 percent of sales, CBO assumes that this provision would save about \$5 million for the additional year based on sales of \$1.3 billion. Two-thirds of the savings would be realized in 1997 and the remainder in 1998. If this provision were not enacted VA could market these loans under other provisions of law. Nevertheless, this provision permits VA to obtain a better price for a package of vendee loans than if it used a REMIC program of the Government National Mortgage Association.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING							
Spending under current law:							
Estimated budget authority	89	116	89	278	293	303	301
Estimated outlays	89	116	89	278	293	303	301
Proposed changes:							
Estimated budget authority	0	-3	-2	0	0	0	0
Estimated outlays	0	-3	-2	0	0	0	0
Spending under the bill:							
Estimated budget authority	89	113	87	278	293	303	301
Estimated outlays	89	113	87	278	293	303	301

NOTE: Costs of the bill would fall under budget function 700, Veterans' Affairs.

Clothing allowance for incarcerated veterans.—Under current law, VA pays veterans with service-connected disabilities a clothing allowance to accommodate prosthetic devices and other medical needs. The average allowance in 1995 was \$490. This bill would reduce on a pro rata basis such payments to veterans who are incarcerated. Using recent incarceration rates for inmates of both Federal and State prisons, CBO estimates that this provision could involve over 1,000 veterans and save about \$1 million a year.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING							
Spending under current law:							
Estimated budget authority	14,979	15,211	15,511	15,805	16,067	16,335	16,606
Estimated outlays	13,794	15,222	15,451	15,780	17,198	15,161	16,583

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Proposed changes:							
Estimated budget authority	0	-1	-1	-1	-1	-1	-1
Estimated outlays	0	-1	-1	-1	-1	-1	-1
Spending under the bill:							
Estimated budget authority	14,979	15,210	15,510	15,804	16,066	16,334	16,605
Estimated outlays	13,794	15,221	15,450	15,779	17,197	15,160	16,582

NOTE: Costs of the bill would fall under budget function 700. Veterans' Affairs.

Other provisions.—Several provisions would affect direct spending, but would not have a significant impact. Sections 101 would affect disability compensation for veterans having a rare cancer. Sections 102 and 302 would affect the benefits of certain veterans in nursing homes. Several sections would affect education and other readjustment benefits. Section 201 addresses the period of operation of certain institutions that a veteran could attend and receive benefits. Section 202 would eliminate a distinction between open circuit television and independent study. Sections 203 and 204 focus on medical qualifications for flight training and on cooperative programs, respectively. Section 301 would affect repair and long-term maintenance of war memorials.

Spending Subject to Appropriations Action

Pilot program for use of contract physicians for disability examinations.—The bill would authorize VA to establish a pilot program in up to 10 regional offices in which private physicians would conduct the medical examinations that are required for compensation and pension benefits.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATIONS ACTION							
Spending under current law:							
Budget authority ¹	16,559	17,171	17,773	18,397	19,040	19,701	20,384
Estimated outlays	16,880	17,762	17,746	18,328	18,969	19,629	20,310
Proposed changes:							
Estimated authorization level	0	9	9	9	10	10	11
Estimated outlays	0	7	9	9	10	10	11
Spending under the bill:							
Budget authority/authorization ¹	16,559	17,180	17,782	18,406	19,050	19,711	20,395
Estimated outlays	16,880	17,769	17,755	18,337	18,979	19,639	20,321

NOTE: Costs of the bill would fall under budget function 700. Veterans' Affairs.

¹ The 1996 figure is the amount appropriated for programs authorized by the bill. For 1997–2002, the figures represent a projection based on the permanent authorizations in law.

In 1995, the average cost of a medical examination of compensation and pension applicants conducted by VA staff was \$180. VA estimates that the cost of a visit with a private physician is \$300. CBO estimates that about 67,000 examinations would occur under the pilot program. The cost of this provision would appear in the discretionary account for veterans medical care and would total \$9 million in 1997. Costs would grow to about \$11 million in 2002.

Authority for the Homeless Veterans' Reintegration Projects.—The bill would authorize appropriations for the Homeless Veterans Job Training Program. The provision specifies an authorization level of \$10 million per year for 1997, 1998, and 1999.

[By fiscal year, in millions of dollars]

	1997	1998	1999	2000	2001	2002
Authorization level	10	10	10	0	0	0
Estimated outlays	1	5	10	9	3	2

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. The bill would have the following pay-as-you-go impact:

[By fiscal years, in millions of dollars]

	1996	1997	1998
Change in outlays	0	-4	-3
Change in receipts	Not applicable		

8. Estimated cost to State, local, and tribal governments: H.R. 3673 contains no intergovernmental mandates as defined in Public Law 104-4. Section 201 of the bill would potentially impose new costs on States that have voluntarily created State Approving Agencies. This provision would clarify the conditions under which these agencies must approve enrollment in certain educational courses. CBO estimates that any new costs would be minimal.

9. Estimated impact on the private sector: This bill would impose no new federal private-sector mandates as defined in Public Law 104-4.

10. Previous CBO estimate: None.

11. Estimate prepared by:

Federal cost estimate: Mary Helen Petrus and Victoria Fraider. Christina Hawley.

Impact on State, local, and tribal governments: Marc Nicole. Impact on private sector: Ellen Breslin Davidson.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis

INFLATIONARY IMPACT STATEMENT

The enactment of the reported bill would have no inflationary impact.

APPLICABILITY TO LEGISLATIVE BRANCH

The reported bill would not be applicable to the legislative branch under the Congressional Accountability Act, Public Law 104-1, because the bill would only affect certain Department of Veterans Affairs programs and benefits recipients.

STATEMENT OF FEDERAL MANDATES

The reported bill would not establish a federal mandate under the Unfunded Mandates Reform Act, Public Law 104-4.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * *

PART II—GENERAL BENEFITS

* * * * *

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

* * * * *

SUBCHAPTER I—GENERAL

§ 1112. Presumptions relating to certain diseases and disabilities

(a) * * *

* * * * *

(c)(1) For the purposes of section 1110 of this title, and subject to the provisions of section 1113 of this title, a disease specified in paragraph (2) of this subsection becoming manifest in a radiation-exposed veteran shall be considered to have been incurred in or aggravated during active military, naval, or air service, notwithstanding that there is no record of evidence of such disease during a period of such service.

(2) The diseases referred to in paragraph (1) of this subsection are the following:

(A) Leukemia (other than chronic lymphocytic leukemia).

* * * * *

(P) *Bronchiolo-alveolar carcinoma.*

* * * * *

CHAPTER 15—PENSION FOR NON-SERVICE-CONNECTED DISABILITY OR DEATH OR FOR SERVICE

* * * * *

SUBCHAPTER I—GENERAL

* * * * *

§ 1502. Determinations with respect to disability

(a) For the purposes of this chapter, a person shall be considered to be permanently and totally disabled if such a person *is 65 years*

of age or older and a patient in a nursing home or, regardless of age, is unemployable as a result of disability reasonably certain to continue throughout the life of the disabled person, or is suffering from—

(1) * * *

* * * * *

CHAPTER 23—BURIAL BENEFITS

* * * * *

§ 2303. Death in Department facility; plot allowance

[(a) When a veteran dies in a Department facility (as defined in section 1701(4) of this title) to which the deceased was properly admitted for hospital, nursing home, or domiciliary care under section 1710 or 1711(a) of this title or in an institution at which the deceased veteran was receiving hospital care in accordance with section 1703 of this title or nursing home care under section 1720 of this title at the expense of the United States at the time of death, the Secretary—

[(1) shall pay the actual cost (not to exceed \$300) of the burial and funeral or, within such limits, may make contracts for such services without regard to the laws requiring advertisement for proposals for supplies and services for the Department; and

[(2) shall, when such a death occurs in a State, transport the body to the place of burial in the same or any other State.]

(a)(1) *When a veteran dies in a facility described in paragraph (2), the Secretary shall—*

(A) pay the actual cost (not to exceed \$300) of the burial and funeral or, within such limits, may make contracts for such services without regard to the laws requiring advertisement for proposals for supplies and services for the Department; and

(B) when such a death occurs in a State, transport the body to the place of burial in the same or any other State.

(2) *A facility described in this paragraph is—*

(A) a Department facility (as defined in section 1701(4) of this title) to which the deceased was properly admitted for hospital, nursing home, or domiciliary care under section 1710 or 1711(a) of this title; or

(B) an institution at which the deceased veteran was, at the time of death, receiving—

(i) hospital care in accordance with section 1703 of this title;

(ii) nursing home care under section 1720 of this title; or

(iii) nursing home care pursuant to payments made under section 1741 of this title.

* * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

* * * * *

CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

* * * * *

SUBCHAPTER IV—TIME LIMITATION FOR USE OF ELIGIBILITY AND ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

* * * * *

§ 3032. Limitations on educational assistance for certain individuals

(a) * * *

* * * * *

[(d)(1) The amount of the monthly educational assistance allowance payable to an individual pursuing a cooperative program under this chapter shall be 80 percent of the monthly allowance otherwise payable to such individual under section 3015 and section 3022, if applicable, of this title.

[(2) For each month that an individual is paid a monthly educational assistance allowance for pursuit of a cooperative program under this chapter, the individual's entitlement under this chapter shall be charged at the rate of 80 percent of a month.]

[(e)] (d)(1)(A) The amount of the educational assistance allowance payable under this chapter to an individual who enters into an agreement to pursue, and is pursuing, a program of education exclusively by correspondence is an amount equal to 55 percent of the established charge which the institution requires nonveterans to pay for the course or courses pursued by such individual.

* * * * *

[(f)] (e)(1) Notwithstanding subsection (a) of this section, each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 3034(d) of this title shall be paid an educational assistance allowance under this chapter in the amount equal to 60 percent of the established charges for tuition and fees which similarly circumstanced nonveterans enrolled in the same flight course are required to pay.

* * * * *

§ 3034. Program administration

(a) * * *

* * * * *

(d) The Secretary may approve the pursuit of flight training (in addition to a course of flight training that may be approved under section 3680A(b) of this title) by an individual entitled to basic educational assistance under this chapter if—

- (1) such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation;
- (2) the individual possesses a valid private pilot's license and meets the medical requirements necessary for a commercial pi-

lot's license on the first day of such training and within 60 days after successfully completing such training; and

(3) the flight school courses meet Federal Aviation Administration standards for such courses and are approved by the Federal Aviation Administration and the State approving agency.

* * * * *

CHAPTER 32—POST-VIETNAM ERA EDUCATIONAL ASSISTANCE

* * * * *

SUBCHAPTER III—ENTITLEMENT; DURATION

§ 3231. Entitlement; loan eligibility

(a) * * *

* * * * *

[(d)(1) The amount of the monthly benefit payable to an individual pursuing a cooperative program under this chapter shall be 80 percent of the monthly benefit otherwise payable to such individual (computed on the basis of the formula provided in subsection (a)(2) of this section).

[(2) For each month that an individual is paid a monthly benefit payable for pursuit of a cooperative program under this chapter, the individual's entitlement under this chapter shall be charged at the rate 80 percent of a month.]

[(e)] (d)(1) Subject to the provisions of paragraph (2) of this subsection, the amount of the educational assistance benefits paid to an eligible veteran who is pursuing a program of education under this chapter while incarcerated in a Federal, State, or local penal institution for conviction of a felony may not exceed the lesser of (A) such amount as the Secretary determines, in accordance with regulations which the Secretary shall prescribe, is necessary to cover the cost of established charges for tuition and fees required of similarly circumstanced nonveterans enrolled in the same program and the cost of necessary supplies, books, and equipment, or (B) the applicable monthly benefit payment otherwise prescribed in this section or section 3233 of this title. The amount of the educational assistance benefits payable to a veteran while so incarcerated shall be reduced to the extent that the tuition and fees of the veteran for any course are paid under any Federal program (other than a program administered by the Secretary) or under any State or local program.

* * * * *

[(f)] (e)(1) Subject to subsection (a)(1) of this section, each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 3241(b) of this title shall be paid educational assistance under this chapter in the amount equal to 60 percent of the established charges for tuition and fees which similarly circumstanced nonveterans enrolled in the same flight course are required to pay.

* * * * *

SUBCHAPTER IV—ADMINISTRATION

§ 3241. Requirements

(a) * * *

(b) The Secretary may approve the pursuit of flight training (in addition to a course of flight training that may be approved under section 3680A(b) of this title) by an individual entitled to basic educational assistance under this chapter if—

(1) such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation;

(2) the individual possesses a valid pilot's license and meets the medical requirements necessary for a commercial pilot's license *on the first day of such training and within 60 days after successfully completing such training*; and

(3) the flight school courses meet Federal Aviation Administration standards for such courses and are approved by the Federal Aviation Administration and the State approving agency.

* * * * *

CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

* * * * *

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE VETERANS;
VETERAN-STUDENT SERVICES

* * * * *

§ 3482. Computation of educational assistance allowances

(a) * * *

* * * * *

(f) The educational assistance allowance of an eligible veteran pursuing a course [in part] by open circuit television shall be computed in the same manner that such allowance is computed under subsection (e) of this section for an independent study program.

* * * * *

CHAPTER 35—SURVIVORS' AND DEPENDENTS'
EDUCATIONAL ASSISTANCE

* * * * *

SUBCHAPTER III—PROGRAM OF EDUCATION

* * * * *

§ 3523. Disapproval of enrollment in certain courses

(a) The Secretary shall not approve the enrollment of an eligible person in—

(1) any bartending course or personality development course;

* * * * *

(4) any independent study program except an accredited independent study program (*including open circuit television*) leading to a standard college degree.

* * * * *

(c) The Secretary shall not approve the enrollment of an eligible person in any course to be pursued by [radio or by open circuit television, except that the Secretary may approve the enrollment of an eligible person in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through open circuit television.] *radio.*

* * * * *

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE PERSONS

* * * * *

§ 3532. Computation of educational assistance allowance

(a) * * *

(b) The educational assistance allowance to be paid on behalf of an eligible person who is pursuing a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion, shall be computed at the rate of [§327] \$404 per month.

* * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

* * * * *

SUBCHAPTER II—MISCELLANEOUS PROVISIONS

3681. Limitations on educational assistance.

* * * * *

[3689. Period of operation for approval.]

* * * * *

SUBCHAPTER I—STATE APPROVING AGENCIES

* * * * *

§ 3675. Approval of accredited courses

(a) * * *

[(b) As a condition to approval under this section, the State approving agency must find that adequate records are kept by the educational institution to show the progress of each eligible person or veteran and must include as a minimum (except for attendance) the requirements set forth in section 3676(c)(7) of this title. The State approving agency must also find that the educational institution maintains a written record of the previous education and training of the eligible person or veteran and clearly indicates that appropriate credit has been given by the institution for previous education and training, with the training period shortened propor-

tionately and the eligible person or veteran and the Secretary so notified.】

(b) *As a condition of approval under this section, the State approving agency must find the following:*

(1) *Adequate records, as prescribed by the State approving agency, are kept by the educational institution to show the student's progress and grades and that satisfactory standards relating to progress and conduct are enforced.*

(2) *The educational institution maintains a written record of the previous education and training of the eligible person or veteran that clearly indicates that appropriate credit has been given by the educational institution for previous education and training, with the training period shortened proportionately.*

(3) *The educational institution and its approved courses meet the criteria of paragraphs (1), (2), and (3) of section 3676(c) of this title.*

* * * * *

SUBCHAPTER II—MISCELLANEOUS PROVISIONS

* * * * *

§ 3680A. Disapproval of enrollment in certain courses

(a) * * *

* * * * *

(c) **The Secretary shall not approve the enrollment of an eligible veteran in any course to be pursued by [radio or by open circuit television, except that the Secretary may approve the enrollment of an eligible veteran in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through open circuit television.] radio.**

(d)(1) * * *

(2) **Paragraph (1) of this subsection does not apply with respect to the enrollment of a veteran—**

(A) **in a course offered pursuant to section 3019, 3034(a)(3), 3234, or 3241(a)(2) of this title;**

(B) **in a farm cooperative training course; or**

(C) **in a course described in section [3689(b)(6)] 3680A(g) of this title.**

(e) *The Secretary shall not approve the enrollment of an eligible veteran in a course not leading to a standard college degree offered by a proprietary profit or proprietary nonprofit educational institution when—*

(1) *the educational institution has been operating for less than two years;*

(2) *the course is offered at a branch of the educational institution and the branch has been operating for less than two years; or*

(3) *following either a change in ownership or a complete move outside its original general locality the educational institution does not retain substantially the same faculty, student body, and courses, as determined in accordance with regulations the Secretary shall prescribe, as before the change in ownership or the move outside the general locality.*

(f) *The Secretary shall not approve the enrollment of an eligible veteran in a course as a part of a program of education offered by an educational institution when the course is provided under contract by another educational institution or entity and—*

(1) the Secretary would be barred under subsection (e) from approving the enrollment of an eligible veteran in the course of the educational institution or entity providing the course under contract; or

(2) the educational institution or entity providing the course under contract has not obtained approval for the course under this chapter.

(g) Notwithstanding subsections (e) and (f), the Secretary may approve the enrollment of an eligible veteran in a course approved under this chapter if the course is offered by an educational institution under contract with the Department of Defense or the Department of Transportation and is given on or immediately adjacent to a military base, Coast Guard station, National Guard facility, or facility of the Selected Reserve.

* * * * *

§ 3689. Period of operation for approval

[(a) The Secretary shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an educational institution when such course has been in operation for less than two years.

[(b) Subsection (a) shall not apply to—

[(1) any course to be pursued in a public or other tax-supported educational institution;

[(2) any course which is offered by an educational institution which has been in operation for more than two years, if such course is similar in character to the instruction previously given by such institution;

[(3) any course which has been offered by an institution for a period of more than two years, notwithstanding the institution has moved to another location within the same general locality, or has made a complete move with substantially the same faculty, curricula, and students, without change in ownership;

[(4) any course which is offered by a nonprofit educational institution of college level and which is recognized for credit toward a standard college degree;

[(5) any course offered by a proprietary nonprofit educational institution which qualifies to carry out an approved program of education under the provisions of subchapter V of chapter 34 of this title (including those courses offered at other than the institution's principal location) if the institution offering such course has been in operation for more than two years; or

[(6) any course offered by an educational institution under a contract with the Department of Defense that (A) is given on, or immediately adjacent to, a military base; (B) is available only to active duty military personnel and/or their dependents and members of the Selected Reserve of the Ready Reserve eli-

gible for educational assistance under chapter 106 of title 10; and (C) has been approved by the State approving agency of the State in which the base is located.

[(c) Notwithstanding the provisions of subsection (b)(1), (2), (3), or (4) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

[(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

[(2) a proprietary profit or proprietary nonprofit educational institution where the branch or extension is located beyond the normal commuting distance of such institution.

The Secretary may waive the requirements of this subsection, in whole or in part, if the Secretary determines, pursuant to regulations which the Secretary shall prescribe, it to be in the interest of the eligible veteran and the Federal Government.]

* * * * *

CHAPTER 37—HOUSING AND SMALL BUSINESS LOANS

* * * * *

SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

§ 3720. Powers of Secretary

(a) * * *

* * * * *

(h)(1) The Secretary may, upon such terms and conditions as the Secretary considers appropriate, issue or approve the issuance of, and guarantee the timely payment of principal and interest on, certificates or other securities evidencing an interest in a pool of mortgage loans made in connection with the sale of properties acquired under this chapter.

(2) The Secretary may not under this subsection guarantee the payment of principal and interest on certificates or other securities issued or approved after December 31, [1996] 1997.

* * * * *

PART IV—GENERAL ADMINISTRATIVE PROVISIONS

* * * * *

CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

Sec. 5301. Nonassignability and exempt status of benefits.

* * * * *

5313. Limitation on payment of compensation and dependency and indemnity compensation to persons incarcerated for conviction of a felony.

5313A. *Limitation on payment of clothing allowance to incarcerated veterans.*

* * * * *

§ 5313A. Limitation on payment of clothing allowance to incarcerated veterans

In the case of a veteran who is incarcerated in a Federal, State, or local penal institution for a period in excess of 60 days and who is furnished clothing without charge by the institution, the amount of an annual clothing allowance payable to such veteran under section 1162 of this title shall be reduced on a pro rata basis for each day on which the veteran was so incarcerated during the 12-month period preceding the date on which payment of the allowance would be due. This section shall be carried out under regulations prescribed by the Secretary.

* * * * *

SECTION 402 OF THE VETERANS' BENEFITS IMPROVEMENTS ACT OF 1994

SEC. 402. DUTIES OF THE COMMISSION.

(a) * * *

* * * * *

(e) REPORTS.—(1) * * *

(2) **[Not later than 18 months after such date]** *Not later than December 31, 1996*, the commission shall submit to the Secretary and to such committees a report on such study. The report shall include the following:

(A) The findings and conclusions of the commission, including its findings and conclusions with respect to the matters referred to in subsection (c).

(B) The recommendations of the commission for means of improving the Department of Veterans Affairs system for the disposition of claims for veterans benefits.

(C) Such other information and recommendations with respect to the system as the commission considers appropriate.

* * * * *

STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

* * * * *

TITLE VII—EDUCATION, TRAINING, AND COMMUNITY SERVICES PROGRAMS

* * * * *

Subtitle C—Job Training for the Homeless

* * * * *

SEC. 738. HOMELESS VETERANS' REINTEGRATION PROJECTS.

(a) * * *

* * * * *

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated to carry out this section the following amounts:

- (A) \$10,000,000 for fiscal year 1993.
- (B) \$12,000,000 for fiscal year 1994.
- (C) \$14,000,000 for fiscal year 1995.
- (D) \$10,000,000 for fiscal year 1996.
- (E) \$10,000,000 for fiscal year 1997.
- (F) \$10,000,000 for fiscal year 1998.
- (G) \$10,000,000 for fiscal year 1999.

(2) Funds obligated for any fiscal year to carry out this section may be expended in that fiscal year and the succeeding fiscal year.

* * * * *

SEC. 741. TERMINATION.

The provisions of this subtitle other than section 738 and 740 shall terminate on **December 31, 1997** *October 1, 1995*.

* * * * *

TITLE 10, UNITED STATES CODE

* * * * *

Subtitle E—Reserve Components

* * * * *

PART IV—TRAINING FOR RESERVE COMPONENTS AND EDUCATIONAL ASSISTANCE PROGRAMS

* * * * *

CHAPTER 1606—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

* * * * *

§ 16131. Educational assistance program: establishment; amount

(a) * * *

(b)(1) Except as provided in paragraph (2) and subsections (d) through **[(g)] (f)**, each educational assistance program established under subsection (a) shall provide for payment by the Secretary concerned, through the Secretary of Veterans Affairs, to each person entitled to educational assistance under this chapter who is pursuing a program of education of an educational assistance allowance at the following rates:

(A) * * *

* * * * *

[(e)(1)] The amount of the monthly educational assistance allowance payable to a person pursuing a cooperative program under this chapter shall be 80 percent of the monthly allowance otherwise payable to such person under this chapter.

[(2)] For each month that a person is paid a monthly educational assistance allowance for pursuit of a cooperative program under this chapter, the person's entitlement under this chapter shall be charged at the rate of 80 percent of a month.】

[(f)] (e)(1)(A) The amount of the educational assistance allowance payable under this chapter to a person who enters into an agreement to pursue, and is pursuing, a program of education exclusively by correspondence is an amount equal to 55 percent of the established charge which the institution requires nonveterans to pay for the course or courses pursued by such person.

* * * * *

[(g)] (f)(1) Each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 16136(c) of this title shall be paid an educational assistance allowance under this chapter in the amount equal to 60 percent of the established charges for tuition and fees which similarly circumstanced nonveterans enrolled in the same flight course are required to pay.

* * * * *

[(h)] (g)(1)(A) Subject to subparagraph (B), the Secretary of Veterans Affairs shall approve individualized tutorial assistance for any person entitled to educational assistance under this chapter who—

(i) * * *

* * * * *

[(i)] (h) A program of education in a course of instruction beyond the baccalaureate degree level shall be provided under this chapter, subject to the availability of appropriations.

[(j)] (i)(1) In the case of a person who has a skill or specialty designated by the Secretary concerned as a skill or specialty in which there is a critical shortage of personnel or for which it is difficult to recruit or, in the case of critical units, retain personnel, the Secretary concerned may increase the rate of the educational assistance allowance applicable to that person to such rate in excess of the rate prescribed under subparagraphs (A) through (D) of subsection (b)(1) as the Secretary of Defense considers appropriate, but the amount of any such increase may not exceed \$350 per month.

* * * * *

§ 16136. Administration of program

(a) * * *

* * * * *

(c)(1) * * *

(2) This subsection shall not apply to a course of flight training that commences on or after October 1, 1994 *on the first day of such training and within 60 days after successfully completing such training.*

* * * * *

ACT OF FEBRUARY 13, 1996

AN ACT To amend title 38, United States Code, to extend the authority of the Secretary of Veterans Affairs to carry out certain programs and activities, to require certain reports from the Secretary of Veterans Affairs, and for other purposes.

* * * * *

TITLE I—EXTENSIONS OF AUTHORITY

* * * * *

SEC. 102. EXTENSION OF AUTHORITIES UNDER OTHER PROVISIONS OF LAW.

(a) * * *

* * * * *

(d) HOMELESS VETERANS' REINTEGRATION PROJECTS.—(1) * * *

[(2) Section 741 of such Act (42 U.S.C. 11450) is amended by striking out "October 1, 1995" and inserting in lieu thereof "December 31, 1997".]

* * * * *

SECTION 5 OF THE ACT OF MARCH 4, 1923

CHAP. 283.—AN ACT For the creation of an American Battle Monuments Commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes.

SEC. 5. (a) * * *

(b)(1) * * *

(2)(A) Any funds accumulated by the sponsors for the maintenance and repair of a war memorial for which the Commission assumes responsibility under this subsection may be transferred to the Commission for use in carrying out the purpose of this Act. Any such funds so transferred shall be deposited by the Commission in the manner provided for in section 7.

(B) *In assuming responsibility for a war memorial under paragraph (1), the Commission may enter into arrangements with the sponsors of the memorial to provide for the repair or long-term maintenance of the memorial. Any funds transferred to the Commission for the purpose of this subparagraph shall, in lieu of subparagraph (A), be deposited by the Commission in the fund established by paragraph (3).*

(3)(A) *There is established in the Treasury a fund which shall be available to the Commission for expenses for the maintenance and*

repair of memorials with respect to which the Commission enters into arrangements under paragraph (2)(B). The fund shall consist of (i) amounts deposited, and interest and proceeds credited, under subparagraph (B), and (ii) obligations obtained under subparagraph (C).

(B) The Commission shall deposit in the fund such amounts from private contributions as may be accepted under paragraph (2)(B). The Secretary of the Treasury shall credit to the fund the interest on, and the proceeds from sale or redemption of, obligations held in the fund.

(C) The Secretary of the Treasury shall invest any portion of the fund that, as determined by the Commission, is not required to meet current expenses. Each investment shall be made in an interest bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Commission, has a maturity suitable for the fund.

* * * * *

