

Calendar No. 222

106TH CONGRESS }
1st Session }

SENATE

{ REPORT
106-114

ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAMS IMPROVEMENTS ACT OF 1999

JULY 20, 1999.—Ordered to be printed

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

REPORT

[To accompany S. 1402]

The Committee on Veterans' Affairs reported an original bill (S. 1402), to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes, and recommends that the bill do pass.

INTRODUCTION

On May 19, 1999, Committee Chairman Arlen Specter introduced S. 1076, the proposed "Veterans Benefits Act of 1999." S. 1076 would have provided for a December 1, 1999, cost-of-living adjustment (COLA), equal to the December 1, 1999, COLA in Social Security benefits, in the rates of compensation for veterans who have service-connected disabilities and in the rates of dependency and indemnity compensation (DIC) for the survivors of those who died from service-connected causes. In addition, S. 1076 would have, among other things: reauthorized, modified, and enhanced certain programs providing health care, education, and other benefits for veterans; authorized major medical facility projects; reformed eligibility for burial in Arlington National Cemetery; granted fund raising and borrowing authorities to facilitate the construction of a World War II Memorial; and modified provisions of law relating to the retirement of judges on the United States Court of Appeals for Veterans' Claims.

COMMITTEE HEARINGS

On January 29, 1999, the Committee held a hearing on the findings and recommendations of the Commission on Servicemembers and Veterans Transition Commission, a commission established by Public Law 104-275. The Committee received testimony from former Senator Robert J. Dole, the sponsor of legislation first calling for the creation of the Commission; from Anthony J. Principi, the Chairman of the Commission; and from representatives of the Department of Veterans Affairs (VA) and the Department of Defense (DOD).

On May 20, 1999, the Committee held a hearing on a number of bills pending before the Committee, including S. 1076. The Committee received testimony from Senator Kent Conrad; from representatives of VA and the Department of Army; and from representatives of The American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, the Paralyzed Veterans of America, AMVETS, and the Vietnam Veterans of America. In addition, the Committee received written statements for the record from the Chief Judge of the United States Court of Appeals for Veterans Claims; and from representatives of the American Federation of Government Employees, AFL-CIO, the National Association of Government Employees, the National Association of VA Physicians and Dentists, the Nurses Organization of Veterans Affairs, and National Coalition for Homeless Veterans.

COMMITTEE MEETING

On June 23, 1999, the Committee met in open session to consider S. 1076, as amended, and other legislation pending before the Committee. Among the measures so considered was S. 1402 (hereinafter, the "Committee bill"), an original bill which was derived from Title II of S. 1076, as introduced. The Committee voted by unanimous voice vote to report the Committee bill favorably to the Senate.

SUMMARY OF THE COMMITTEE BILL AS REPORTED

The Committee bill contains amendments to Title 38, United States Code, and freestanding provisions that would: (a) authorize All-Volunteer Force Educational Assistance Program benefits (commonly referred to as "Montgomery GI Bill" or "MGIB" benefits) for students taking preparatory courses for standardized tests utilized for admissions to colleges or graduate schools; (b) increase the basic benefit of MGIB recipients by 13.6%—e.g., from \$528 to \$600 per month for 3-year enlistees; (c) increase survivors' and dependents' educational assistance benefits by 13.6%—e.g., from \$485 to \$550 per month for full-time students; (d) increase MGIB benefits paid to beneficiaries who elect to make additional contributions of up to \$600; (e) authorize continued MGIB eligibility in cases where an enlisted service member's initial term of service is interrupted for the purpose of accepting a commission; (f) authorize service members who had "opted out" of MGIB participation (by electing not to receive MGIB benefits and whose basic pay during the first 12 months of service, therefore, had not been reduced by \$100 per month for 12 months) to regain eligibility for MGIB benefits by

making a payment of \$1,500 during service; (g) authorize VA to make accelerated MGIB benefits payments (on a beginning-of-semester or beginning-of-enrollment basis); (h) require that VA submit an annual report to Congress on education benefits provided to veterans by the States; and (i) express the sense of Congress that the States should provide tuition waivers to veterans attending State-supported post-secondary educational institutions after service.

DISCUSSION

BACKGROUND

The Congress first afforded educational benefits to veterans in 1944. The World War II “GI Bill” was called, in retrospect, the most successful government program since the Homestead Act because it opened doors to post-secondary education opportunities for millions of Americans who might not otherwise been able to gain a higher education. The World War II GI Bill was succeeded by veterans’ education benefits programs enacted for wartime veterans of the Korean Conflict and, later still, the Vietnam War. In 1976, the first veterans’ education benefit program for peacetime veterans of an all-volunteer military, the Post-Vietnam Era Veterans Educational Assistance, or “VEAP,” Program, 38 U.S.C. Chapter 32, was enacted. VEAP created, in summary, a matching fund account system into which service members could deposit contributions of up to \$2,700 which DOD would “match” on a 2 to 1 basis. Thus, service members could accumulate a “college fund” worth as much as \$8,100 while in service.

VEAP was succeeded in 1984 by the All-Volunteer Force Educational Assistance Program, 38 U.S.C. Chapter 30, commonly referred to as the “Montgomery GI Bill” or “MGIB” Program. MGIB retained the service member contribution feature of VEAP, though at the reduced level of \$1,200. Under MGIB, service members who do not opt out of the program, see 38 U.S.C. §§ 3011(c)(1), 3012(c), accept a reduction in their base pay of \$100 per month for 12 months (or a total pay reduction of \$1,200) and, in exchange, they become entitled to 36 months of education benefits (to be used within 10 years of release from active duty) so long as they (with some exceptions) complete their initial obligated period of service and receive an honorable discharge. Veterans who served at least 36 months, and who are enrolled in a post-secondary school or training program on a full time basis, currently receive \$528 per month while they are in school.

The MGIB program is intended to assist former service members in readjusting to civilian life; to make a higher education opportunities available to qualified men and women who might not otherwise be able to afford post-secondary schooling; to restore educational opportunities lost as the result of the veteran’s decision to serve in the military; to assist the Armed Forces in recruiting and retaining the high quality individuals they need to attract to a modern military; and to enhance the Nation’s competitiveness by helping to develop a more highly educated and productive workforce. 38 U.S.C. § 3001.

The Committee believes that if these goals are to be met, Federal policy must both encourage high quality young people to enlist in the Armed Forces and encourage them to pursue a post-secondary education after they are released from active duty. Unfortunately, according to a VA MGIB Enrollment and Usage Data report dated September 12, 1998, only 48.7 percent of eligible veterans utilized their benefits during the first 13 years in which MGIB was in force. The Committee infers that this is true, at least in part, because benefits have not kept pace with increasing education costs. As was reported by DOD, in 1995–1996, MGIB benefits covered only 65 per cent of the tuition and fees, and 36 per cent of the total cost of attendance, at an average four year college. See Assistant Secretary of Defense (Force Management Policy), Biennial Report to Congress on the Montgomery GI Bill Education Benefits Program, May 1998, at 9. Despite the enactment in 1998 of a 20% increase in MGIB’s basic educational assistance benefit rates, see §8203 of Public Law 104–178, MGIB benefits still cover only 55% of the cost of attendance at a public four year college.

As is noted above, the Committee held a hearing on January 29, 1999, on the findings and recommendations of the Commission on Servicemembers and Veterans Transition (hereafter, the “Commission”). It received testimony from former Senator Robert J. Dole (the sponsor of legislation creating the Commission); from Anthony J. Principi, the Chairman of the Commission; and from representatives of VA and DOD.

Among the findings made by the Commission were the following:

1. MGIB benefits cover a fraction of the cost of a contemporary education at an average four year college. Current benefit levels reduce the ability of the program to assist separating veterans in their readjustment to civilian life by constraining their access to an education.

2. College-bound youth and their parents see a tour of military service as a detour from college plans, rather than as a way to achieve a higher education. The MGIB is losing its effectiveness in providing college-caliber high school graduates with an incentive to join the Armed Forces.

3. Veterans are increasingly rare in the leadership ranks of American institutions, including government, business, academia, and the clergy. If America’s leaders are to include veterans of military service, it will be necessary for more veterans to have the means to attend the schools from which the leadership of America’s institutions are drawn.

4. Military service is America’s most fundamental form of national service. An MGIB ensuring that the only constraints on veterans’ education are their ability and ambition would attract the best and the brightest of America’s youth to their Nation’s service.

5. A more financially attractive MGIB would enable the Nation to fully capitalize on the unique national resource of veterans’ skills, training, experience, and character.

Based on these, and other, findings, the Commission recommended, among other things, that legislation be enacted to:

1. For persons who prospectively enlist or reenlist for a period of service of 48 months or more—

(a) Pay qualifying veterans the full costs of tuition, fees, books, and supplies, as well as a subsistence allowance of \$400 per month for up to 36 months (4 school years). The subsistence allowance would be indexed for inflation. Benefits would also be payable for non-institutional training (e.g., on-the-job/apprenticeship training and flight training);

(b) Provide this enhanced benefit without a \$1,200 payroll reduction;

(c) Provide the Services with discretionary authority to fund the transfer of this education benefit from the servicemember who earned them (sic) to a member of the servicemember's immediate family (i.e., spouse or children);

(d) Allow veterans 10 years from the date of separation to use this benefit; and

(e) Specify that the subsistence allowance for this benefit would not count as income for the purposes of determining eligibility for federal educational grants and loans; and

2. For persons who have enlisted or will enlist for fewer than 48 months—

(a) Absolve any balance of the \$1,200 payroll deduction owed by active duty members effective the date of enactment;

(b) Increase the basic monthly benefit amount for full-time institutional training to \$600; and

(c) Allow, at the beneficiary's discretion, payment of accelerated "lump sum" benefits for an entire term, semester, or quarter at colleges and for the entire course for courses not leading to a college degree.

COMMITTEE BILL

Section 3. Availability of Montgomery GI Bill benefits for preparatory courses for college and graduate school entrance exams

Under current law, MGIB participants may utilize their benefits while they take courses leading to an educational, professional or vocational objective. 38 U.S.C. §§ 3002, 3452(b). Many schools offering courses that lead to an educational, professional or vocational objective, most notably colleges and graduate schools, require that applicants take entrance exams—e.g., the Scholastic Aptitude Test (SAT) and the Graduate Record Exam (GRE)—on which colleges, particularly relatively selective colleges, and graduate schools rely heavily in evaluating candidates for admission. Preparatory courses have emerged that are designed to assist students in achieving higher entrance exam scores. Prospective students taking such courses—unlike those taking, e.g., post-graduate preparatory courses for bar and certified public accountant exams—cannot receive MGIB benefits while taking such courses. Without adding to the overall benefit to which MGIB participants are entitled, section 3 of the Committee bill would allow MGIB participants to draw benefits while taking such courses.

Section 4. Increase in basic benefit of active duty educational assistance

When MGIB was enacted in 1984, the monthly rate of basic educational benefits covered approximately 66% of the cost of attend-

ance at a public four year college. As is noted above, by 1995–1996, MGIB benefits had shrunk to 36 percent of the total cost of attendance at an average four year college. Despite the enactment in 1998 of a 20% increase in MGIB’s basic educational assistance benefit rates, see § 8203 of Public Law 104–178, MGIB benefits still cover only 55% of the cost of attendance at a public four year college.

The Committee believes that the failure of the benefit rate to keep up with the ever-increasing cost of post-secondary education gradually erodes, and could ultimately eliminate, educational opportunities available to veterans. The Committee believes that education is a critical prerequisite to a veteran’s readjustment to civilian life and his or her success in the information-based 21st century economy. The Commission on Servicemembers and Veterans Transition Assistance concurs; it recommended the same increase in monthly rates for current service members, and recommended a far more generous, tuition-reimbursement based, system for prospective service members. The Committee will explore that proposal further. In the meantime, it concludes that a significant increase in benefits afforded to current service members is fully warranted. Accordingly, the Committee bill would increase benefits by 13.6 percent, from \$528 to \$600 per month for full time veteran-students who served at least three years, and from \$429 to \$488 per month for full time veteran-students whose initial active duty commitment was two years.

Section 5. Increase in rates of survivors and dependents educational assistance

Survivors and Dependents Educational Assistance (DEA) benefits are provided by VA to the surviving spouse and dependent children of an individual who dies either on active duty or due to a service-connected cause. See 38 U.S.C. Chapter 35. The same benefits are provided to the spouse and dependent children of veterans who are permanently and totally disabled due to a service-connected injury or illness. In both cases, the benefit’s purpose, with respect to dependent children is to “provid[e] opportunities for education to children whose education would otherwise be impeded or interrupted by reason of the disability or death of a parent from a disease or injury incurred or aggravated in the Armed Forces.” 38 U.S.C. § 3500. With respect to the spouse of the deceased service member or permanently and totally disabled veteran, the purpose of the benefit is to assist spouses “in preparing to support themselves and their families at a standard of living level which the veteran, but for the veteran’s death or service disability, could have expected to provide for the veteran’s family.” *Id.* In 1998, 42,706 beneficiaries received education benefits through this program.

Currently, the DEA benefit is set at \$485 per month for full time students, and \$365 and \$242 for students carrying three-quarter and half-time loads respectively. In 1985, DEA benefits to full time students paid 83% of the average cost of attendance at a four-year public college. Current benefits, however, cover only 51% of the cost of a four-year public college education. The benefit afforded to full time students would have to be increased to \$971 to achieve parity with the 1985 benefit’s educational purchasing power.

The Committee bill would increase the full time student DEA benefit by 13.6 percent (the same percentage increase to be afforded to veteran-students under section 4 of the Committee bill) from \$485 to \$550 per month, and make parallel increases in the benefit rates afforded to three-quarter time, and half-time, students. The Committee believes the rate increase provided by section 5 is a necessary minimum step toward accomplishing the above-quoted purposes stated in section 3500 of title 38, United States Code.

Section 6. Increased active duty educational assistance benefit for contributing members

As is noted above, MGIB benefits have not kept pace with the spiraling costs of post-secondary education. When MGIB was enacted in 1984, the monthly rate of basic educational benefits covered approximately 66% of the cost of attendance at a public four year college. Today, even after the 20% increase enacted last year, basic educational benefits cover only 55% of the cost of attendance at a public four year college.

Section 4 of the Committee bill would increase MGIB's basic educational assistance benefit—but, even so, benefits would cover only two-thirds of the cost of a public college education, and far, far less of the costs students incur in attending private colleges, universities, and training schools. As is noted above, the Committee will consider further the recommendation of the Commission on Servicemembers and Veterans Transition Assistance that, for future beneficiaries, VA convert to a system of benefits that would reimburse the full costs of tuition and fees plus provide book, supply, and subsistence allowances. In the interim, current service members need assistance over and above the basic educational benefit—even as increased by section 4 of the Committee bill—if they are, practically speaking, going to be able to attend college on a full time basis after service. Thus, the Committee bill would provide additional benefits to service members who choose to “buy up” their benefit by making additional contributions from their basic pay during service.

Section 6 of the Committee bill would allow service members who have not opted out of MGIB participation to increase the monthly rate of educational benefits they will receive after service by making contributions, during service, over and above the \$1,200 basic pay reduction necessary to establish MGIB eligibility. Under section 6, a service member could contribute up to an additional \$600 in multiples of \$4. The monthly rate of basic educational assistance would be increased by one dollar for each \$4 so contributed. Thus, MGIB participants who “use up” their full 36 months of MGIB benefits would receive a nine to one return on their additional contribution investment. In more immediately practical terms, full time veteran-students who would otherwise be entitled to receive \$600 per month (or \$5,400 per nine month academic year) under section 4 would be able to boost their monthly benefit check by \$150 to \$750 month (or by \$1,350 to \$6,750 per 9-month academic year). Such an increase, to a total academic year benefit of \$6,750, would still not fully cover the tuition, fee and living costs of attending a public college (and, of course, would still fall far, far short of

private college costs). It would, however, approach the level of assistance necessary to permit veteran-students to attend college on a full time basis.

Section 7. Continuing eligibility for educational assistance of members of the Armed Forces attending officers training school

Under current law, MGIB participants must complete their initial obligated period of service in order to receive MGIB benefits. 38 U.S.C. § 3011(a). Exceptions to this requirement are limited to individuals whose service is cut short due to disability or hardship, the convenience of the service (if the individual has completed 30 months of a three year enlistment or 20 months of a two year enlistment), or due to a reduction in force by the service.

The Committee has learned of instances in which VA has denied MGIB benefits to individuals who were discharged prematurely from, and therefore did not “complete,” their initial enlistment to accept an officer’s commission. These denials were based on the fact that, technically, such veterans did not complete their initial obligation, even though their service was uninterrupted and they fully and honorably completed the active duty service requirements of their officer’s commission. The Committee believes that the service of such individuals fully meets the intent of the MGIB’s qualifying service requirements.

Section 7 of the Committee bill would create an additional exception to the requirement that enlistees complete their initial obligated period of service in order to be eligible for MGIB benefits: individuals who are discharged from service so that they may accept a commission will remain eligible for MGIB benefits if they complete the service obligation incurred in accepting the commission. This provision would ensure that service members are not penalized for committing themselves to service as commissioned or warrant officers, and would assist the services in attracting enlisted members into the officers’ ranks by removing a significant deterrent to accepting a commission.

Section 8. Eligibility of members of the Armed Forces to withdraw elections not to receive Montgomery GI Bill basic educational assistance

All service members, except those who affirmatively “opt out” by waiving eligibility by declining to permit their basic pay to be reduced by \$100 per month for 12 months, participate in MGIB. By placing the burden of an affirmative election on those who would opt out, the positive result of overwhelming participation has been achieved. Currently, fewer than 5% of recruits elect to forego their opportunity for post-service education benefits. Even so, the Committee believes that at least some service members who opt out of the program come to regret that decision as their circumstances, plans for the future, and, most importantly, their maturity levels, change. Such veterans—and society—are disadvantaged when veterans who have opted out of MGIB and later want to go to school are unable to do so for financial reasons.

Section 8 of the Committee bill would allow such service members an opportunity to reverse their decision to waive MGIB participation by accepting a \$100 per month pay reduction for 15

months or by “buying into” participation by making a lump sum \$1,500 payment. The \$300 differential between the \$1,200 pay reduction accepted by recruits when they enter active service and the \$1,500 pay reduction necessary to qualify later is intended to strike a balance between two competing interests: the Committee does not wish to make the “buy- back-in” opportunity so onerous that it will not be used by the 5 percent of recruits who have opted out; but it also wants to make it onerous enough relative to the \$1,200 pay reduction to discourage new recruits from waiving MGIB eligibility in the first place.

Section 9. Accelerated payments of basic educational assistance

MGIB benefits, e.g., \$600 per month under section 4 of the Committee bill for full-time students, are currently paid on a monthly basis. Most schools, however, impose substantial “up-front” costs at the beginning of a term or semester. Colleges, for example, generally require that tuition be paid in full at the beginning of each term. Similarly, short-term, highly-focused, and often highly technical courses of study generally require the payment of substantial tuition and fees “up front.”

The Committee believes that the current method of spreading MGIB payments out on a month-by-month basis over the duration of the course can impose a financial burden on some MGIB-participating veteran-students. Section 9 of the Committee bill would authorize VA to make accelerated payments under the terms of regulations that VA would promulgate to allow MGIB participants to receive on request a semester’s, a quarter’s, or a term’s worth of benefits at the beginning of the semester, quarter or term. For courses not so organized, VA could make an accelerated payment up to a limit established by VA regulation, not to exceed the cost of the course. In either case, the student’s entitlement would be reduced by the same amount as it would have been charged had payments been made on a monthly basis. The Committee notes that the Commission on Servicemembers and Veterans Transition Assistance recommended that the Congress enact legislation providing for accelerated payments.

Section 10. Veterans education and vocational training benefits provided by the States

Section 10 of the Committee bill would require that VA, in consultation with the Departments of Defense, Education, and Labor, report annually to the Congress on veterans’ education and vocational training benefits provided by the States. The first such report would be due not later than six months after enactment of section 10. In addition, section 10 expresses the sense of the Senate that the States should admit qualified veterans to State-supported educational institutions without payment of tuition.

At least one State, Illinois, already provides veterans a State university tuition waiver benefit. Tuition and fees at the State of Illinois college system range from \$2,496 to \$4,338 per year. When all United States colleges are ranked in terms of number of veterans enrolled, those ranking 3rd, 14th and 21st are publicly-funded schools in Illinois.

The Committee commends the State of Illinois for its long-standing tuition waiver program. It is time for the other States to follow Illinois' example. The people and taxpayers of every State—not just Illinois—benefit from the security and peace preserved through the service of our military members. And every State would benefit from attracting veterans who seek a higher education to their borders—as Illinois has. The Committee hopes that annual reports will signal to veterans the identity of States that appreciate their service and recognize their value. It hopes as well that such reports will highlight to non-participating States the opportunities that they are missing by not attempting to attract educated veterans to their borders.

COST ESTIMATE

In compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee, based on information supplied by the Congressional Budget Office (CBO), estimates that enactment of the Committee bill, as compared to costs under current law and as scored against the current CBO baseline, would increase Federal direct spending by \$297 million in fiscal year 2000, and by approximately \$1.4 billion over the fiscal year 2000–2004 period. Enactment of the Committee bill would not affect the budget of State and local governments.

The cost estimate provided by CBO, setting forth a detailed breakdown of costs, follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 30, 1999.

Hon. ARLEN SPECTER,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for the All-Volunteer Force Educational Assistance Programs Improvements Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sarah T. Jennings.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

All-Volunteer Force Educational Assistance Programs Improvements Act of 1999

Summary: The bill contains several provisions that would enhance educational benefits under the Montgomery GI Bill. The enhancements would include increased benefit levels and expanded eligibility and participation options. CBO estimates that enacting the bill would cost \$297 million in 2000 and about \$1.4 billion over the 2000–2004 period. In 2009, costs would total about \$353 million. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

Section 4 of the Unfunded Mandates Reform Act excludes from application of that act any legislative proposals that are necessary for national security. That exclusion might apply to provisions of the bill that relate to the Montgomery GI Bill. In any case, the bill contains no intergovernmental or private-sector mandates.

Estimated cost to the Federal Government: The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 700 (veterans' affairs).

Basis of estimate: The bill contains seven provisions that would raise direct spending for veterans' readjustment benefits, specifically the Montgomery GI Bill (MGIB) and Survivors' and Dependents' Educational Assistance.

TABLE 1.—BUDGETARY IMPACT OF THE ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAMS IMPROVEMENTS ACT OF 1999, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON VETERANS' AFFAIRS

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
DIRECT SPENDING											
Spending Under Current Law for Veterans' Readjustment Benefits:											
Estimated Budget Authority	1,340	1,313	1,332	1,340	1,355	1,352	1,357	1,366	1,382	1,405	1,431
Estimated Outlays	1,372	1,342	1,352	1,358	1,370	1,365	1,366	1,371	1,384	1,406	1,432
Proposed Changes											
Additional Contribution and Benefit:											
Estimated Budget Authority	0	-23	12	51	71	107	111	118	129	140	153
Estimated Outlays	0	-23	12	51	71	107	111	118	129	140	153
Rates of Assistance:											
Estimated Budget Authority	0	98	100	101	103	104	105	106	108	110	113
Estimated Outlays	0	98	100	101	103	104	105	106	108	110	113
MGIB Participation:											
Estimated Budget Authority	0	67	78	91	65	73	78	75	71	67	66
Estimated Outlays	0	67	78	91	65	73	78	75	71	67	66
Survivors' and Dependents' Assistance:											
Estimated Budget Authority	0	18	18	18	18	18	18	18	18	18	18
Estimated Outlays	0	18	18	18	18	18	18	18	18	18	18
Accelerated Payments:											
Estimated Budget Authority	0	134	27	0	0	0	0	0	0	0	0
Estimated Outlays	0	134	27	0	0	0	0	0	0	0	0
MGIB Eligibility of Certain Officers:											
Estimated Budget Authority	0	2	2	2	3	3	2	2	2	2	2
Estimated Outlays	0	2	2	2	3	3	2	2	2	2	2
Preparatory Courses:											
Estimated Budget Authority	0	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1	1	1	1	1	1
Subtotal-Proposed Changes:											
Estimated Budget Authority	0	297	239	264	261	305	316	320	329	339	353
Estimated Outlays	0	297	239	264	261	305	316	320	329	339	353
Total Spending Under the Bill for Veterans' Readjustment Benefits:											
Estimated Budget Authority	1,340	1,610	1,571	1,604	1,616	1,657	1,673	1,686	1,711	1,744	1,784
Estimated Outlays	1,372	1,639	1,591	1,622	1,631	1,670	1,682	1,691	1,713	1,745	1,785

Additional contribution and benefit. Section 6 would offer personnel on active duty the opportunity to increase their MGIB benefits by making an additional, after-tax contribution. Under current law, members wishing to participate in MGIB contribute \$1,200 during their first year of service. Under section 6 members could contribute up to an additional \$600 at any time during their serv-

ice on active duty. In return, they would receive an increment to their monthly benefit in an amount equal to one quarter of their contribution for every month of training. CBO assumes that 60 percent of MGIB participants would make an average contribution of \$500, which would result in an average additional benefit of \$125 a month for, on average, 20 months. Because contributions would precede the payment of benefits, this provision would decrease net expenditures the first year after it takes effect. Net costs would occur in the second year of the program, and CBO estimates that annual costs would rise to about \$153 million by 2009.

Rates of assistance. Section 4 would raise the rate of educational assistance to certain veterans with service on active duty. Participating veterans who served at least three years on active duty would receive as much as \$600 a month instead of \$528 a month as under current law. Similar veterans with at least two years of active duty would be eligible for a maximum benefit of \$488 a month, an increase of \$59 dollars a month. Under section 4, the cost-of-living allowance scheduled for 2000 would not occur. CBO estimates that this section would increase direct spending by \$98 million in 2000 and by increasing amounts in subsequent years, based on current rates of participation in this program.

MGIB participation. Section 8 would allow individuals on active duty to begin participating in the MGIB program at any time during their service. Currently, a member must make the decision to participate upon joining the military and contribute \$1,200 during the first year of service. This proposal would allow members to make that decision later in their service, but would require a contribution of \$1,500 for those who choose that option. The contribution would be either a lump-sum payment, or a monthly payment of \$100 with any residual being paid at separation.

Currently, more than 50 percent of those who contribute never use MGIB benefits. CBO expects that many of these individuals would take advantage of an opportunity to postpone the decision to invest in MGIB. After a six-year phase-in period, CBO expects that 50 percent of those who would have contributed under current law would contribute \$1,200 during the first year. Of the remaining 50 percent, half would choose to contribute \$1,500 later in their enlistment, and half would not contribute at all. The net cost of the provision would stem from forgone contributions. CBO estimates that the average annual cost of section 8 would be approximately \$70 million. The annual cost would be higher in the first few years, however, because of the postponed contributions.

Survivors' and dependents' assistance. Section 5 would increase educational assistance to survivors and dependents by an average of 13.4 percent. Based on current rates of participation in this program, CBO estimates that this provision would increase direct spending by \$18 million a year over the next 10 years.

Accelerated payments. Section 9 would permit veterans to receive a lump-sum payment for benefits they would receive monthly over a term of their training—for example, a semester in college or, for other forms of training, the period of a course's instruction. CBO estimates that this provision would increase direct spending by \$134 million in 2000 and by \$27 million in 2001. Increased costs would occur initially as payments from one fiscal year are made in-

stead in the preceding year. There would be no net effect in each subsequent year because payments shifted to the preceding year would be offset by payments shifted from the following year. CBO estimates that about 50 percent of MGIB beneficiaries would elect to receive an accelerated payment in 2000 and that 60 percent would make that election in 2001 and later years. The estimate is based on current rates of participation in this program.

MGIB eligibility of certain officers. Section 7 would extend MGIB eligibility to those veterans who lost it because they ended their initial enlistment to attend an officer training school. To maintain eligibility under this provision, the member would have to either complete the resulting obligated period of duty as an officer or serve the remaining time on the initial enlistment. Based on information from the Department of Defense, CBO expects the number of potential MGIB participants to increase by 300 annually. In addition, about 950 current veterans would gain MGIB eligibility under this section. CBO estimates this provision would cost \$2 million to \$3 million a year over the 2000–2009 period.

Preparatory courses. Section 3 would extend MGIB benefits to cover preparatory courses for college or graduate school entrance exams. Veterans who would otherwise consume their entire entitlement would forgo a payment at the end of their training if they use the benefit under this section, but for all other veterans, section 3 would add to spending. CBO estimates that this provision would increase direct spending by about \$1 million a year. The estimate assumes that about 2,000 participants would receive an average benefit of about \$400 for these courses.

Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal years, in millions of dollars—										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	297	239	264	261	305	316	320	329	339	353
Changes in receipts											Not applicable.

Intergovernmental and private-sector impact: Section 4 of the Unfunded Mandates Reform Act excludes from application of that act any legislative proposals that are necessary for national security. That exclusion might apply to provisions of the bill that relate to the Montgomery GI Bill. In any case, the bill contains no intergovernmental or private-sector mandates.

Previous CBO estimate: On February 12, 1999, CBO prepared a cost estimate for S. 4, the Soldiers’, Sailors’, Airmen’s, and Marines’ Bill of Rights Act of 1999, as reported by the Senate Committee on Armed Services. On March 17, 1999, CBO prepared a cost estimate for S. 4, as passed by the Senate.

Section 3 of this bill would have the same effect as section 305 of S. 4 as passed by the Senate. Sections 4 and 9 of this bill would have the same effects as sections 301 and 303, respectively, in the

reported version of S. 4. The CBO cost estimates for the corresponding provisions are identical.

Estimate prepared by: Federal costs: Sarah T. Jennings. Impact on State, local, and tribal governments: Susan Seig. Impact on the private sector: Rachel Schmidt.

ESTIMATE APPROVED BY: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs has made an evaluation of the regulatory impact that would be incurred in carrying out the Committee bill. The Committee finds that the Committee bill would not entail any regulation of individuals or businesses or result in any impact on the personal privacy of any individuals and that the paperwork resulting from enactment would be minimal.

TABULATION OF VOTES CAST IN COMMITTEE

In compliance with paragraph 7 of rule XXVI of the Standing Rules of the Senate, the following is a tabulation of votes cast in person or by proxy by members of the Committee on Veterans' Affairs at its June 23, 1999, meeting. On that date, the Committee, by unanimous voice vote, ordered S. , an original bill to enhance programs providing education benefits for veterans, and for other purposes, reported favorably to the Senate.

AGENCY REPORT

On January 29, 1999, VA Under Secretary for Benefits, Joseph Thompson, and the Under Secretary of Defense (Personnel and Readiness), Rudy De Leon, appeared before the Committee and submitted testimony on the findings and recommendations of the Commission on Servicemembers and Veterans Transition Commission. On May 20, 1999, the Honorable Togo D. West, Jr., Secretary of Veterans Affairs, appeared before the Committee and submitted testimony on, among other things, certain provisions of S. 1076. Excerpts from these statements are reprinted below:

STATEMENT OF MR. JOSEPH THOMPSON, UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF VETERANS AFFAIRS

Mr. Chairman and members of the committee, we appear before you today to discuss the report of the Commission on Servicemembers and Veterans Transition Assistance and funding issues on the committee's agenda.

Mr. Chairman, let me start my comments by saying that it was a pleasure and an honor for me to serve as an ex-officio member of the Commission of Servicemembers and Veterans Transition Assistance. Upon my confirmation as Under Secretary for Benefits in late 1997, one of my first tasks was to familiarize myself with the mission and scope of the Commission and to advise Chairman Principi and the Commissioners on the state of veterans' benefits deliv-

ery today and our plans for the future. I was immediately impressed with the mandate and potential of the Commission and its opportunity to recommend significant changes to the legislatively mandated transition benefits our nation provides its servicemembers and veterans—changes more sweeping than any envisioned or attempted since those proposed by General Omar Bradley nearly one-half century ago. The Commission made over 100 separate recommendations addressing 31 specific issues, and I am proud to have been associated with this endeavor.

To that end, I want to thank Senator Dole for facilitating the creation of this Commission and especially thank Chairman Anthony Principi for providing dynamic and focused leadership to the Commission throughout its deliberations. I also want to thank the many VA staff members who were detailed to the Commission and provided expert staff support to Chairman Principi throughout the Commission's efforts.

Mr. Chairman, the questions this Commission asked were in areas that needed review. Do we enable servicemembers and veterans to improve themselves and their country by continuing their education? Do we adequately prepare servicemembers for life after a career in uniform? Are we doing enough to assist veterans in their pursuit of gainful employment? These questions and more were the focus of this Commission, and we look forward to reviewing these its findings and recommendations. The report of the Commission on Servicemembers and Veterans Transition Assistance has given those of us whose careers are dedicated to serving America's veterans much to consider, analyze and, if enacted by Congress, to implement.

During the next 60 days, I will be working in concert with Dr. Kizer and Secretary West, our counterparts in the Departments of Defense, Labor, the Small Business Administration, and other federal agencies, as well as Veterans Service Organizations, to thoroughly review the findings and recommendations of the Commission and report back to Congress with our assessment. We will assess the Commission's recommendations from the perspective of the servicemember and the veteran, and as stewards of good public policy, ensuring that our analyses and plans are integrated and seamless. Although I cannot, at this time, comment in any greater detail regarding the specific findings and recommendations of the Commission, I can say that we at VA look forward to working with you, the Congress, and our partners in veterans' service to take full advantage of the opportunity that this report presents.

This concludes my statement. I would be pleased to respond to your questions.

STATEMENT OF RUDY DE LEON, UNDER SECRETARY OF
DEFENSE, (PERSONNEL AND READINESS)

Mr. Chairman and members of the Committee, it is a privilege to appear before you to discuss the report of the Commission on Servicemembers and Veterans Transition Assistance. I am accompanied today by Dr. Sue Bailey, the Assistant Secretary of Defense for Health Affairs, and by Mr. Frank Rush, Acting Assistant Secretary of Defense for Force Management Policy.

We would like to take this opportunity to thank Senator Dole for urging the creation of this Commission, Mr. Principi for chairing it, and the commissioners and their staff for engaging in two years of intensive work that produced over 100 recommendations addressing 31 specific issues.

The Commission, at the outset of its report, recognized two challenges: the challenge of addressing veterans' needs in transitioning to civilian life as well as a second challenge the Military Services face in recruiting and retaining the highest quality individuals to serve. To address this second challenge, the Administration is proposing important pay and retirement improvements to ensure that the men and women of our armed forces are compensated fairly for their outstanding performance and dedicated service to our nation. We believe these pay and retirement improvements will enhance recruiting and retention, and we welcome today's dialogue on ways we can improve our efforts with respect to veterans making the transition to civilian life.

During the coming months, we will review the report in detail so that, in the spring, the Secretary of Defense, in consultation with the Secretaries of Veterans Affairs and Labor, can submit to the Congress his comments on the Commission's recommendations. These recommendations fall principally into three areas: education, employment and training, and health care—the areas the Commission found of most concern to the servicemembers and veterans interviewed during the Commission's work.

In the area of education, the Commission has proposed an enhanced education benefit that would pay a monthly living allowance and full tuition and fees at the best school to which a servicemember or veteran can gain admission. The Commission sees this as a powerful incentive for recruiting young Americans from all segments of our society into our Armed Forces and a way to provide them with the means to truly "be all that they can be."

* * * * *

While we need to study the Commission's recommendations in more detail, we can say unequivocally now that we agree with the assessment of the Commission that our servicemembers and veterans "represent a unique and invaluable human resource for America's society and economy" and that our nation has an obligation to provide

them “with the means to take advantage of the opportunities protected and preserved through their service.” These words echo those we have used in testimony to this and other Congressional committees throughout the years. We will be pleased to study the Commission’s recommendations, especially in light of the obligation that we owe the veterans of the armed forces who have served their country honorably and well.

Again, in closing, we thank the Commission for its hard work and insight and this Committee for its continued interest in and commitment to the men and women who serve and have served in the armed forces.

STATEMENT OF TOGO D. WEST, JR., SECRETARY OF
VETERANS AFFAIRS

Good afternoon, Mr. Chairman and Members of the Committee.

It is a pleasure for me to appear before you to provide our Department’s views on the various proposals that comprise today’s agenda. These include S. 555 and S. 695, which deal with education and burial benefits, respectively, and S. 940, an Administration bill you introduced on our behalf which we view as critical to our having an organizational structure needed to accomplish VA’s mission as we enter the next millennium. You also asked that we testify on the provisions of a draft omnibus Committee bill you plan to introduce.

* * * * *

Omnibus draft bill

Turning now to the draft Committee bill, I want to provide the following comments on selected provisions that I will identify by their associated section numbers and headings as they appear in the draft summary we were furnished.

* * * * *

Section 202. Increase in basic benefit of active duty educational assistance

Section 202, which tracks a recommendation of the Congressional Commission on Servicemembers and Veterans Transition Assistance, would enhance the MGIB by providing for an increase in the rates of educational assistance allowance paid by that program. The basic benefit rates under the MGIB-Active Duty program would be increased from \$528 to \$600 a month for a 3-year enlistee, and from \$429 to \$488 a month for a 2-year enlistee.

We note that educational assistance benefit rates for the Montgomery GI Bill (MGIB) only recently were increased by 20% effective October 1, 1998, by the Veterans Benefits Act of 1998. That rate increase has not erased the disparity between college costs, which have quadrupled in the

last 20 years. However, MGIB continues to be one of the most popular mechanisms for attracting high-quality enlisted members. The Department of Defense (DOD) indicates that the new recruits to the Armed Forces cite “money for college” as the major reason given for enlisting. As you know, about 96% of new recruits sign up to participate in MGIB. For this reason, DOD has encouraged Congress to keep MGIB viable and we join in that position.

Although VA believes that an increase in monthly stipends would make the current benefit more consistent with increases in the cost of education, other related issues need to be considered. As you may know, we are currently evaluating the MGIB program in an effort to improve its value to veterans. Thus we believe further analysis is needed to determine the appropriate amount of the benefit along with appropriate delivery methods.

VA estimates that enactment of section 202 would result in benefit costs of approximately \$500 million for the 5-year period from FY 2000 to FY 2004. Because this section would increase direct spending, it is subject to the pay-as-you-go (paygo) requirements of the Omnibus Budget Reconciliation Act of 1990.

Section 203. Increase in rates of survivors and dependents educational assistance

This section proposes an increase in chapter 35 Survivors’ and Dependents’ Educational Assistance program rates similar in percentage to that proposed in the previous section for GI Bill participants. The rates under this program also were increased twenty percent effective October 1, 1998, but these benefits have lagged behind escalating educational costs. While we believe an increase would make the benefit more consistent with the current cost of education, we believe the amount of increase bears further analysis.

VA estimates that enactment of section 203 would result in benefit costs of approximately \$18.3 million for FY 2000 and \$98 million for the 5-year period from FY 2000 to FY 2004. Because this section would increase direct spending, it is subject to the pay-as-you-go (paygo) requirements of the Omnibus Budget Reconciliation Act of 1990.

Section 204. Eligibility of members of the Armed Forces to withdraw elections not to receive Montgomery GI Bill basic educational assistance

This section would provide another opportunity to establish entitlement under the chapter 30 Montgomery GI Bill—Active Duty (MGIB) program for those service members who previously opted not to participate. Under existing law, an individual, upon initially entering active duty after June 30, 1985, “automatically” becomes a participant in the MGIB unless he or she submits an election not to participate. Generally, such an election is irrevocable, although prior laws have permitted certain individuals in

specific situations to withdraw the election in order to qualify for chapter 30 educational assistance allowance. A distinguishing feature of this proposal, however, is that the “second chance” opportunity comes with a cost; that is, instead of the required \$1200 basic pay reduction otherwise required to participate in the program, an individual taking advantage of this opportunity must agree to a total \$1500 pay reduction.

We are currently analyzing this for purposes of developing our position and are working with DoD to obtain data needed to make an accurate cost estimate concerning it.

Section 205. Accelerated payments of basic educational assistance

This section would allow an individual to request an accelerated payment of educational assistance allowances in lieu of monthly payments. The accelerated payment for enrollment in a course leading to a standard college degree would be made in a lump sum for the amount otherwise payable for the entire quarter, semester or term. For other course enrollments, the accelerated payment could be any requested amount, within limits prescribed by VA by regulation, not to exceed the amount of benefits otherwise payable for pursuit of the course.

Under the proposal, entitlement would be charged at the rate of one month for each month of full-time payment made as an accelerated payment. Further, an individual who receives an accelerated payment would not be entitled to any rate increase that may take effect during the period for which the payment was made.

VA supports the concept of accelerated payments in order to make the program more responsive to today’s students’ needs. Further analysis is needed to determine appropriate administrative guidelines for such a proposal and to consider the paygo implications. From a 5-year budgeting perspective, this would increase our payout in the first year, which we estimate would be \$240 million.

* * * * *

CHANGES IN EXISTING LAW MADE BY THE COMMITTEE BILL, AS REPORTED

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the Committee bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

* * * * *

PART III—READJUSTMENT AND RELATED BENEFITS
CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL
ASSISTANCE PROGRAM

SUBCHAPTER I—PURPOSES; DEFINITIONS

* * * * *

§ 3002. Definitions

For the purposes of this chapter—

(1) * * *

* * * * *

(3) The term “program of education”—

(A) has the meaning given such term in section 3452(b) of this title, **[and]**

(B) includes—

(i) a preparatory course for a test that is required or utilized for admission to an institution of higher education; and

(ii) a preparatory course for a test that is required or utilized for admission to a graduate school; and

[(B)] (C) * * *

* * * * *

Subchapter II—Basic Educational Assistance

§ 3011. Basic educational assistance entitlement for service on active duty

(a) Except as provided in subsection (c) of this section, each individual—

(1) who

(A) after June 30, 1985, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces and—

(i) * * *

(ii) who serves in the Armed Forces and is discharged or released from active duty (I) for a service connected disability, for a medical condition which preexisted such service on active duty and which the Secretary determines is not service connected, for hardship, or for a physical or mental condition that was not characterized as a disability and did not result from the individual’s own willful misconduct but did interfere with the individual’s performance of duty, as determined by the Secretary of each military department in accordance with regulations prescribed by the Secretary of Defense or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy; (II) for the convenience of the Government, in the case of an individual who completed not less than 20 months of continuous active duty, if the initial obligated period of active duty of the individual was less than three years,

or in the case of an individual who completed not less than 30 months of continuous active duty if the initial obligated period of active duty of the individual was at least three years; ~~or (III)~~ (III) involuntarily for the convenience of the Government as a result of a reduction in force, as determined by the Secretary of the military department concerned in accordance with regulations prescribed by the Secretary of Defense or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy or (IV) for immediate reenlistment to accept a commission as an officer and subsequently completes the resulting obligated period of active duty service as a commissioned officer; or

(B) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title and was on active duty at any time during the period beginning on October 19, 1984, and ending on July 1, 1985, continued on active duty without a break in service and—

(i) * * *

(ii) after June 30, 1985, is discharged or released from active duty (I) for a service-connected disability, for a medical condition which preexisted such service on active duty and which the Secretary determines is not service connected, for hardship, or for a physical or mental condition that was not characterized as a disability, as described in subparagraph (A)(ii)(I) of this paragraph; (II) for the convenience of the Government, if the individual completed not less than 30 months of continuous active duty after that date, ~~or (III)~~; (III) involuntarily for the convenience of the Government as a result of a reduction in force, as determined by the Secretary of the military department concerned in accordance with regulations prescribed by the Secretary of Defense or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy or (IV) for immediate reenlistment to accept a commission as an officer and subsequently completes the resulting obligated period of active duty service as a commissioned officer;

* * * * *

(c)(1) * * *

* * * * *

(4)(A) An individual who makes an election under paragraph (1) may withdraw the election at any time before the discharge or release of the individual from active duty in the Armed Forces. An individual who withdraws such an election may become entitled to basic educational assistance under this chapter.

(B) The withdrawal of an election under this paragraph shall be made in accordance with regulations prescribed by the Secretary of Defense or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy.

(C)(i) *In the case of an individual who withdraws an election under this paragraph—*

(I) the basic pay of the individual shall be reduced by \$100 for each month after the month in which the election is made until the total amount of such reductions equals \$1,500; or

(II) to the extent that basic pay is not so reduced before the individual's discharge or release from active duty in the Armed Forces, the Secretary, before authorizing the payment of educational assistance under this chapter, shall ensure that an amount equal to the difference between \$1,500 and the total amount of reductions under subclause (I) was paid before the discharge or release of the individual from active duty in the Armed Forces.

(ii) An individual described in clause (i) may pay the Secretary at any time before discharge or release from active duty in the Armed Forces an amount equal to the total amount of the reduction in basic pay otherwise required with respect to the individual under that clause minus the total amount of reductions of basic pay of the individual under that clause at the time of the payment under this clause.

(iii) The second sentence of subsection (b) shall apply to any reductions in basic pay under clause (i)(I).

(iv) Amounts paid under clauses (i)(II) and (ii) shall be deposited into the Treasury as miscellaneous receipts.

(D) The withdrawal of an election under this paragraph is irrevocable.

* * * * *

(h) * * *

(i)(1) Any individual eligible for educational assistance under this section who does not make an election under subsection (c)(1) may contribute amounts for purposes of receiving an increased amount of basic educational assistance as provided for under section 3015(g) of this title. Such contributions shall be in addition to any reductions in the basic pay of such individual under subsection (b).

(2) An individual covered by paragraph (1) may make the contributions authorized by that paragraph at any time while on active duty.

(3) The total amount of the contributions made by an individual under paragraph (1) may not exceed \$600. Such contributions shall be made in multiples of \$4.

(4) Contributions under this subsection shall be made to the Secretary. The Secretary shall deposit any amounts received by the Secretary as contributions under this subsection into the Treasury as miscellaneous receipts.

[(i)] (j) * * *

§ 3012. Basic educational assistance entitlement for service in the Selected Reserve

(a) * * *

* * * * *

(d)(1) * * *

* * * * *

(4)(A) *An individual who makes an election under paragraph (1) may withdraw the election at any time before the discharge or release of the individual from the Armed Forces. An individual who withdraws such an election may become entitled to basic educational assistance under this chapter.*

(B) *The withdrawal of an election under this paragraph shall be made in accordance with regulations prescribed by the Secretary of Defense or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy.*

(C)(i) *In the case of an individual who withdraws an election under this paragraph—*

(I) *the basic pay or compensation of the individual shall be reduced by \$100 for each month after the month in which the election is made until the total amount of such reductions equals \$1,500; or*

(II) *to the extent that basic pay or compensation is not so reduced before the individual's discharge or release from the Armed Forces, the Secretary, before authorizing the payment of educational assistance under this chapter, shall ensure that an amount equal to the difference between \$1,500 and the total amount of reductions under subclause (I) was paid before the discharge or release of the individual from the Armed Forces.*

(ii) *An individual described in clause (i) may pay the Secretary at any time before discharge or release from the Armed Forces an amount equal to the total amount of the reduction in basic pay or compensation otherwise required with respect to the individual under that clause minus the total amount of reductions of basic pay or compensation of the individual under that clause at the time of the payment under this clause.*

(iii) *The second sentence of subsection (c) shall apply to any reductions in basic pay or compensation under clause (i)(I).*

(iv) *Amounts paid under clauses (i)(II) and (ii) shall be deposited into the Treasury as miscellaneous receipts.*

(D) *The withdrawal of an election under this paragraph is irrevocable.*

* * * * *

(f) * * *

(g)(1) *Any individual eligible for educational assistance under this section who does not make an election under subsection (d)(1) may contribute amounts for purposes of receiving an increased amount of basic educational assistance as provided for under section 3015(g) of this title. Such contributions shall be in addition to any reductions in the basic pay of such individual under subsection (c).*

(2) *An individual covered by paragraph (1) may make the contributions authorized by that paragraph at any time while on active duty.*

(3) *The total amount of the contributions made by an individual under paragraph (1) may not exceed \$600. Such contributions shall be made in multiples of \$4.*

(4) *Contributions under this subsection shall be made to the Secretary. The Secretary shall deposit any amounts received by the Secretary as contributions under this subsection into the Treasury as miscellaneous receipts.*

[(g)] (h)(1) * * *

* * * * *

§ 3014. Payment of basic educational assistance

(a) The Secretary shall pay to each individual entitled to basic educational assistance who is pursuing an approved program of education a basic educational assistance allowance to help meet, in part, the expenses of such individual's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

(b)(1) *The Secretary may make payments of basic educational assistance under this subchapter on an accelerated basis.*

(2) *The Secretary may pay basic educational assistance on an accelerated basis under this subsection only to an individual entitled to payment of such assistance under this subchapter who has made a request for payment of such assistance on an accelerated basis.*

(3) *In the event an adjustment under section 3015(g) of this title in the monthly rate of basic educational assistance will occur during a period for which a payment of such assistance is made on an accelerated basis under this subsection, the Secretary shall pay on an accelerated basis the amount of such assistance otherwise payable under this subchapter for the period without regard to the adjustment under that section.*

(4) *For each accelerated payment made to an individual, the individual's entitlement under this subchapter shall be charged as if the individual had received a monthly educational assistance allowance for the period of educational pursuit covered by the accelerated payment.*

(5) *Basic educational assistance shall be paid on an accelerated basis under this subsection as follows:*

(A) *In the case of assistance for a course leading to a standard college degree, at the beginning of the quarter, semester, or term of the course in a lump-sum amount equivalent to the aggregate amount of monthly assistance otherwise payable under this subchapter for the quarter, semester, or term, as the case may be, of the course.*

(B) *In the case of assistance for a course other than a course referred to in subparagraph (A)—*

(i) *at the later of (I) the beginning of the course, or (II) a reasonable time after the request for payment by the individual concerned; and*

(ii) *in any amount requested by the individual concerned within the limit, if any, specified in the regulations prescribed by the Secretary under paragraph (6), with such limit not to exceed the aggregate amount of monthly assistance otherwise payable under this subchapter for the period of the course.*

(6) *The Secretary shall prescribe regulations for purposes of making payments of basic educational assistance on an accelerated basis under this subsection. Such regulations shall include requirements relating to the request for, making and delivery of, and receipt and use of such payments and may include a limit on the amount payable for a course under paragraph (5)(B)(ii).*

§ 3015. Amount of basic educational assistance

(a) The amount of payment of educational assistance under this chapter is subject to section 3032 of this title. Except as otherwise provided in this section, a basic educational assistance allowance under this subchapter shall be paid—

- (1) at the monthly rate of ~~【\$528】~~ \$600 (as increased from time to time under ~~【subsection (g)】~~ subsection (h)) for an approved program of education pursued on a full-time basis; or
- (2) * * *

(b) In the case of an individual entitled to an educational assistance allowance under section 3011 or 3018 of this title and whose initial obligated period of active duty is two years, a basic educational assistance allowance under this chapter shall (except as provided in the succeeding subsections of this section) be paid—

- (1) at the monthly rate of ~~【\$429】~~ \$488 (as increased from time to time under ~~【subsection (g)】~~ subsection (h)) for an approved program of education pursued on a full-time basis; or

* * * * *

(f) * * *

(g) *In the case of an individual who has made contributions authorized by section 3011(i) or 3012(g) of this title, the monthly amount of basic educational assistance allowance applicable to such individual under subsection (a), (b), or (c) shall be the monthly rate otherwise provided for under the applicable subsection increased by—*

- (1) *an amount equal to \$1 for each \$4 contributed by such individual under section 3011(i) or 3012(g), as the case may be, for an approved program of education pursued on a full-time basis; or*
- (2) *an appropriately reduced amount based on the amount so contributed, as determined under regulations which the Secretary shall prescribe, for an approved program of education pursued on less than a full-time basis.*

~~【(g)】~~ (h) * * *

* * * * *

**CHAPTER 35—SURVIVORS’ AND DEPENDENTS’
EDUCATIONAL ASSISTANCE**

* * * * *

Subchapter IV—Payments to Eligible Persons

* * * * *

§ 3532. Computation of educational assistance allowance

(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be paid at the monthly rate of ~~【\$485】~~ \$550 for full-time, ~~【\$365】~~ \$414 for three-quarter-time, or ~~【\$242】~~ \$274 for half-time pursuit.

(2) The educational assistance allowance on behalf of an eligible person pursuing a program of education on less than a half-time basis shall be paid at the rate of (A) the established charges for tui-

tion and fees that the educational institution involved requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) ~~[\$485]~~ \$550 per month for a full-time course, whichever is the lesser.

(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 ~~[\$485]~~ \$550 per month.

(c)(1) * * *

(2) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing a farm cooperative program under this chapter shall be ~~[\$392]~~ \$445 for full-time, ~~[\$294]~~ \$333 for three-quarter-time, and ~~[\$196]~~ \$222 for half-time pursuit.

* * * * *

§ 3534. Apprenticeship or other on-job training; correspondence courses

(a) * * *

(b) Any eligible spouse or surviving spouse shall be entitled to pursue a program of education exclusively by correspondence and be paid an educational assistance allowance as provided in section 3686 (other than subsection (a)(2)) of this title and the period of such spouse's entitlement shall be charged with one month for each ~~[\$485]~~ \$550 which is paid to the spouse as an educational assistance allowance for such course.

* * * * *

Subchapter V—Special Restorative Training

* * * * *

§ 3542. Special training allowance

(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on behalf of such person a special training allowance computed at the basic rate of ~~[\$485]~~ \$550 per month. If the charges for tuition and fees applicable to any such course are more than ~~[\$152]~~ \$172 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed ~~[\$152]~~ \$172 a month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each ~~[\$16.16]~~ \$18.35 that the special training allowance paid exceeds the basic monthly allowance.

* * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

* * * * *

Subchapter II—Miscellaneous Provisions

* * * * *

§ 3687. Apprenticeship or other on-job training

(a) * * *

(b)(1) * * *

(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be **[\$353] \$401** for the first six months, **[\$264] \$299** for the second six months, **[\$175] \$198** for the third six months, and **[\$88] \$99** for the fourth and any succeeding six-month periods of training.

* * * * *

