

**Calendar No. 706**108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION**S. 2486****[Report No. 108-352]**

To amend title 38, United States Code, to improve and enhance education, housing, employment, medical, and other benefits for veterans and to improve and extend certain authorities relating to the administration or benefits for veterans, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

JUNE 1, 2004

Mr. SPECTER (for himself, Ms. MURKOWSKI, and Mrs. MURRAY) (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

SEPTEMBER 20, 2004

Reported by Mr. SPECTER, with an amendment and an amendment to the title  
[Strike out all after the enacting clause and insert the part printed in *italie*]

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**A BILL**

To amend title 38, United States Code, to improve and enhance education, housing, employment, medical, and other benefits for veterans and to improve and extend certain authorities relating to the administration or benefits for veterans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Veterans’ Benefits Improvements Act of 2004”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; table of contents.  
Sec. 2. References to title 38, United States Code.

**TITLE I—EDUCATION BENEFITS**

Sec. 101. Increase in maximum amount of contribution for increased amount of basic educational assistance under Montgomery GI Bill.  
Sec. 102. Pilot program on additional two-year period for use of entitlement by participants in Montgomery GI Bill for vocational or job readiness training.  
Sec. 103. Exclusion of veterans education benefits in determination of eligibility or amount of Federal educational grants and loans.  
Sec. 104. Collection of contributions for educational assistance under Montgomery GI Bill from Reserves called to active duty.

**TITLE II—HOUSING BENEFITS**

Sec. 201. Increase in maximum amount of housing loan guarantee.  
Sec. 202. Permanent authority for guarantee of adjustable rate mortgages.  
Sec. 203. Permanent authority for guarantee of hybrid adjustable rate mortgages and modification of guarantee authority.  
Sec. 204. Termination of collection of loan fees from veterans rated eligible for compensation at pre-discharge rating examinations.

**TITLE III—OTHER BENEFITS AND BENEFITS MATTERS**

**Subtitle A—Employment Benefits**

Sec. 301. Availability of administrative and judicial redress for certain veterans denied opportunity to compete for Federal employment.

**Subtitle B—Medical Benefits**

Sec. 311. Prohibition on collection of copayments for hospice care.

**Subtitle C—Extension of Benefits and Related Authorities**

Sec. 321. Extension of various authorities relating to benefits for veterans.

**Subtitle D—Other Matters**

Sec. 331. Modification of definition of minority group member for purposes of Advisory Committee on Minority Veterans.

1 **SEC. 2. REFERENCES TO TITLE 38, UNITED STATES CODE.**

2 Except as otherwise expressly provided, whenever in  
 3 this Act an amendment or repeal is expressed in terms  
 4 of an amendment to, or repeal of, a section or other provi-  
 5 sion, the reference shall be considered to be made to a  
 6 section or other provision of title 38, United States Code.

7 **TITLE I—EDUCATION BENEFITS**

8 **SEC. 101. INCREASE IN MAXIMUM AMOUNT OF CONTRIBU-**  
 9 **TION FOR INCREASED AMOUNT OF BASIC**  
 10 **EDUCATIONAL ASSISTANCE UNDER MONT-**  
 11 **GOMERY GI BILL.**

12 (a) **ACTIVE DUTY BENEFIT.**—Section 3011(e)(3) is  
 13 amended by striking “\$600” and inserting “\$2,000”.

14 (b) **SELECTED RESERVE BENEFIT.**—Section  
 15 3012(f)(3) is amended by striking “\$600” and inserting  
 16 “\$2,000”.

17 **SEC. 102. PILOT PROGRAM ON ADDITIONAL TWO-YEAR PE-**  
 18 **RIOD FOR USE OF ENTITLEMENT BY PARTICI-**  
 19 **PANTS IN MONTGOMERY GI BILL FOR VOCA-**  
 20 **TIONAL OR JOB READINESS TRAINING.**

21 (a) **IN GENERAL.**—(1) Subchapter I of chapter 30  
 22 is amended by adding at the end the following new section:



1           ~~“(A) as of the end of the 10-year period begin-~~  
2           ~~ning on the educational assistance entitlement com-~~  
3           ~~mencement date of such individual—~~

4                   ~~“(i) would remain entitled to basic edu-~~  
5                   ~~ational assistance under this chapter but for~~  
6                   ~~the expiration of the 10-year delimiting period~~  
7                   ~~applicable to such individual under section 3031~~  
8                   ~~of this title; and~~

9                   ~~“(ii) has not utilized all of the entitlement~~  
10                  ~~of such individual to basic educational assist-~~  
11                  ~~ance under this chapter; and~~

12                  ~~“(B) at the time of the application for entitle-~~  
13                  ~~ment under this subsection (d), is accepted, enrolled,~~  
14                  ~~or otherwise participating (as determined by the~~  
15                  ~~Secretary) in instruction or training described in~~  
16                  ~~subsection (e).~~

17           ~~“(2) This subsection does not apply to an individual~~  
18           ~~otherwise described by paragraph (1) whose remaining en-~~  
19           ~~titlement to basic educational assistance under this chap-~~  
20           ~~ter as described in subparagraph (A)(ii) of that paragraph~~  
21           ~~is based on the transfer of basic educational assistance~~  
22           ~~under section 3020 of this title.~~

23           ~~“(d) APPLICATION.—(1) An individual seeking an ad-~~  
24           ~~ditional two-year period for the use of entitlement under~~  
25           ~~this section shall submit to the Secretary an application~~

1 therefor containing such information as the Secretary may  
 2 require for purposes of this section.

3 “(2) The Secretary may not receive applications  
 4 under this subsection after the termination date of the  
 5 pilot program under subsection (a)(2).

6 “(e) COMMENCEMENT OF ADDITIONAL PERIOD FOR  
 7 USE.—The additional two-year period for the use of enti-  
 8 tlement by an individual under this section shall com-  
 9 mence on the date the application of the individual under  
 10 subsection (d) is received by the Secretary if the Secretary  
 11 determines pursuant to a review of the application that  
 12 the individual is an individual described by subsection (e)  
 13 for purposes of this section.

14 “(f) INSTRUCTION OR TRAINING COVERED BY ADDI-  
 15 TIONAL PERIOD FOR USE.—(1) The instruction or train-  
 16 ing for which entitlement to basic educational assistance  
 17 under this chapter may be used during the additional two-  
 18 year period for the use of entitlement under this section  
 19 is as follows:

20 “(A) Education leading to employment in a  
 21 high technology industry for purposes of section  
 22 3014A of this title.

23 “(B) A full-time program of apprenticeship or  
 24 other on-job training approved as provided in clause

1 (1) or (2), as appropriate, of section 3687 of this  
2 title.

3 “(C) A cooperative program (as defined in sec-  
4 tion 3482(a)(2) of this title).

5 “(D) A licensing or certification test approved  
6 under section 3689 of this title.

7 “(E) Training or education leading toward a  
8 professional or vocational objective which has been  
9 approved in accordance with the provisions of sub-  
10 chapter I of chapter 36 of this title and is identified  
11 by the Secretary in regulations to be prescribed by  
12 the Secretary for purposes of this section.

13 “(2) Entitlement to basic educational assistance  
14 under this chapter may not be used during the additional  
15 two-year period for the use of entitlement under this sec-  
16 tion for the instruction or training as follows:

17 “(A) General education leading toward a stand-  
18 ard college degree (as defined in section 3452(g) of  
19 this title), unless the program or training concerned  
20 will result in an associates degree that is approved  
21 by the Secretary in the manner specified in para-  
22 graph (1)(E) to be necessary to obtain a professional  
23 or vocational objective.

1           “(B) Preparatory courses for a test that is re-  
2           quired or used for admission to an institution of  
3           higher education or graduate school.

4           “(g) COORDINATION WITH CERTAIN OTHER BENE-  
5           FITS.—(1) An individual entitled to basic educational as-  
6           sistance under subsection (e) is entitled to educational and  
7           vocational counseling under section 3697A of this title in  
8           connection with the use of entitlement under this section.

9           “(2) An individual using entitlement to basic edu-  
10          cational assistance under this chapter during the addi-  
11          tional two-year period for the use of entitlement under this  
12          section is not entitled during the use of such entitlement  
13          to the following:

14               “(A) Supplemental educational assistance under  
15               subchapter III of this chapter.

16               “(B) A work-study allowance under section  
17               3485 of this title.

18           “(h) EDUCATIONAL ASSISTANCE ENTITLEMENT  
19           COMMENCEMENT DATE DEFINED.—In this section, the  
20           term ‘educational assistance entitlement commencement  
21           date’, in the case of an individual described in subsection  
22           (b)(1), means the date on which begins the period during  
23           which the individual may use the individual’s entitlement  
24           to educational assistance under chapter as determined  
25           under section 3031 of this title.

1       “(i) EFFECT OF TERMINATION OF PILOT PRO-  
 2 GRAM.—The termination of the pilot program under sub-  
 3 section (a)(2) shall not effect the continuing use of entitle-  
 4 ment under this section of any individual whose additional  
 5 two-year period for the use of entitlement under this sec-  
 6 tion continues after the date of the termination of the pilot  
 7 program under that subsection.”.

8       (2) The table of sections at the beginning of such  
 9 chapter is amended by inserting after the item relating  
 10 to section 3020 the following new item:

“3020A. Additional two-year period for use of entitlement for vocational or job  
 readiness instruction or training: pilot program.”.

11       (b) CROSS-REFERENCE AMENDMENT.—Section 3031  
 12 is amended—

13           (1) in subsection (a), by striking “subsections  
 14 (b) through (g), and subject to subsection (h),” and  
 15 inserting “subsections (b) through (h), and subject  
 16 to subsection (i),”;

17           (2) by redesignating subsection (h) as sub-  
 18 section (i); and

19           (3) by inserting after subsection (g) the fol-  
 20 lowing new subsection (h):

21       “(h) An individual whose period for the use of entitle-  
 22 ment to basic educational assistance under this chapter  
 23 would otherwise expire under this section may be eligible

1 for an additional two-year period for the use of entitlement  
2 under section 3020A of this title.”.

3 **SEC. 103. EXCLUSION OF VETERANS EDUCATION BENEFITS**  
4 **IN DETERMINATION OF ELIGIBILITY OR**  
5 **AMOUNT OF FEDERAL EDUCATIONAL**  
6 **GRANTS AND LOANS.**

7 (a) IN GENERAL.—(1) Subchapter H of chapter 36  
8 is amended by inserting after section 3694 the following  
9 new section:

10 **“§ 3694A. Exclusion of veterans education benefits in**  
11 **determination of eligibility or amount of**  
12 **Federal education grants and loans**

13 “(a) EXCLUSION.—Notwithstanding any other provi-  
14 sion of law and subject to subsection (b), education bene-  
15 fits shall not be considered as income, assets, or other  
16 monetary resource in determining eligibility for, or the  
17 amount of, grant or loan assistance provided under title  
18 IV of the Higher Education Act of 1965 (20 U.S.C. 1070  
19 et seq.).

20 “(b) EXCEPTION.—In the case of campus-based stu-  
21 dent financial assistance, the amount of such assistance  
22 for which an individual would otherwise be eligible without  
23 taking into consideration education benefits as described  
24 in subsection (a) shall be reduced to the extent that the  
25 sum of such amount, the amount of the education benefits

1 of the individual, and the amount of the Federal Pell  
 2 Grant, if any, of the individual exceeds the cost of attend-  
 3 ance of the individual.

4 “(c) DEFINITIONS.—In this section:

5 “(1) The term ‘campus-based student financial  
 6 assistance’ means grant, work, or loan assistance  
 7 provided under subpart 3 of part A, and parts C and  
 8 E of title IV of the Higher Education Act of 1965  
 9 (20 U.S.C. 1070b et seq.; 42 U.S.C. 2751 et seq.; 20  
 10 U.S.C. 1087aa et seq.).

11 “(2) The term ‘cost of attendance’ has the  
 12 meaning given such term in section 472 of the High-  
 13 er Education Act of 1965 (20 U.S.C. 1087ll).

14 “(3) The term ‘education benefits’ means edu-  
 15 cation benefits under chapters 30, 32, and 35 of this  
 16 title and under chapter 1606 of title 10.

17 “(4) The term ‘Federal Pell Grant’ means a  
 18 grant provided under subpart 1 of part A of title IV  
 19 of the Higher Education Act of 1965 (20 U.S.C.  
 20 1070a).”.

21 (2) The table of sections at the beginning of chapter  
 22 36 is amended by inserting after the item referring to sec-  
 23 tion 3694 the following new item:

“3694A. Exclusion of veterans education benefits in determination of eligibility  
 or amount of Federal education grants and loans.”.

1 (b) **EFFECTIVE DATE.**—The amendments made by  
 2 this section shall be effective with respect to award years,  
 3 as that term is defined in section 481(a)(1) of the Higher  
 4 Education Act of 1965 (20 U.S.C. 1088(a)(1)), beginning  
 5 on or after July 1, 2004.

6 **SEC. 104. COLLECTION OF CONTRIBUTIONS FOR EDU-**  
 7 **CATIONAL ASSISTANCE UNDER MONT-**  
 8 **GOMERY GI BILL FROM RESERVES CALLED**  
 9 **TO ACTIVE DUTY.**

10 (a) **ACTIVE DUTY PROGRAM.**—Section 3011(b) is  
 11 amended—

12 (1) by striking “The basic pay” and inserting  
 13 “(1) Except as provided in paragraph (2), the basic  
 14 pay”;

15 (2) by designating the second sentence as para-  
 16 graph (3), indenting the left margin of such para-  
 17 graph, as so designated, two ems, and, in that para-  
 18 graph by striking “this chapter” and inserting “this  
 19 subsection”; and

20 (3) by inserting after paragraph (1), as so des-  
 21 ignated, the following new paragraph:

22 “(2) In the case of an individual covered by para-  
 23 graph (1) who is a Reserve, the Secretary shall collect  
 24 from the individual an amount equal to \$1,200 before the  
 25 commencement by the individual of the use of entitlement

1 to basic educational assistance under this chapter. The  
 2 Secretary may collect such amount through reductions in  
 3 basic pay in accordance with paragraph (1) or through  
 4 such other method as the Secretary determines appro-  
 5 priate.”.

6 (b) SELECTED RESERVE PROGRAM.—Section  
 7 3012(e) is amended—

8 (1) by striking “The basic pay” and inserting  
 9 “(1) Except as provided in paragraph (2), the basic  
 10 pay”;

11 (2) by designating the second sentence as para-  
 12 graph (3), indenting the left margin of such para-  
 13 graph, as so designated, two ems, and, in that para-  
 14 graph by striking “this chapter” and inserting “this  
 15 subsection”; and

16 (3) by inserting after paragraph (1), as so des-  
 17 ignated, the following new paragraph:

18 “(2) In the case of an individual covered by para-  
 19 graph (1) who is a Reserve, the Secretary shall collect  
 20 from the individual an amount equal to \$1,200 before the  
 21 commencement by the individual of the use of entitlement  
 22 to basic educational assistance under this chapter. The  
 23 Secretary may collect such amount through reductions in  
 24 basic pay in accordance with paragraph (1) or through

1 such other method as the Secretary determines appro-  
 2 priate.”.

## 3 **TITLE II—HOUSING BENEFITS**

### 4 **SEC. 201. INCREASE IN MAXIMUM AMOUNT OF HOUSING** 5 **LOAN GUARANTEE.**

6 (a) **IN GENERAL.**—Subparagraph (A)(i)(IV) of sec-  
 7 tion 3703(a)(1) is amended by striking “\$60,000” and in-  
 8 serting “\$83,425”.

9 (b) **CONFORMING AMENDMENT.**—Subparagraph (B)  
 10 of such section is amended by striking “\$60,000” and in-  
 11 serting “\$83,425”.

### 12 **SEC. 202. PERMANENT AUTHORITY FOR GUARANTEE OF** 13 **ADJUSTABLE RATE MORTGAGES.**

14 Section 3707(a) is amended by striking “The Sec-  
 15 retary shall” and all that follows through “guaranteeing  
 16 loans” and inserting “The Secretary shall guarantee  
 17 loans”.

### 18 **SEC. 203. PERMANENT AUTHORITY FOR GUARANTEE OF** 19 **HYBRID ADJUSTABLE RATE MORTGAGES AND** 20 **MODIFICATION OF GUARANTEE AUTHORITY.**

21 (a) **PERMANENT AUTHORITY.**—Subsection (a) of sec-  
 22 tion 3707A is amended by striking “The Secretary shall”  
 23 and all that follows through “guaranteeing loans” and in-  
 24 serting “The Secretary shall guarantee loans”.

1       (b) MODIFICATION OF INTEREST RATE ADJUSTMENT  
2 REQUIREMENTS.—Subsection (c) of such section is  
3 amended—

4           (1) by striking paragraph (3) and inserting the  
5 following new paragraph (3):

6           “(3) in the case of the initial interest rate ad-  
7 justment under such provisions, be limited to a max-  
8 imum increase or decrease of 1 percentage point if  
9 the interest rate remained fixed for 3 or fewer years;  
10 and”;

11           (2) in paragraph (4), by striking “5 percentage  
12 points” and all that follows and inserting “such  
13 number of percentage points as the Secretary shall  
14 prescribe for purposes of this section.”;

15       (c) NO EFFECT ON GUARANTEE OF LOANS UNDER  
16 HYBRID ADJUSTABLE RATE MORTGAGE GUARANTEE  
17 DEMONSTRATION PROJECT.—The amendments made by  
18 this section shall not be construed to affect the force or  
19 validity of any guarantee of a loan made by the Secretary  
20 of Veterans Affairs under the demonstration project for  
21 the guarantee of hybrid adjustable rate mortgages under  
22 section 3707A of title 38, United States Code, as in effect  
23 on the day before the date of the enactment of this Act.

1 **SEC. 204. TERMINATION OF COLLECTION OF LOAN FEES**  
 2 **FROM VETERANS RATED ELIGIBLE FOR COM-**  
 3 **PENSATION AT PRE-DISCHARGE RATING EX-**  
 4 **AMINATIONS.**

5 Section 3729(c) is amended—

6 (1) by inserting “(1)” before “A fee”; and  
 7 (2) by adding at the end the following new  
 8 paragraph:

9 “(2) A veteran who is rated eligible to receive com-  
 10 pensation as a result of a pre-discharge disability examina-  
 11 tion and rating shall be treated as receiving compensation  
 12 for purposes of this subsection as of the date on which  
 13 the veteran is rated eligible to receive compensation as a  
 14 result of the pre-discharge disability examination and rat-  
 15 ing without regard to whether an effective date of the  
 16 award of compensation is established as of that date.”.

17 **TITLE III—OTHER BENEFITS**  
 18 **AND BENEFITS MATTERS**  
 19 **Subtitle A—Employment Benefits**

20 **SEC. 301. AVAILABILITY OF ADMINISTRATIVE AND JUDI-**  
 21 **CIAL REDRESS FOR CERTAIN VETERANS DE-**  
 22 **NIED OPPORTUNITY TO COMPETE FOR FED-**  
 23 **ERAL EMPLOYMENT.**

24 (a) **ADMINISTRATIVE REDRESS.**—Section  
 25 3330a(a)(1) of title 5, United States Code, is amended—  
 26 (1) by inserting “(A)” after “(1)”; and

1           (2) by adding at the end the following new sub-  
2           paragraph:

3           “~~(B)~~ A veteran described in section ~~3304(f)(1)~~ who  
4 alleges that an agency has violated such section with re-  
5 spect to such veteran may file a complaint with the Sec-  
6 retary of Labor.”.

7           (b) JUDICIAL REDRESS.—Section ~~3330b(a)(1)~~ of  
8 such title is amended by inserting “, or a veteran described  
9 by section ~~3330a(a)(1)(B)~~ with respect to a violation de-  
10 scribed by such section,” after “a preference eligible”.

## 11           **Subtitle B—Medical Benefits**

### 12           **SEC. 311. PROHIBITION ON COLLECTION OF COPAYMENTS**

#### 13                           **FOR HOSPICE CARE.**

14           Section 1710B(e)(2) is amended—

15                   (1) in subparagraph (A), by striking “or” at  
16           the end;

17                   (2) by redesignating subparagraph (B) as sub-  
18           paragraph (C); and

19                   (3) by inserting after subparagraph (A) the fol-  
20           lowing new subparagraph (B):

21                   “~~(B)~~ to a veteran being furnished hospice care  
22           under this section; or”.

1     **Subtitle C—Extension of Benefits**  
2                     **and Related Authorities**

3     **SEC. 321. EXTENSION OF VARIOUS AUTHORITIES RELATING**  
4                     **TO BENEFITS FOR VETERANS.**

5             (a) **SIX-YEAR EXTENSION OF BIENNIAL REPORT OF**  
6     **ADVISORY COMMITTEE ON FORMER PRISONERS OF**  
7     **WAR.**—Section 541(c)(1) is amended by striking “2003”  
8     and inserting “2009”.

9             (b) **PERMANENT AUTHORITY FOR COUNSELING AND**  
10    **TREATMENT FOR SEXUAL TRAUMA.**—Section 1720D(a) is  
11    amended—

12             (1) in paragraph (1), by striking “During the  
13             period through December 31, 2004, the Secretary”  
14             and inserting “The Secretary”; and

15             (2) in paragraph (2), by striking “, during the  
16             period through December 31, 2004.”.

17             (c) **FIVE-YEAR EXTENSION OF REPORTS BY SPECIAL**  
18    **MEDICAL ADVISORY GROUP.**—Section 7312(d) is amend-  
19    ed by striking “December 31, 2004” and inserting “De-  
20    cember 31, 2009”.

1                   **Subtitle D—Other Matters**

2   **SEC. 331. MODIFICATION OF DEFINITION OF MINORITY**  
 3                   **GROUP MEMBER FOR PURPOSES OF ADVI-**  
 4                   **SORY COMMITTEE ON MINORITY VETERANS.**

5           Subsection (d) of section 544 is amended to read as  
 6 follows:

7           “(d) In this section, the term ‘minority group mem-  
 8 ber’ means an individual who is—

9                   ~~“(1) American Indian or Alaska Native;~~

10                  ~~“(2) Asian;~~

11                  ~~“(3) Black or African American;~~

12                  ~~“(4) Native Hawaiian or other Pacific Islander;~~

13                  ~~or~~

14                  ~~“(5) of Hispanic, Latino, or Spanish origin.”.~~

15   **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

16           (a) *SHORT TITLE.*—*This Act may be cited as the “Vet-*  
 17 *erans’ Benefits Improvements Act of 2004”.*

18           (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 19 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*Sec. 2. References to title 38, United States Code.*

*TITLE I—HOUSING MATTERS*

*Sec. 101. Increase in maximum amount of home loan guaranty for construction and purchase of homes and annual indexing of amount.*

*Sec. 102. Extension of authority for guarantee of adjustable rate mortgages.*

*Sec. 103. Extension and improvement of authority for guarantee of hybrid adjustable rate mortgages.*

*Sec. 104. Termination of collection of loan fees from veterans rated eligible for compensation at pre-discharge rating examinations.*

*TITLE II—EDUCATION MATTERS*

- Sec. 201. Collection of contributions for educational assistance under Montgomery GI Bill from members of the Selected Reserve called to active duty.*
- Sec. 202. Educational assistance under Montgomery GI Bill for members of the Selected Reserve who aggregate 2 or more years of active duty service during any 5-year period.*
- Sec. 203. Ten-year extension of delimiting period for survivors' and dependents' educational assistance for spouses of members who die on active duty.*
- Sec. 204. Availability of education benefits for payment for national admissions exams and national exams for credit at institutions of higher education.*

*TITLE III—OTHER MATTERS*

- Sec. 301. Availability of administrative and judicial redress for certain veterans denied opportunity to compete for Federal employment.*
- Sec. 302. Extension of biennial report of Advisory Committee on Former Prisoners of War.*
- Sec. 303. Modification of definition of minority group member for purposes of Advisory Committee on Minority Veterans.*

**1 SEC. 2. REFERENCES TO TITLE 38, UNITED STATES CODE.**

2       *Except as otherwise expressly provided, whenever in*  
 3 *this Act an amendment or repeal is expressed in terms of*  
 4 *an amendment to, or repeal of, a section or other provision,*  
 5 *the reference shall be considered to be made to a section or*  
 6 *other provision of title 38, United States Code.*

**7 TITLE I—HOUSING MATTERS**

**8 SEC. 101. INCREASE IN MAXIMUM AMOUNT OF HOME LOAN**  
**9 GUARANTY FOR CONSTRUCTION AND PUR-**  
**10 CHASE OF HOMES AND ANNUAL INDEXING OF**  
**11 AMOUNT.**

12       *(a) MAXIMUM LOAN GUARANTY BASED ON 100 PER-*  
 13 *CENT OF FREDDIE MAC CONFORMING LOAN RATE.—Sec-*  
 14 *tion 3703(a)(1) is amended by striking “\$60,000” each*  
 15 *place it appears in subparagraphs (A)(i)(IV) and (B) and*

1 inserting “the maximum guaranty amount (as defined in  
2 subparagraph (C))”.

3 (b) *DEFINITION.*—Such section is further amended by  
4 adding at the end the following new subparagraph:

5 “(C) In this paragraph, the term ‘maximum guaranty  
6 amount’ means the dollar amount that is equal to 25 per-  
7 cent of the Freddie Mac conforming loan limit limitation  
8 determined under section 305(a)(2) of the Federal Home  
9 Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for  
10 a single-family residence, as adjusted for the year in-  
11 volved.”.

12 **SEC. 102. EXTENSION OF AUTHORITY FOR GUARANTEE OF**  
13 **ADJUSTABLE RATE MORTGAGES.**

14 Section 3707(a) is amended by striking “during fiscal  
15 years 1993, 1994, and 1995” and inserting “during fiscal  
16 years 1993 through 2011”.

17 **SEC. 103. EXTENSION AND IMPROVEMENT OF AUTHORITY**  
18 **FOR GUARANTEE OF HYBRID ADJUSTABLE**  
19 **RATE MORTGAGES.**

20 (a) *EXTENSION OF AUTHORITY.*—Subsection (a) of sec-  
21 tion 3707A is amended by striking “during fiscal years  
22 2004 and 2005” and inserting “during fiscal years 2004  
23 through 2011”.

1           **(b) MODIFICATION OF INTEREST RATE ADJUSTMENT**  
2 *REQUIREMENTS.—Subsection (c) of such section is amend-*  
3 *ed—*

4           (1) *by redesignating paragraph (4) as para-*  
5 *graph (5);*

6           (2) *by striking paragraph (3) and inserting the*  
7 *following new paragraphs:*

8           “(3) *in the case of the initial interest rate ad-*  
9 *justment—*

10                   “(A) *if the initial interest rate remained*  
11 *fixed for less than 5 years, be limited to a max-*  
12 *imum increase or decrease of 1 percentage point;*  
13 *or*

14                   “(B) *if the initial interest rate remained*  
15 *fixed for 5 years or more, be limited to a max-*  
16 *imum increase or decrease of such percentage*  
17 *point or points as the Secretary may prescribe;*

18           “(4) *in the case of any single annual interest*  
19 *rate adjustment after the initial interest rate adjust-*  
20 *ment, be limited to a maximum increase or decrease*  
21 *of 1 percentage point; and”;* and

22           (3) *in paragraph (5), as so redesignated, by*  
23 *striking “5 percentage points” and all that follows*  
24 *and inserting “such number of percentage points as*

1        *the Secretary shall prescribe for purposes of this sec-*  
 2        *tion.”.*

3        *(c) NO EFFECT ON GUARANTEE OF LOANS UNDER HY-*  
 4        *BRID ADJUSTABLE RATE MORTGAGE GUARANTEE DEM-*  
 5        *ONSTRATION PROJECT.—The amendments made by this sec-*  
 6        *tion shall not be construed to affect the force or validity*  
 7        *of any guarantee of a loan made by the Secretary of Vet-*  
 8        *erans Affairs under the demonstration project for the guar-*  
 9        *antee of hybrid adjustable rate mortgages under section*  
 10       *3707A of title 38, United States Code, as in effect on the*  
 11       *day before the date of the enactment of this Act.*

12       **SEC. 104. TERMINATION OF COLLECTION OF LOAN FEES**  
 13                                **FROM VETERANS RATED ELIGIBLE FOR COM-**  
 14                                **PENSATION AT PRE-DISCHARGE RATING EX-**  
 15                                **AMINATIONS.**

16        *Section 3729(c) is amended—*

17                                *(1) by inserting “(1)” before “A fee”; and*

18                                *(2) by adding at the end the following new para-*  
 19        *graph:*

20                                *“(2) A veteran who is rated eligible to receive com-*  
 21        *ensation as a result of a pre-discharge disability examina-*  
 22        *tion and rating shall be treated as receiving compensation*  
 23        *for purposes of this subsection as of the date on which the*  
 24        *veteran is rated eligible to receive compensation as a result*  
 25        *of the pre-discharge disability examination and rating*

1 *without regard to whether an effective date of the award*  
 2 *of compensation is established as of that date.”.*

### 3 **TITLE II—EDUCATION MATTERS**

#### 4 **SEC. 201. COLLECTION OF CONTRIBUTIONS FOR EDU-** 5 **CATIONAL ASSISTANCE UNDER MONT-** 6 **GOMERY GI BILL FROM MEMBERS OF THE SE-** 7 **LECTED RESERVE CALLED TO ACTIVE DUTY.**

8 *(a) ACTIVE DUTY PROGRAM.—Section 3011(b) is*  
 9 *amended—*

10 *(1) by striking “The basic pay” and inserting*  
 11 *“(1) Except as provided in paragraph (2), the basic*  
 12 *pay”;*

13 *(2) by designating the second sentence as para-*  
 14 *graph (3), indenting the left margin of such para-*  
 15 *graph, as so designated, two ems, and, in that para-*  
 16 *graph by striking “this chapter” and inserting “this*  
 17 *subsection”;* and

18 *(3) by inserting after paragraph (1), as so des-*  
 19 *ignated, the following new paragraph:*

20 *“(2) In the case of an individual covered by paragraph*  
 21 *(1) who is a Reserve, the Secretary of Defense shall collect*  
 22 *from the individual an amount equal to \$1,200 before the*  
 23 *commencement by the individual of the use of entitlement*  
 24 *to basic educational assistance under this chapter. The Sec-*  
 25 *retary of Defense may collect such amount through reduc-*

1 tions in basic pay in accordance with paragraph (1) or  
2 through such other method as the Secretary of Defense con-  
3 siders appropriate.”.

4 (b) *SELECTED RESERVE PROGRAM*.—Section 3012(c)  
5 is amended—

6 (1) by striking “The basic pay” and inserting  
7 “(1) Except as provided in paragraph (2), the basic  
8 pay”;

9 (2) by designating the second sentence as para-  
10 graph (3), indenting the left margin of such para-  
11 graph, as so designated, two ems, and, in that para-  
12 graph by striking “this chapter” and inserting “this  
13 subsection”; and

14 (3) by inserting after paragraph (1), as so des-  
15 ignated, the following new paragraph:

16 “(2) In the case of an individual covered by paragraph  
17 (1) who is a Reserve, the Secretary of Defense shall collect  
18 from the individual an amount equal to \$1,200 before the  
19 commencement by the individual of the use of entitlement  
20 to basic educational assistance under this chapter. The Sec-  
21 retary of Defense may collect such amount through reduc-  
22 tions in basic pay in accordance with paragraph (1) or  
23 through such other method as the Secretary of Defense con-  
24 siders appropriate.”.

1 **SEC. 202. EDUCATIONAL ASSISTANCE UNDER MONT-**  
 2 **GOMERY GI BILL FOR MEMBERS OF THE SE-**  
 3 **LECTED RESERVE WHO AGGREGATE 2 OR**  
 4 **MORE YEARS OF ACTIVE DUTY SERVICE DUR-**  
 5 **ING ANY 5-YEAR PERIOD.**

6 (a) *ENTITLEMENT.*—Section 3012(a)(1) is amended—

7 (1) in subparagraph (B), by striking “or” at the  
 8 end;

9 (2) in subparagraph (C), by adding “or” at the  
 10 end; and

11 (3) by inserting after subparagraph (C) the fol-  
 12 lowing new subparagraph (D):

13 “(D) during any five-year period beginning  
 14 on or after September 11, 2001, and ending on  
 15 or before June 30, 2008, while in the Selected  
 16 Reserve, serves on active duty in the Armed  
 17 Forces for one or more periods (whether contin-  
 18 uous or otherwise) aggregating not less than two  
 19 years of service on active duty during such pe-  
 20 riod;”.

21 (b) *COLLECTION OF CONTRIBUTIONS.*—Section  
 22 3012(c), as amended by section 201(b) of this Act, is further  
 23 amended by adding at the end the following new paragraph:

24 “(4)(A) In the case of an individual who becomes enti-  
 25 tled to basic educational assistance under this chapter by  
 26 reason of subsection (a)(1)(D), the Secretary of Defense

1 shall collect from the individual an amount equal to \$1,200  
2 not later than one year after the completion by the indi-  
3 vidual of the two years of service on active duty providing  
4 the basis for such entitlement.

5 “(B) An individual described in subparagraph (A)  
6 shall not be entitled to basic educational assistance as de-  
7 scribed in that subparagraph unless an amount equal to  
8 \$1,200 is first collected from the individual as required  
9 under that subparagraph.

10 “(C) The Secretary of Defense may collect amounts  
11 under subparagraph (A) through reductions in basic pay  
12 in accordance with paragraph (1) or through such other  
13 method as the Secretary of Defense considers appropriate.”.

14 (c) DURATION OF ASSISTANCE.—Section 3013(b) is  
15 amended by striking “is entitled to” and all that follows  
16 and inserting the following: “is entitled to—

17 “(1) one month of educational assistance benefits  
18 under this chapter—

19 “(A) in the case of an individual described  
20 in section 3012(a)(1)(A) of this title, for each  
21 month of continuous active duty served by such  
22 individual after June 30, 1985, as part of the  
23 obligated period of active duty on which such en-  
24 titlement is based;

1           “(B) in the case of an individual described  
2           in section 3012(a)(1)(B) of this title, for each  
3           month of continuous active duty served by such  
4           individual after June 30, 1985; or

5           “(C) in the case of an individual described  
6           in section 3012(a)(1)(D) of this title, for each  
7           month of active duty served by such individual  
8           after September 11, 2001, and before July 1,  
9           2008, as part of the aggregate period of active  
10          duty on which such entitlement is based; and

11          “(2) one month of educational assistance benefits  
12          under this chapter for each four months served by  
13          such individual in the Selected Reserve after the ap-  
14          plicable date specified in paragraph (1) of this sub-  
15          section (other than any month in which the indi-  
16          vidual served on active duty).”.

17          (d) *AMOUNT OF ASSISTANCE*.—Section 3015 is amend-  
18 *ed*—

19           (1) in subsections (a)(1)(D) and (b)(1)(D), by  
20           striking “subsection (h)” and inserting “subsection  
21           (i)”;

22           (2) by redesignating subsection (h) as subsection  
23           (i); and

24           (3) by inserting after subsection (g) the following  
25           new subsection (h):

1       “(h) *In the case of an individual entitled to an edu-*  
 2 *cational assistance allowance under section 3012(a)(1)(D)*  
 3 *of this title, the amount of the basic educational assistance*  
 4 *allowance payable under this chapter is the amount deter-*  
 5 *mined under subsection (b) of this section.”.*

6       (e) *OUTREACH.—(1) The Secretary concerned shall*  
 7 *take actions to inform members of the Selected Reserve who*  
 8 *are or may become entitled to basic educational assistance*  
 9 *benefits under chapter 30 of title 38, United States Code,*  
 10 *as a result of section 3012(a)(1)(D) of such title (as amend-*  
 11 *ed by subsection (a) of this section) of the minimum service*  
 12 *requirements for entitlement to such benefits under that*  
 13 *chapter and of the scope and nature of such benefits.*

14       (2) *In this subsection:*

15           (A) *The term “Secretary concerned” has the*  
 16 *meaning given such term in section 101(25) of title*  
 17 *38, United States Code.*

18           (B) *The term “Selected Reserve” has the mean-*  
 19 *ing given such term in section 3002(4) of title 38,*  
 20 *United States Code.*

21 **SEC. 203. TEN-YEAR EXTENSION OF DELIMITING PERIOD**  
 22 **FOR SURVIVORS’ AND DEPENDENTS’ EDU-**  
 23 **CATIONAL ASSISTANCE FOR SPOUSES OF**  
 24 **MEMBERS WHO DIE ON ACTIVE DUTY.**

25       *Section 3512(b)(1) is amended—*

1           (1) *in subparagraph (A), by striking “in sub-*  
 2           *paragraph (B)” and inserting “in subparagraph (B)*  
 3           *or (C)”;* and

4           (2) *by adding at the end the following new sub-*  
 5           *paragraph:*

6           “(C) *Notwithstanding subparagraph (A), an eligible*  
 7           *person referred to in that subparagraph who is made eligi-*  
 8           *ble under section 3501(a)(1)(B) of this title by reason of*  
 9           *the death of a person on active duty may be afforded edu-*  
 10           *cational assistance under this chapter during the 20-year*  
 11           *period beginning on the date (as determined by the Sec-*  
 12           *retary) such person becomes an eligible person within the*  
 13           *meaning of such section.”.*

14   **SEC. 204. AVAILABILITY OF EDUCATION BENEFITS FOR PAY-**  
 15                           **MENT FOR NATIONAL ADMISSIONS EXAMS**  
 16                           **AND NATIONAL EXAMS FOR CREDIT AT INSTI-**  
 17                           **TUTIONS OF HIGHER EDUCATION.**

18           (a) *COVERED EXAMS.*—*Sections 3452(b) and*  
 19           *3501(a)(5) are each amended by adding at the end the fol-*  
 20           *lowing new sentence: “Such term also includes national*  
 21           *tests for admission to institutions of higher learning or*  
 22           *graduate schools (such as the SAT, LSAT, GRE, and*  
 23           *GMAT exams) and national tests providing an opportunity*  
 24           *for course credit at institutions of higher learning (such as*  
 25           *the AP exam).”.*

1       **(b) AMOUNT OF PAYMENT.—**

2               **(1) CHAPTER 30.—***Section 3032 is amended by*  
3       *adding at the end the following new subsection:*

4       “*(g)(1) Subject to paragraph (3), the amount of edu-*  
5       *cational assistance payable under this chapter for a na-*  
6       *tional test for admission or national test providing an op-*  
7       *portunity for course credit at institutions of higher learning*  
8       *described in section 3452(b) of this title is the amount of*  
9       *the fee charged for the test.*

10       “*(2) The number of months of entitlement charged in*  
11       *the case of any individual for a test described in paragraph*  
12       *(1) is equal to the number (including any fraction) deter-*  
13       *mined by dividing the total amount of educational assist-*  
14       *ance paid such individual for such test by the full-time*  
15       *monthly institutional rate of educational assistance, except*  
16       *for paragraph (1), such individual would otherwise be paid*  
17       *under subsection (a)(1), (b)(1), (d), or (e)(1) of section 3015*  
18       *of this title, as the case may be.*

19       “*(3) In no event shall payment of educational assist-*  
20       *ance under this subsection for a test described in paragraph*  
21       *(1) exceed the amount of the individual’s available entitle-*  
22       *ment under this chapter.”.*

23               **(2) CHAPTER 32.—***Section 3232 is amended by*  
24       *adding at the end the following new subsection:*

1           “(d)(1) Subject to paragraph (3), the amount of edu-  
2           cational assistance payable under this chapter for a na-  
3           tional test for admission or national test providing an op-  
4           portunity for course credit at institutions of higher learning  
5           described in section 3452(b) of this title is the amount of  
6           the fee charged for the test.

7           “(2) The number of months of entitlement charged in  
8           the case of any individual for a test described in paragraph  
9           (1) is equal to the number (including any fraction) deter-  
10          mined by dividing the total amount of educational assist-  
11          ance paid such individual for such test by the full-time  
12          monthly institutional rate of educational assistance, except  
13          for paragraph (1), such individual would otherwise be paid  
14          under this chapter.

15          “(3) In no event shall payment of educational assist-  
16          ance under this subsection for a test described in paragraph  
17          (1) exceed the amount of the individual’s available entitle-  
18          ment under this chapter.”.

19                 (3) CHAPTER 34.—Section 3482 is amended by  
20                 adding at the end the following new subsection:

21                 “(i)(1) Subject to paragraph (3), the amount of edu-  
22                 cational assistance payable under this chapter for a na-  
23                 tional test for admission or national test providing an op-  
24                 portunity for course credit at institutions of higher learning

1 *described in section 3452(b) of this title is the amount of*  
 2 *the fee charged for the test.*

3       “(2) *The number of months of entitlement charged in*  
 4 *the case of any individual for a test described in paragraph*  
 5 *(1) is equal to the number (including any fraction) deter-*  
 6 *mined by dividing the total amount of educational assist-*  
 7 *ance paid such individual for such test by the full-time*  
 8 *monthly institutional rate of educational assistance, except*  
 9 *for paragraph (1), such individual would otherwise be paid*  
 10 *under this chapter.*

11       “(3) *In no event shall payment of educational assist-*  
 12 *ance under this subsection for a test described in paragraph*  
 13 *(1) exceed the amount of the individual’s available entitle-*  
 14 *ment under this chapter.”.*

15               (4) *CHAPTER 35.—Section 3532 is amended by*  
 16 *adding at the end the following new subsection:*

17       “(g)(1) *Subject to paragraph (3), the amount of edu-*  
 18 *cational assistance payable under this chapter for a na-*  
 19 *tional test for admission or national test providing an op-*  
 20 *portunity for course credit at institutions of higher learning*  
 21 *described in section 3501(a)(5) of this title is the amount*  
 22 *of the fee charged for the test.*

23       “(2) *The number of months of entitlement charged in*  
 24 *the case of any individual for a test described in paragraph*  
 25 *(1) is equal to the number (including any fraction) deter-*

1 mined by dividing the total amount of educational assist-  
 2 ance paid such individual for such test by the full-time  
 3 monthly institutional rate of educational assistance, except  
 4 for paragraph (1), such individual would otherwise be paid  
 5 under this chapter.

6 “(3) In no event shall payment of educational assist-  
 7 ance under this subsection for a test described in paragraph  
 8 (1) exceed the amount of the individual’s available entitle-  
 9 ment under this chapter.”.

### 10 **TITLE III—OTHER MATTERS**

#### 11 **SEC. 301. AVAILABILITY OF ADMINISTRATIVE AND JUDICIAL** 12 **REDRESS FOR CERTAIN VETERANS DENIED** 13 **OPPORTUNITY TO COMPETE FOR FEDERAL** 14 **EMPLOYMENT.**

15 (a) *ADMINISTRATIVE REDRESS.*—Section 3330a(a)(1)  
 16 of title 5, United States Code, is amended—

17 (1) by inserting “(A)” after “(1)”; and

18 (2) by adding at the end the following new sub-  
 19 paragraph:

20 “(B) A veteran described in section 3304(f)(1) who al-  
 21 leges that an agency has violated such section with respect  
 22 to such veteran may file a complaint with the Secretary  
 23 of Labor.”.

24 (b) *JUDICIAL REDRESS.*—Section 3330b(a) of such  
 25 title is amended by inserting “, or a veteran described by

1 *section 3330a(a)(1)(B) with respect to a violation described*  
 2 *by such section,” after “a preference eligible”.*

3 **SEC. 302. EXTENSION OF BIENNIAL REPORT OF ADVISORY**  
 4 **COMMITTEE ON FORMER PRISONERS OF WAR.**

5 *Section 541(c)(1) is amended by striking “2003” and*  
 6 *inserting “2009”.*

7 **SEC. 303. MODIFICATION OF DEFINITION OF MINORITY**  
 8 **GROUP MEMBER FOR PURPOSES OF ADVI-**  
 9 **SORY COMMITTEE ON MINORITY VETERANS.**

10 *Subsection (d) of section 544 is amended to read as*  
 11 *follows:*

12 *“(d) In this section, the term ‘minority group member’*  
 13 *means an individual who is—*

14 *“(1) American Indian or Alaska Native;*

15 *“(2) Asian;*

16 *“(3) Black or African American;*

17 *“(4) Native Hawaiian or other Pacific Islander;*

18 *or*

19 *“(5) of Hispanic, Latino, or Spanish origin.”.*

Amend the title so as to read: “A bill to amend title 38, United States Code, to improve and extend housing, education, and other benefits under the laws administered by the Secretary of Veterans Affairs, and for other purposes.”.

Calendar No. 706

108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S. 2486**

[Report No. 108-352]

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**A BILL**

To amend title 38, United States Code, to improve and enhance education, housing, employment, medical, and other benefits for veterans and to improve and extend certain authorities relating to the administration or benefits for veterans, and for other purposes.

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SEPTEMBER 20, 2004

Reported with an amendment and an amendment to the title



Calendar No. 706

108<sup>TH</sup> CONGRESS  
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SEPTEMBER 20, 2004

Reported with an amendment and an amendment to the title