

VETERANS BENEFITS ACT OF 2003

JULY 15, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of New Jersey, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 2297]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 2297) to amend title 38, United States Code, to modify and improve certain benefits for veterans, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- (a) SHORT TITLE.—This Act may be cited as the “Veterans Benefits Act of 2003”.
(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Expansion of Montgomery GI Bill education benefits for certain self-employment training.
- Sec. 3. Extension in period of eligibility for survivors' and dependents' education benefits for individuals who are involuntarily ordered to full-time National Guard duty.
- Sec. 4. Extension of Veterans' Advisory Committee on Education.
- Sec. 5. Repeal of provisions relating to obsolete education loan program.
- Sec. 6. Retention of Dependency and Indemnity Compensation for surviving spouses remarrying after age 55.
- Sec. 7. Eligibility of surviving spouses who remarry for burial in national cemeteries.
- Sec. 8. Permanent authority for State cemetery grants.
- Sec. 9. Reinstatement of veterans vocational training program for certain pension recipients.
- Sec. 10. Increase in amounts for certain adaptive benefits for disabled veterans.
- Sec. 11. Presumptions of service-connection relating to diseases and disabilities of former prisoners of war.
- Sec. 12. Extension of spina bifida benefits for children of Vietnam-era veterans.
- Sec. 13. Permanent authority for housing loans for members of the Selected Reserve.
- Sec. 14. Adjustment to home loan fees and uniformity of fees for qualifying Reserve members with fees for active duty veterans.
- Sec. 15. Reinstatement of minimum requirements for sale of vendee loans.
- Sec. 16. Rate of payment of benefits for certain Filipino veterans and their survivors residing in the United States.
- Sec. 17. Burial benefits for new Philippine scouts residing in the United States.
- Sec. 18. Extension of authority to maintain regional office in the Republic of the Philippines.
- Sec. 19. Outstationing of transition assistance program personnel.
- Sec. 20. Forfeiture of benefits for subversive activities.
- Sec. 21. Technical amendments related to Jobs for Veterans Act.
- Sec. 22. Technical and conforming relating to establishment of Social Security Administration as an independent agency.

SEC. 2. EXPANSION OF MONTGOMERY GI BILL EDUCATION BENEFITS FOR CERTAIN SELF-EMPLOYMENT TRAINING.

(a) **DEFINITION OF TRAINING ESTABLISHMENT.**—Section 3452(e) of title 38, United States Code, is amended by striking “means any” and all that follows and inserting “means any of the following:

“(1) An establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education.

“(2) An establishment providing self-employment on-job training consisting of full-time training for a period of less than six months that is needed or accepted for purposes of obtaining licensure to engage in a self-employment occupation or required for ownership and operation of a franchise that is the objective of the training.

“(3) A State board of vocational education.

“(4) A Federal or State apprenticeship registration agency.

“(5) A joint apprenticeship committee established pursuant to the Act of August 16, 1937, popularly known as the ‘National Apprenticeship Act’ (29 U.S.C. 50 et seq.).

“(6) An agency of the Federal Government authorized to supervise such training.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on the date that is six months after the date of the enactment of this Act and shall apply to self-employment on-job training approved and pursued on or after that date.

SEC. 3. EXTENSION IN PERIOD OF ELIGIBILITY FOR SURVIVORS’ AND DEPENDENTS’ EDUCATION BENEFITS FOR INDIVIDUALS WHO ARE INVOLUNTARILY ORDERED TO FULL-TIME NATIONAL GUARD DUTY.

(a) **IN GENERAL.**—Section 3512(h) of title 38, United States Code, is amended by inserting “or is involuntarily ordered to full-time National Guard duty under section 502(f) of title 32,” after “title 10,”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect as of September 11, 2001.

SEC. 4. EXTENSION OF VETERANS’ ADVISORY COMMITTEE ON EDUCATION.

(a) **EXTENSION.**—Subsection (c) of section 3692 of title 38, United States Code, is amended by striking “December 31, 2003” and inserting “December 31, 2009”.

(b) **MODIFICATION OF MEMBERSHIP REQUIREMENTS.**—The second sentence of subsection (a) of such section is amended by striking “World War II, the Korean conflict era, the post-Korean conflict era,”.

(c) **TECHNICAL AMENDMENT.**—Such section is further amended by striking “chapter 106” each place it appears and inserting “chapter 1606”.

SEC. 5. REPEAL OF PROVISIONS RELATING TO OBSOLETE EDUCATION LOAN PROGRAM.

(a) **TERMINATION OF PROGRAM.**—Subchapter III of chapter 36 of title 38, United States Code, is repealed.

(b) **TRANSFER OF LOAN FUND BALANCE.**—Any balance as of the date of the enactment of this Act in the Department of Veterans Affairs Education Loan Fund shall be transferred to the Department of Veterans Affairs Readjustment Benefits Account.

(c) **DISCHARGE OF LIABILITY.**—The Secretary of Veterans Affairs shall discharge any outstanding liability of a veteran under such subchapter. Any overpayment declared under section 3698(e)(1) of that subchapter shall be waived without further process on the date on which funds are transferred under subsection (b).

(d) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 36 of such title is amended by striking the items relating to subchapter III and sections 3698 and 3699.

(e) **CONFORMING AMENDMENTS.**—(1) Section 3462(a) of such title is amended by striking paragraph (2).

(2) Section 3485(e)(1) of such title by striking “(other than an education loan under subchapter III)”.

(3) Section 3512 of such title is amended by striking subsection (f).

SEC. 6. RETENTION OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES REMARRYING AFTER AGE 55.

(a) **EXCEPTION TO TERMINATION OF BENEFITS UPON REMARRIAGE.**—Section 103(d)(2)(B) of title 38, United States Code, is amended by inserting “1311 or” after “under section”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on—

(1) the first day of the first month that begins after the date of the enactment of this Act; or

(2) the first day of the fiscal year that begins in the calendar year in which this Act is enacted, if later than the date specified in paragraph (1).

(c) **RETROACTIVE BENEFITS PROHIBITED.**—No benefit may be paid to any person by reason of the amendment made by subsection (a) for any period before the effective date specified in subsection (b).

(d) **APPLICATION FOR BENEFITS.**—In the case of an individual who but for having remarried would be eligible for dependency and indemnity compensation under section 1311 of title 38, United States Code, and whose remarriage was before the date of the enactment of this Act and after the individual had attained age 55, the individual shall be eligible for such compensation by reason of the amendment made by subsection (a) only if the individual submits an application for such compensation to the Secretary of Veterans Affairs not later than the end of the one-year period beginning on the date of the enactment of this Act.

SEC. 7. ELIGIBILITY OF SURVIVING SPOUSES WHO REMARRY FOR BURIAL IN NATIONAL CEMETERIES.

(a) **ELIGIBILITY.**—Section 2402(5) of title 38, United States Code, is amended by striking “(which for purposes of this chapter includes an unremarried surviving spouse who had a subsequent remarriage which was terminated by death or divorce)” and inserting “(which for purposes of this chapter includes a surviving spouse who had a subsequent remarriage)”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply with respect to deaths occurring on or after January 1, 2000.

SEC. 8. PERMANENT AUTHORITY FOR STATE CEMETERY GRANTS.

Paragraph (2) of section 2408(a) of title 38, United States Code, is amended—

(1) by striking “for fiscal year 1999 and for each succeeding fiscal year through fiscal year 2004”; and

(2) by adding at the end the following new sentence: “Funds appropriated under the preceding sentence shall remain available until expended.”.

SEC. 9. REINSTATEMENT OF VETERANS VOCATIONAL TRAINING PROGRAM FOR CERTAIN PENSION RECIPIENTS.

(a) **ESTABLISHMENT OF NEW PROGRAM PERIOD.**—Subsection (a)(3) of section 1524 of title 38, United States Code, is amended by striking “the period beginning on February 1, 1985, and ending on December 31, 1995” and inserting “the five-year period beginning on the date of the enactment of the Veterans Benefits Act of 2003”.

(b) **CONFORMING AMENDMENT.**—Subsection (b)(4) of such section is amended by striking “December 31, 1995” and inserting “the end of the program period”.

(c) **OUTREACH.**—Such section is further amended by adding at the end the following new subsection:

“(f) The Secretary shall ensure that the availability of vocational training under this section is made known through a variety of means, including the Internet and announcements in Department publications and other veterans’ publications.”.

(d) **REPORTS.**—Such section, as amended by subsection (c), is further amended by adding at the end the following new subsection:

“(g) Not later than two years after the date of the enactment of the Veterans Benefits Act of 2003, and each year thereafter, the Secretary shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report on the operation of this section. The report shall set forth an evaluation of the vocational training provided under this section for the period involved, and shall include an analysis of the cost-effectiveness of the vocational training provided under this section as well as data on the entered-employment rate of veterans pursuing such vocational training.”.

(e) **STYLISTIC AMENDMENTS.**—Such section is further amended—

(1) by striking “of Veterans Affairs” in subsection (a)(1); and

(2) by striking “of this section” in subsections (a)(2), (b)(1), (b)(4) (both places it appears), (c), (d), and (e).

SEC. 10. INCREASE IN AMOUNTS FOR CERTAIN ADAPTIVE BENEFITS FOR DISABLED VETERANS.

(a) **INCREASE IN ASSISTANCE AMOUNT FOR SPECIALLY ADAPTED HOUSING.**—Section 2102 of title 38, United States Code, is amended—

(1) in the matter preceding paragraph (1) of subsection (a), by striking “\$48,000” and inserting “\$50,000”; and

(2) in subsection (b)(2), by striking “\$9,250” and inserting “\$10,000”.

(b) **INCREASE IN AMOUNT OF ASSISTANCE FOR AUTOMOBILE AND ADAPTIVE EQUIPMENT FOR CERTAIN DISABLED VETERANS.**—Section 3902(a) of such title is amended by striking “\$9,000” and inserting “\$11,000”.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to assistance furnished on or after the date of the enactment of this Act.

SEC. 11. PRESUMPTIONS OF SERVICE-CONNECTION RELATING TO DISEASES AND DISABILITIES OF FORMER PRISONERS OF WAR.

Subsection (b) of section 1112 of title 38, United States Code, is amended to read as follows:

“(b)(1) For the purposes of section 1110 of this title and subject to the provisions of section 1113 of this title, in the case of a veteran who is a former prisoner of war—

“(A) a disease specified in paragraph (2) shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of such disease during the period of service; and

“(B) if the veteran was detained or interned as a prisoner of war for not less than thirty days, a disease specified in paragraph (3) which became manifest to a degree of 10 percent or more after active military, naval, or air service shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of such disease during the period of service.

“(2) The diseases specified in this paragraph are the following:

“(A) Psychosis.

“(B) Any of the anxiety states.

“(C) Dysthymic disorder (or depressive neurosis).

“(D) Organic residuals of frostbite, if the Secretary determines that the veteran was interned in climatic conditions consistent with the occurrence of frostbite.

“(E) Post-traumatic osteoarthritis.

“(3) The diseases specified in this paragraph are the following:

“(A) Avitaminosis.

“(B) Beriberi (including beriberi heart disease).

“(C) Chronic dysentery.

“(D) Helminthiasis.

“(E) Malnutrition (including optic atrophy associated with malnutrition).

“(F) Pellagra.

“(G) Any other nutritional deficiency.

“(H) Cirrhosis of the liver.

“(I) Peripheral neuropathy except where directly related to infectious causes.

“(J) Irritable bowel syndrome.

“(K) Peptic ulcer disease.”

SEC. 12. EXTENSION OF SPINA BIFIDA BENEFITS FOR CHILDREN OF VIETNAM-ERA VETERANS.

(a) ELIGIBLE CHILDREN.—Subchapter I of chapter 18 of title 38, United States Code, is amended by inserting before section 1802 the following new section:

“§ 1801. Persons eligible for benefits

“An individual is an eligible child for purposes of this subchapter if the individual is suffering from spina bifida and is—

“(1) a child as defined in section 1821(1) of this title; or

“(2) the natural child, regardless of age or marital status, of a parent who during the period beginning on October 1 1967, and ending on May 7 1975, performed active military, naval, or air service in the Republic of Korea in the area between the south line of the Demilitarized Zone and a line five miles south of the Civilian Control Line established with respect to the Demilitarized Zone, but only if the individual was conceived after the parent performed such service.”

(b) HEALTH CARE.—Section 1803(a) of such title is amended by striking “a child of a Vietnam veteran who is suffering from spina bifida” and inserting “an eligible child”.

(c) VOCATIONAL TRAINING AND REHABILITATION.—Section 1804(a) of such title is amended by striking “a child of a Vietnam veteran who is suffering from spina bifida” and inserting “an eligible child”.

(d) MONETARY ALLOWANCE.—Section 1805(a) of such title is amended by striking “any child of a Vietnam veteran” and inserting “any eligible child”.

(e) CONFORMING AMENDMENTS.—Chapter 18 of such title is amended as follows:

(1) The heading of the chapter is amended to read as follows:

“CHAPTER 18—DISABILITY BENEFITS FOR CHILDREN OF VIETNAM VETERANS AND OTHER VETERANS EXPOSED TO HERBICIDE AGENTS”.

(2) The heading of subchapter I is amended to read as follows:

“SUBCHAPTER I—CHILDREN BORN WITH SPINA BIFIDA”.

(3) The table of sections at the beginning of the chapter is amended—
 (A) by striking the item relating to subchapter I and inserting the following:

“SUBCHAPTER I—CHILDREN BORN WITH SPINA BIFIDA”;

and

(B) by inserting before the item relating to section 1802 the following new item:

“1801. Persons eligible for benefits.”.

(f) TABLES OF CHAPTERS.—The items relating to chapter 18 in the tables of chapters at the beginning of title 38, United States Code, and at the beginning of part II of such title, are amended to read as follows:

“18. Disability Benefits for Children of Vietnam Veterans and Other Veterans Exposed to Herbicide Agents 1801”.

SEC. 13. PERMANENT AUTHORITY FOR HOUSING LOANS FOR MEMBERS OF THE SELECTED RESERVE.

Section 3702(a)(2)(E) of title 38, United States Code, is amended by striking “For the period” and all that follows through “each” and inserting “Each”.

SEC. 14. ADJUSTMENT TO HOME LOAN FEES AND UNIFORMITY OF FEES FOR QUALIFYING RESERVE MEMBERS WITH FEES FOR ACTIVE DUTY VETERANS.

(a) REVISED LOAD FEE TABLE.—Paragraph (2) of section 3729(b) of title 38, United States Code, is amended to read as follows:

“(2) The loan fee table referred to in paragraph (1) is as follows:

“LOAN FEE TABLE

Type of loan	Veteran	Other obligor
(A)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed before October 1, 2003)	2.00	NA
(A)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2003, and before October 1, 2011)	2.15	NA
(A)(iii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2011)	1.40	NA
(B)(i) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed before October 1, 2011)	3.30	NA
(B)(ii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2011 and before October 1, 2013)	2.15	NA
(B)(iii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2013)	1.25	NA
(C)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed before October 1, 2011)	1.50	NA
(C)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2011)	0.75	NA
(D)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed before October 1, 2011)	1.25	NA
(D)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2011)	0.50	NA
(E) Interest rate reduction refinancing loan	0.50	NA
(F) Direct loan under section 3711	1.00	NA

“LOAN FEE TABLE—Continued

Type of loan	Veteran	Other obligor
(G) Manufactured home loan under section 3712 (other than an interest rate reduction refinancing loan)	1.00	NA
(H) Loan to Native American veteran under section 3762 (other than an interest rate reduction refinancing loan)	1.25	NA
(I) Loan assumption under section 3714	0.50	0.50
(J) Loan under section 3733(a)	2.25	2.25
(K) Hybrid loan under section 3707A	1.25	NA”.

(b) CONFORMING AMENDMENTS.—(1) Subparagraph (A) of paragraph (4) of such section is amended to read as follows:

“(A) The term ‘veteran’ means any veteran eligible for the benefits of this chapter.”.

(2) Such paragraph is further amended by striking subparagraph (B) and redesignating subparagraphs (C), (D), (E), (F), (G), (H), and (I) as subparagraphs (B), (C), (D), (E), (F), (G), and (H), respectively.

SEC. 15. REINSTATEMENT OF MINIMUM REQUIREMENTS FOR SALE OF VENDEE LOANS.

(a) REINSTATEMENT.—Subsection (a) of section 3733 of title 38, United States Code, is amended by striking paragraph (2).

(b) INCREASE IN MAXIMUM PERCENTAGE.—Paragraph (1) of such subsection is amended—

- (1) by striking “65 percent” in the first sentence and inserting “85 percent”;
- (2) by striking “may be financed” and inserting “shall be financed”; and
- (3) by striking the second sentence.

(c) STYLISTIC AMENDMENTS.—Such section is further amended—

- (1) by striking “of this subsection” after—
 - (A) “paragraph (1)” in subsections (a)(4)(A), (a)(5), (a)(6), and (c)(2); and
 - (B) “paragraph (5)” in subsection (a)(4)(B)(i); and
- (2) by striking “of this paragraph” each place it appears in subsection (a)(4).

SEC. 16. RATE OF PAYMENT OF BENEFITS FOR CERTAIN FILIPINO VETERANS AND THEIR SURVIVORS RESIDING IN THE UNITED STATES.

(a) RATE OF PAYMENT.—Section 107 of title 38, United States Code, is amended—

(1) in the second sentence of subsection (b), by striking “Payments” and inserting “Except as provided in subsection (c), payments”; and

(2) in subsection (c)—

- (A) by inserting “and subchapter II of chapter 13 (except section 1312(a) of this title” after “chapter 11 of this title”;
- (B) by striking “in subsection (a)” and inserting “in subsection (a) or (b)”;
- and
- (C) by striking “of subsection (a)” and inserting “of the applicable subsection”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to benefits paid for months beginning after the date of the enactment of this Act.

SEC. 17. BURIAL BENEFITS FOR NEW PHILIPPINE SCOUTS RESIDING IN THE UNITED STATES.

(a) BENEFIT ELIGIBILITY.—Section 107 of title 38, United States Code, as amended by section 16, is further amended—

(1) in subsection (b)(2)—

- (A) by striking “and” and inserting a comma; and
- (B) by inserting “, 23, and 24 (to the extent provided for in section 2402(8))” after “(except section 1312(a))”;
- (2) in the second sentence of subsection (b), as amended by section 16(a)(1), by inserting “or (d)” after “subsection (c)”;
- (3) in subsection (d)(1), by inserting “or (b), as otherwise applicable,” after “subsection (a)”;
- and
- (4) in subsection (d)(2), by inserting “or whose service is described in subsection (b) and who dies after the date of the enactment of the Veterans Benefits Act of 2003,” after “November 1, 2000,”.

(b) NATIONAL CEMETERY INTERMENT.—Section 2402(8) of such title is amended by striking “section 107(a)” and inserting “subsection (a) or (b) of section 107”.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to deaths occurring after the date of the enactment of this Act.

SEC. 18. EXTENSION OF AUTHORITY TO MAINTAIN REGIONAL OFFICE IN THE REPUBLIC OF THE PHILIPPINES.

Section 315(b) of title 38, United States Code, is amended by striking “December 31, 2003” and inserting “December 31, 2009”.

SEC. 19. OUTSTATIONING OF TRANSITION ASSISTANCE PROGRAM PERSONNEL.

(a) IN GENERAL.—(1) Chapter 41 of title 38, United States Code, is amended by adding at the end the following new section:

“§ 4113. Outstationing of Transition Assistance Program personnel

“(a) STATIONING OF TAP PERSONNEL AT OVERSEAS MILITARY INSTALLATIONS.—(1) The Secretary—

“(A) shall station employees of the Veterans’ Employment and Training Service, or contractors under subsection (c), at each veterans assistance office described in paragraph (2); and

“(B) may station such employees or contractors at such other military installations outside the United States as the Secretary, after consultation with the Secretary of Defense, determines to be appropriate or desirable to carry out the purposes of this chapter.

“(2) Veterans assistance offices referred to in paragraph (1)(A) are those offices that are established by the Secretary of Veterans Affairs on military installations pursuant to the second sentence of section 7723(a) of this title.

“(b) FUNCTIONS.—Employees (or contractors) stationed at military installations pursuant to subsection (a) shall provide, in person, counseling, assistance in identifying employment and training opportunities, help in obtaining such employment and training, and other related information and services to members of the Armed Forces who are being separated from active duty, and the spouses of such members, under the Transition Assistance Program and Disabled Transition Assistance Program established in section 1144 of title 10.

“(c) AUTHORITY TO CONTRACT WITH PRIVATE ENTITIES.—The Secretary, consistent with such section 1144, may enter into contracts with public or private entities to provide, in person, some or all of the counseling, assistance, information and services under the Transition Assistance Program required under subsection (a).”

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“4113. Outstationing of Transition Assistance Program personnel.”

(b) DEADLINE FOR IMPLEMENTATION.—Not later than the date that is 90 days after the date of the enactment of this Act, the Secretary of Labor shall implement section 4113 of title 38, United States Code, as added by subsection (a), and shall have employees of the Veterans’ Employment and Training Service, or contractors, to carry out that section at the military installations involved by such date.

SEC. 20. FORFEITURE OF BENEFITS FOR SUBVERSIVE ACTIVITIES.

(a) ADDITION OF CERTAIN OFFENSES.—Paragraph (2) of section 6105(b) of title 38, United States Code, is amended—

(1) by inserting “175, 229,” after “sections”; and

(2) by inserting “831, 1091, 2332a, 2332b,” after “798.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to claims filed after the date of the enactment of this Act.

SEC. 21. TECHNICAL AMENDMENTS RELATED TO JOBS FOR VETERANS ACT.

(a) JOB TRAINING AND PLACEMENT FUNCTIONS OF THE DEPARTMENT OF LABOR.—(1) Subsection (c)(2)(B)(ii) of section 4102A of such title is amended by striking “October 1, 2002” and inserting “October 1, 2003”.

(2) The amendment made by paragraph (1) shall take effect as if included in the enactment of section 4(a) of the Jobs for Veterans Act (Public Law 107–288; 116 Stat. 2038).

(b) OTHER TECHNICAL AMENDMENTS.—(1) Such subsection is further amended by striking “, as amended by the Jobs for Veterans Act”.

(2) Subsection (f)(1) of such section is amended by striking “6 months after the date of the enactment of this section,” and inserting “May 7, 2003.”

SEC. 22. TECHNICAL AND CONFORMING RELATING TO ESTABLISHMENT OF SOCIAL SECURITY ADMINISTRATION AS AN INDEPENDENT AGENCY.

Title 38, United States Code, is amended as follows:

(1) Section 1322 is amended—

(A) in subsection (a), by striking “Secretary of Health and Human Services” and all that follows through the period and inserting “Commissioner of Social Security, and shall be certified by the Commissioner to the Secretary upon request of the Secretary.”; and

(B) in subsection (b)—

- (i) by striking “Secretary of Health and Human Services” in the first sentence and inserting “Commissioner of Social Security”;
 - (ii) by striking “the two Secretaries” and inserting “the Secretary and the Commissioner”; and
 - (iii) by striking “Secretary of Health and Human Services” in the second sentence and inserting “Commissioner”.
- (2) Section 5101(a) is amended by striking “Secretary of Health and Human Services” and inserting “Commissioner of Social Security”.
- (3) Section 5317 is amended by striking “Secretary of Health and Human Services” in subsections (a), (b), and (g) and inserting “Commissioner of Social Security”.
- (4)(A) Section 5318 is amended—
- (i) in subsection (a), by striking “Department of Health and Human Services” and inserting “Social Security Administration”; and
 - (ii) in subsection (b)—
 - (I) by striking “Department of Health and Human Services” and inserting “Social Security Administration”;
 - (II) by striking “Secretary of Health and Human Services” the first place it appears and inserting “Commissioner of Social Security”;
 - (III) by striking “Secretary of Health and Human Services” the second place it appears and inserting “Commissioner”; and
 - (IV) by striking “such Secretaries” and inserting “the Secretary and the Commissioner”.
- (B)(i) The heading of such section is amended to read as follows:
- “§ 5318. Review of Social Security Administration death information”.**
- (ii) The item relating to that section in the table of sections at the beginning of chapter 53 is amended to read as follows:

“5318. Review of Social Security Administration death information.”.

Amend the title so as to read:

A bill to amend title 38, United States Code, to improve benefits under laws administered by the Secretary of Veterans Affairs, and for other purposes.

INTRODUCTION

The reported bill reflects the Committee’s consideration of bills introduced during the 108th Congress: H.R. 533, H.R. 966, H.R. 1048, H.R. 1167, H.R. 1716, H.R. 2164, H.R. 2285 and H.R. 2297.

On April 10, 2003, the Subcommittee on Benefits held a hearing on six bills, including H.R. 533, the Agent Orange Veterans’ Disabled Children’s Benefits Act of 2003, introduced by Honorable Lane Evans, Honorable Ciro D. Rodriguez, Honorable Bob Filner, Honorable Luis V. Gutierrez, Honorable Corrine Brown, Honorable Vic Snyder, Honorable Mike McIntyre, Honorable Bernard Sanders, Honorable Jose E. Serrano, and Honorable Henry A. Waxman on February 5, 2003; H.R. 966, the Disabled Veterans’ Return-to-Work Act of 2003, introduced by Honorable Henry E. Brown, Jr. and Honorable Ciro D. Rodriguez, Chairman and then-Ranking Member, respectively, of the Subcommittee on Benefits, Honorable Christopher H. Smith and Honorable Lane Evans, on February 27, 2003; and H.R. 1048, the Disabled Veterans Adaptive Benefits Improvement Act of 2003, introduced by Honorable Henry E. Brown, Jr., Honorable Ciro D. Rodriguez, Honorable Christopher H. Smith, and Honorable Lane Evans on March 4, 2003.

On June 11, 2003, the Subcommittee on Benefits held a hearing on eight bills, including H.R. 1167, to permit remarried surviving spouses of veterans to be eligible for burial in a national cemetery, introduced on March 6, 2003, by Honorable Heather Wilson; H.R. 2164, to provide for an extension in the period of eligibility for survivors’ and dependents’ education benefits for members of the National Guard who are involuntarily ordered to full-time National

Guard duty, introduced on May 20, 2003, by Honorable Jeb Bradley and Honorable Michael H. Michaud; H.R. 2285, the Servicemembers Overseas Outreach Act, introduced on June 2, 2003, by Honorable Michael K. Simpson, Honorable Bob Beauprez, Honorable Christopher H. Smith, Honorable Lane Evans, Honorable Henry E. Brown, Jr., Honorable Michael H. Michaud, and Honorable Steve Buyer; and H.R. 2297, to modify and improve certain benefits for veterans and for other purposes, introduced on June 2, 2003, by Honorable Christopher H. Smith, Honorable Lane Evans, Honorable Henry E. Brown, Jr., and Honorable Michael H. Michaud.

On June 25, 2003, the Subcommittee on Benefits met and unanimously ordered H.R. 2297, as amended, reported favorably to the full Committee.

On June 26, 2003, the full Committee met and ordered H.R. 2297 reported favorably, as amended, to the House by unanimous voice vote.

SUMMARY OF THE REPORTED BILL

H.R. 2297, as amended, would:

1. Expand the Montgomery GI Bill program by authorizing educational assistance for on-job training in certain self-employment training programs.
2. Extend the delimiting date for survivors' and dependents' education benefits when the eligible individual is involuntarily ordered to full-time National Guard duty.
3. Extend the Veterans' Advisory Committee on Education through December 31, 2009.
4. Repeal an obsolete VA education loan program authorization.
5. Provide that remarriage of the surviving spouse of a veteran after attaining age 55 would not result in termination of dependency and indemnity compensation (DIC).
6. Allow a remarried surviving spouse to retain eligibility for burial in a national cemetery based on his or her marriage to a veteran.
7. Make permanent the State Cemetery Grants Program.
8. Reinstate a VA pilot program to provide vocational training to newly eligible VA nonservice-connected pension recipients.
9. Increase the specially adapted automobile grant from \$9,000 to \$11,000, and increase the specially adapted housing grants from \$48,000 to \$50,000 for the most severely disabled veterans and from \$9,350 to \$10,000 for less severely disabled veterans.
10. Add cirrhosis of the liver to the list of presumed service-connected disabilities for former prisoners of war, and eliminate the requirement that a POW be held for 30 days or more to qualify for presumptions of service-connection for certain disabilities: psychosis, any of the anxiety states, dysthymic disorder, organic residuals of frostbite, and post-traumatic osteoarthritis.
11. Expand benefits eligibility to those children with spina bifida who were born to Vietnam-era veterans who served in an

area of Korea near the demilitarized zone between October 1, 1967 and May 7, 1975.

12. Make permanent the VA home loan program for members of the Selected Reserve.
13. Adjust the funding fee charged to Selected Reserve home loan applications to the same amount as the amount paid by active duty servicemembers, and make certain increases in home loan fees.
14. Reinstate the Department of Veterans Affairs' vendee loan program.
15. Provide the full amount of compensation and dependency and indemnity compensation (DIC) to eligible members of the new Philippine Scouts and their survivors, as well as the full amount of DIC paid by reason of service in the organized military forces of the Commonwealth of the Philippines, including organized guerilla units, if the individual to whom the benefit is payable resides in the United States and is either a citizen of the U.S. or an alien lawfully admitted for permanent residence.
16. Extend eligibility for burial in a national cemetery to new Philippine Scouts, as well as eligibility for burial benefits, to those who lawfully reside in the United States.
17. Extend the authority of the Secretary of Veterans Affairs to maintain a regional office in Manila, Philippines, through December 31, 2009.
18. Mandate that the Department of Labor place staff in veterans' assistance offices at overseas military installations 90 days after date of enactment.
19. Expand the list of serious federal criminal offenses a conviction for which would result in a bar to all VA benefits.

BACKGROUND AND DISCUSSION

Expansion of Montgomery GI Bill education benefits for certain self-employment training.—Section 2 of the bill would expand the Montgomery GI Bill program by authorizing educational assistance benefits for on-job training of less than six months in certain self-employment training programs. Public Law 106–50, the Veterans Entrepreneurship and Small Business Development Act, requires that all Federal agencies aggressively support self-employment for veterans and service-disabled veterans, directly and through public-private partnerships. This provision would provide those veterans considering self-employment with improved access to training benefits, including training related to franchises. This provision is derived from an Administration proposal.

Extension in period of eligibility for survivors' and dependents' education benefits for individuals who are involuntarily ordered to full-time National Guard duty.—Section 3 of the bill would amend current law to provide that individuals who qualify for survivors' and dependents' education benefits under chapter 35 of title 38, United States Code, and are involuntarily ordered to full-time National Guard duty under title 32, United States Code, after September 11, 2001, would have their eligibility extended. This section would allow the survivor or dependent to have the ending date of

their eligibility extended by an amount of time equal to that period of full-time duty plus 4 months. Current law allows such an extension only to Reservists called up to active duty after September 11, 2001.

Extension of Veterans' Advisory Committee on Education.—Section 4 of the bill would extend, through December 31, 2009, the Veterans' Advisory Committee on Education, as well as amend the language to eliminate the requirement that veterans from certain wartime and post-wartime periods be members of the Committee. Under current law, the Committee will expire on December 31, 2003. The Advisory Committee has made a number of recommendations that have become legislative proposals, and its discussions and recommendations are a valuable aid in VA's efforts to administer its education programs. This provision would also eliminate the requirement that veterans from certain periods—World War II, Korean conflict era, or post-Korean conflict era—be required to participate as members of the Advisory Committee. The change would provide for greater flexibility in filling positions on the Committee. This provision is derived from an Administration proposal.

Repeal of provisions relating to obsolete education loan program.—Section 5 of the bill would repeal the VA education loan program, in effect since January 1, 1975, and waive any existing repayment obligations, including overpayments due to default on such loans. The education loan program is currently available to issue loans up to a maximum of \$2,500 per academic year to spouses and surviving spouses who are past their delimiting dates with remaining entitlement to chapter 35 benefits. The population eligible for this program is very limited, and with other options in the public and private sectors, there is no longer a demand for the loans. VA has not issued a loan under this program in several years, but the government has paid approximately \$70,000 a year to administer it. VA's October 2002 monthly loan statistics show 20 current education loans in the amount of \$14,987.08 and 116 defaulted education loans totaling \$105,908.10; it costs VA more to administer the loan program on a continuous basis than to forgive the debts currently outstanding. This provision is derived from an Administration proposal.

Retention of dependency and indemnity compensation for surviving spouses remarrying after age 55.—Section 6 of the bill would allow a surviving spouse who remarries after attaining age 55 to retain dependency and indemnity compensation (DIC). Those surviving spouses who remarried after attaining age 55 but before this provision is enacted would have one year to apply for reinstatement of their DIC benefit.

DIC is a tax-free monthly benefit paid to the surviving spouse of a veteran who dies as a result of military service. While current law prevents payment of DIC during the course of a subsequent marriage, Public Law 105-178 allowed reinstatement of this benefit if the remarriage is terminated. As the Honorable Michael Bilirakis stated in testimony before the Subcommittee on Benefits on April 11, 2002, "DIC is the only federal annuity program that does not allow a widow who is receiving compensation to remarry at an older age and retain her annuity." It is the Committee's intent that

an older surviving spouse who chooses to remarry should not be discouraged from doing so by the loss of DIC benefits. Public Law 107-330 allowed a surviving spouse who remarries after age 55 to retain VA health insurance coverage.

The Committee has not been able to obtain accurate data with respect to the numbers of surviving spouses likely to be affected by this provision. The Committee expects the Department of Veterans Affairs to obtain and maintain accurate data concerning the number and age of those surviving spouses who apply for reinstatement of their DIC benefits under this provision.

Eligibility of surviving spouses who remarry for burial in national cemeteries.—Section 7 of the bill would allow a surviving spouse of a veteran to be eligible for burial in a VA national cemetery based on his or her marriage to the veteran, regardless of the status of a subsequent marriage. Current law does not permit the surviving spouse to be buried in a national cemetery if a remarriage is in effect when the veteran's surviving spouse is married at the time of death. According to VA, in cases when this situation has arisen, the veteran's children and grandchildren, and often the most recent spouse, support burial of the decedent with a previously deceased veteran-spouse in a VA national cemetery.

Permanent authority for State cemetery grants.—Section 8 of the bill would make permanent the State Cemetery Grants Program. Current law authorizes appropriations for making these grants through fiscal year 2004. The State Cemetery Grants Program provides grants to assist the states in establishing, expanding, and improving state-owned veterans' cemeteries. Increasing the availability of state veterans' cemeteries is one way to serve veterans who do not reside near a national cemetery. State cemeteries augment—but do not supplant—VA's national cemetery program. Since the beginning of the State Cemetery Grants Program, 127 grants totaling more than \$155 million to establish, expand or improve 57 veterans cemeteries in 31 states have been awarded. This provision is derived from an Administration proposal.

Reinstatement of veterans' vocational training program for certain pension recipients.—Section 9 of the bill would reinstate a VA pilot program, which expired on December 31, 1995, to provide vocational training to newly eligible VA nonservice-connected pension recipients. The program, open to those veterans age 45 years or younger, would provide disabled pension recipients the opportunity to receive training in order to return to the job market. There are many ways veterans can and do contribute to the economy. Those veterans receiving nonservice-connected pension are in effect discouraged from seeking employment because of the needs-based structure of VA's Pension Program, whereby every dollar they earn is offset from the amount of monthly pension they receive. Amounts paid to a veteran pursuing a course of vocational rehabilitation or training—including tuition, fees, books, and materials—are excluded in determining eligibility for and the amount of pension benefits available. The Committee believes it would be beneficial to reinstate the pilot program in order to give veterans considered permanently and totally disabled an opportunity to obtain employment rather than requiring these veterans to rely solely on

the VA pension program and health care system for the remainder of their lives.

Increase in amounts for certain adaptive benefits for disabled veterans.—Section 10(a) of the bill would increase the grants for specially adapted housing for severely disabled veterans from \$48,000 to \$50,000, and would increase the amount for less severely disabled veterans from \$9,250 to \$10,000. Under current law, the Secretary is authorized to assist eligible veterans in acquiring suitable housing and adaptations with special fixtures made necessary by the nature of the veteran's service-connected disability, and with the necessary land. Section 10(b) of the bill would increase the one-time reimbursement VA may pay to an eligible disabled servicemember or veteran to purchase an automobile from \$9,000 to \$11,000.

Presumptions of service-connection relating to diseases and disabilities of former prisoners of war.—Section 11 of the bill would add cirrhosis of the liver to the disabilities presumptively service-connected for former prisoners of war, as well as provide a presumption of service-connection without regard to length of confinement for certain psychiatric disabilities as well as cold weather injuries and traumatic arthritis. Current law requires former POWs to have been confined for at least 30 days before they qualify for a presumption of service-connection for certain disabilities. At the time that POWs originally were awarded presumptions of service-connection for certain disabilities, most of the disabilities were related to malnutrition. Short-term prisoners of war were rare. See *Bills to Increase Compensation Payments for Service-connected Disabled Veterans and Increase Income Limits and Rates for Non-service-connected Pensioners: Hearings Before the Subcommittee on Compensation and Pension of the Committee on Veterans' Affairs, House of Representatives, 91st Congress, Second Session, (May 26–27, June 3, 1970).*

Prisoners of war in more recent conflicts have been interred for shorter periods of time. All the POWs from Operation Iraqi Freedom were confined for less than 30 days. The VA's Advisory Committee on Former Prisoners of War has recommended that the 30-day requirement be eliminated for all presumptive conditions. *Biennial Report of the Advisory Committee on Former Prisoners of War* (transmitted to the House Committee on Veterans' Affairs, December 4, 2001). This provision would eliminate the 30-day requirement for all psychiatric conditions, cold weather-related injuries, and post-traumatic arthritis. The Committee notes that no durational requirement is indicated in the criteria for diagnosis of post-traumatic stress disorder, a common POW disability. Likewise, service-connection for POWs based on cold weather-related injuries are more properly related to internment in climatic conditions consistent with the occurrence of frostbite. Frostbite can occur within hours if the temperature is low enough. Post-traumatic arthritis is a condition which results from trauma; trauma can occur in a matter of seconds. While some length of internment may be appropriate for disabilities related to nutritional deficiencies, there is no scientific evidence to support a length of confinement requirement for psychiatric conditions, cold injuries and post-traumatic arthritis. During the hearing on April 10, 2003, the Veterans of Foreign Wars strongly urged the Committee to eliminate the 30-day

requirement for presumptive conditions in order to “include those POWs who have been held for shorter intervals but have certainly suffered most of the same physical and psychological trauma as other POWs.”

The Committee also notes that the Institute of Medicine (IOM) has conducted follow-up studies of American POWs. According to the IOM, there is an increased mortality from cirrhosis of the liver in former POWs as compared to the general population. In proposing regulations to provide a presumption of service-connection for former POWs with cirrhosis, the VA stated: “Cirrhosis mortality was not found to be associated with any differences in alcohol consumption among World War II and Korean POWs and Korean controls, which were similar to U.S. males. Therefore, it appears that alcohol consumption does not provide an explanation for the higher mortality rates identified in POWs.” 68 F.R. 6680 (February 10, 2003.) The bill accordingly provides for a statutory presumption of service-connection for cirrhosis of the liver.

Extension of spina bifida benefits for children of Vietnam-era veterans.—Section 12 of the bill would provide benefits under chapter 18 of title 38, United States Code, to the children of veterans who currently are disabled by spina bifida and who were conceived after a natural parent served in an area of Korea near the demilitarized zone between October 1, 1967 and May 7, 1975. Current law restricts VA disability payments to those children with spina bifida whose natural parent served in the Republic of Vietnam during the period beginning on January 9, 1962 through May 7, 1975. The payments are based upon a finding by the IOM “that there was limited/suggestive evidence of an association between exposure to the herbicides considered in this report and spina bifida in children of veterans.” *Veterans and Agent Orange Update 2000 (VAO 2000)* (National Academy Press: Washington D.C. 2001) at p. 431. This standard has been used to provide a presumption of service-connection for a number of disabilities associated with exposure to Agent Orange and other Vietnam-era herbicides. According to the Institute of Medicine Report, dioxin is retained in the body for some time. “TCDD [dioxin] has a mean half life of 7.6 years [in humans] and elimination is inversely proportional to body fat content . . .” *VAO 2000* at 24.

The Department of Defense (DOD) had advised the Committee on Veterans’ Affairs that the herbicides used in Vietnam were also used for several years beginning with testing in 1967 in the Republic of Korea, south of the demilitarized zone (DMZ). DOD has estimated that approximately 12,056 servicemembers were potentially exposed to herbicides associated with spina bifida when it was used during 1968 and 1969. The Committee expects that the children of these former servicemembers deployed in the units identified by DOD and any other veterans who can document service in the area between the DMZ and an area five miles south of the Civilian Control line would qualify for benefits under the bill.

During its hearing on April 10, 2003, the Committee received testimony from Mr. Michael Ruzalski of Pennsylvania who was born with spina bifida. Mr. Ruzalski was conceived after his father served during 1968–1969 in the Korean DMZ. He testified that under current law, VA denied his application for benefits related

to spina bifida because his father's herbicide exposure occurred in the Korean DMZ, rather than in the Republic of Vietnam.

Permanent authority for housing loans for members of the Selected Reserve.—Section 13 of the bill would make permanent the home loan program for members of the Selected Reserve. In 1992, Congress granted eligibility for VA home loans to persons who served in the Selected Reserve (which includes the National Guard). This benefit is a useful recruiting and retention tool for members of the Selected Reserve. Under current law, the program is scheduled to expire on September 30, 2009.

In order to qualify for this benefit, a member of the Selected Reserve must have honorably served for at least six years and meet other requirements. In recent years, reservists have been increasingly called upon to participate on active duty for extended periods to support the national defense. As the recent actions in Afghanistan and Iraq demonstrate, reservists are an integral part of America's "total force." They have earned the right to participate in VA's home loan program on a permanent and equal basis.

Adjustment to home loan fees and uniformity of fees for qualifying Reserve members with fees for active duty veterans.—Section 14 of the bill would amend the Loan Fee Table to provide uniformity in the funding fees charged to members of the Selected Reserve and active duty veterans for VA home loans. Under current law, in most cases a reservist pays a funding fee that is 0.75 percent higher than the fee charged to veterans who have served on active duty. For example, the current fee for a veteran to obtain an initial VA home loan with no down payment is 2 percent; a reservist is charged a fee of 2.75 percent for the same loan. Reservists would now pay 2 percent, as well. Reservists who have a service-connected disability are exempt from the fee.

According to VA, members of the Selected Reserve have a lower foreclosure rate than other loan guaranty beneficiaries. Since its inception, the foreclosure rates for members of the Selected Reserve have been almost one-third lower than that of other veterans; therefore, a higher rate is not justified on the basis of foreclosure risk. Reservists deserve equality in fees with other veterans.

In order to pay the cost of equalizing benefits between reservists and other veterans, section 14 of the bill would also increase the home loan guaranty fees for veterans qualifying for a second or subsequent home loan with no down payment. The bill would amend the Loan Fee Table to increase the fees for veterans who obtain a subsequent VA home loan with no down payment from 3 percent to 3.3 percent for loans closed before October 1, 2011. This fee would be reduced to 2.15 percent for loans closed between October 1, 2011 and September 30, 2013. This section would increase from 1.25 percent to 1.4 percent the fee on initial loans closed on or after October 1, 2011. It would create a fee of 2.15 percent on loans closed on or after October 1, 2003 and before October 1, 2011. It would also create a 1.25 percent fee for hybrid loans made under a pilot program.

Reinstatement of minimum requirements for sale of vendee loans.—Section 15 of the bill would reinstate the vendee loan program, which VA administratively terminated on January 23, 2003. When a purchaser agrees to buy a foreclosed VA home, VA often

offers to finance the sale by establishing a vendee loan to encourage the prompt sale of the home. Vendee loans are made at market interest rates and often require a down payment. Borrowers are assessed a 2.25 percent funding fee.

The vendee loan program is based on sound business principles, and there is an ample body of empirical data indicating that offering vendee financing is cost effective to the government. The Committee views vendee loans as an important tool to obtain a higher return on property sales, which reduces the overall cost of program operations. The bill would require the the Secretary of Veterans Affairs to operate a vendee home loan program for some loans.

Rate of payment of benefits for certain Filipino veterans and their survivors residing in the United States.—Section 16 of the bill would provide the full amount of compensation and dependency and indemnity compensation (DIC) to eligible members of the new Philippine Scouts and their survivors, as well as the full amount of DIC paid by reason of service in the organized military forces of the Commonwealth of the Philippines, including organized guerilla units, if the individual to whom the benefit is payable resides in the United States and is either a citizen of the U.S. or an alien lawfully admitted for permanent residence. Under current law, benefits to Filipino veterans are restricted to a \$0.50 on-the-dollar limitation, based on the significant difference in the U.S. average per capita income and cost-of-living and the Philippine average per capita income and cost-of-living.

In the case of those Filipino veterans and their dependents and survivors who reside in the United States and therefore face living expenses comparable to United States veterans and their dependents and survivors, limiting the payment of benefits may result in undue hardships to eligible Filipino beneficiaries.

Burial benefits for new Philippine scouts residing in the United States.—Section 17 of the bill would extend eligibility for national cemetery burial to new Philippine Scouts who lawfully reside in the United States. This section would also extend eligibility for other in-kind burial benefits on the same basis as such benefits are provided under current law to persons who served in the organized military forces of the Commonwealth of the Philippines, including Commonwealth Army veterans. This provision is consistent with achieving parity in veterans' benefits among similarly situated Filipino beneficiaries lawfully residing in the United States.

Extension of authority to maintain regional office in the Republic of the Philippines.—Section 18 of the bill would extend VA's authority to operate a regional office in the Republic of the Philippines through December 31, 2009. Under current law, this authority expires on December 31, 2003. Congress has periodically extended this authority at VA's request in recognition that a regional office in the Philippines is the most cost-effective means of administering VA programs for beneficiaries residing there, in addition to providing an on-site presence to deter potential fraud. The Committee acknowledges the important contributions of the staff of the Manila Regional Office in cooperating with a recent VA Inspector General effort to identify and correct erroneous payments to veterans residing in the Philippines. This provision is derived from an Administration proposal.

Outstationing of transition assistance program personnel.—Section 19 of the bill would require the Department of Labor to place staff in veterans’ assistance offices where VA staff are located at overseas military installations 90 days after date of enactment. Such staff would help transitioning servicemembers obtain civilian jobs. DOD and DOL data show that servicemembers who attend pre-separation employment seminars have a better chance of finding long-term, sustained employment. Current law authorizes the Department of Labor to place staff in veterans’ assistance offices on military installations, both foreign and domestic. However, the Department of Labor has placed staff in domestic locations only. This section would require the Department of Labor to follow VA’s model in staffing overseas installations. It would also authorize the Department of Labor to exceed the number of VA locations and place staff in more locations abroad.

Forfeiture of benefits for subversive activities.—Section 20 of the bill would amend current law to supplement the list of serious federal criminal offenses for which a veteran’s conviction results in a bar to VA benefits, including burial in a national cemetery. The six additional criminal offenses are: section 175 of title 18, United States Code, prohibitions with respect to biological weapons; section 229 of title 18, United States Code, prohibited activities with respect to chemical weapons; section 831 of title 18, United States Code, prohibited transactions involving nuclear materials; section 1091 of title 18, United States Code, genocide; section 2332a of title 18, United States Code, use of certain weapons of mass destruction; and section 2332b of title 18, United States Code, acts of terrorism transcending national boundaries. This provision is derived from an Administration proposal.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill would provide that this Act may be cited as the “Veterans Benefits Act of 2003”.

Section 2(a) of the bill would amend section 3452(e) of title 38, United States Code, to define a training establishment as (1) an establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education, (2) an establishment providing self-employment on-job training consisting of full-time training for a period of less than six months that is needed or accepted for purposes of obtaining licensure to engage in a self-employment occupation or required for ownership and operation of a franchise that is the objective of training, (3) a State board of vocational training, (4) a Federal or State apprenticeship registration agency, (5) a joint apprenticeship committee established pursuant to the Act of August 16, 1937, popularly known as the “National Apprenticeship Act” (29 U.S.C. 50 et seq.), (6) an agency of the Federal Government authorized to supervise such training.

Section 2(b) of the bill would provide that the changes made by this section shall take effect on the date that is six months after the date of enactment of this Act and shall apply to self-employment on-job training approved and pursued on or after that date.

Section 3(a) of the bill would amend section 3512(h) of title 38, United States Code, to include those involuntarily ordered to full-

time National Guard duty under section 502(f) of title 32, United States Code.

Section 3(b) of the bill would provide that the change made by this section shall take effect as of September 11, 2001.

Section 4(a) of the bill would amend section 3692(c) of title 38, United States Code, to extend the Veterans' Advisory Committee on Education to December 31, 2009.

Section 4(b) of the bill would amend section 3692(a) of title 38, United States Code, by striking World War II, the Korean conflict era, and the post-Korean conflict era.

Section 5(a) of the bill would repeal subchapter III of chapter 36 of title 38, United States Code, which authorizes loans to veterans enrolled in school.

Section 5(b) of the bill would transfer the loan fund balance as of the date of enactment from the Department of Veterans Affairs Education Loan Fund to the Department of Veterans Affairs Readjustment Benefits Account.

Section 5(c) of the bill would require the Secretary of Veterans Affairs to discharge any outstanding liability of a veteran under subchapter III.

Section 6(a) of the bill would amend section 103(d)(2)(B) of title 38, United States Code, to provide that remarriage of a surviving spouse after attaining age 55 shall not bar the furnishing of benefits under section 1311 of title 38, United States Code.

Section 6(b) of the bill would provide that changes made by this section shall take effect on (1) the first day of the first month that begins after the date of enactment of this Act, or (2) the first day of the fiscal year that begins in the calendar year in which this Act is enacted, if later than the date specified in paragraph (1).

Section 6(c) of the bill would prohibit any benefit from being paid to any person by reason of subsection (a) for any period before the effective date specified in subsection (b).

Section 6(d) of the bill would provide that in the case of an individual who but for having remarried would be eligible for dependency and indemnity compensation under section 1311 of title 38, United States Code, and whose remarriage was before the date of the enactment of this Act and after the individual attained age 55, the individual shall be eligible for such compensation by reason of the amendment made in subsection (a) only if the individual submits an application for such compensation to the Secretary of Veterans Affairs not later than the end of the one-year period beginning on the date of the enactment of this Act.

Section 7(a) of the bill would amend section 2402(5) of title 38, United States Code, to provide that a surviving spouse who had a subsequent marriage which had not been terminated at the time of death may be eligible for interment in a national cemetery.

Section 7(b) of the bill would provide that the change made by this section shall take effect with respect to deaths occurring on or after January 1, 2000.

Section 8 of the bill would make permanent the authority for state cemetery grants.

Section 9(a) of the bill would reinstate vocational training for certain pension recipients under section 1524 of title 38, United States Code, for a five-year period beginning on the date of enactment of this Act.

Section 9(c) of the bill would amend section 1524 of title 38, United States Code, to require the Secretary of Veterans Affairs to ensure that the availability of vocational training under this section is made known through a variety of means, including the Internet and announcements in Department publications and other veterans' publications.

Section 9(d) of the bill would require the Secretary, not later than two years after the date of enactment of this Act and each year thereafter, to submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the operation of this section. The report shall set forth an evaluation of the vocational training provided under this section for the period involved, and shall include an analysis of the cost-effectiveness of the vocational training provided under this section as well as data on the entered-employment rate of veterans pursuing such vocational training.

Section 10(a) of the bill would amend section 2102 of title 38, United States Code, by increasing the Specially Adapted Housing Grant for veterans with severe service-connected disabilities from \$48,000 to \$50,000 and the Special Home Adaptation Grant for veterans less severely disabled from \$9,250 to \$10,000.

Section 10(b) of the bill would amend section 3902(a) of title 38, United States Code, by increasing the amount of assistance for automobile and adaptive equipment for certain disabled veterans from \$9,000 to \$11,000.

Section 10(c) of the bill would provide that the changes made in this section shall apply to assistance furnished on or after the date of enactment of this Act.

Section 11 of the bill would amend subsection (b) of section 1112 of title 38, United States Code, to provide a presumption of service-connection under paragraph (2) of section 1112 without regard to the length of captivity, and add cirrhosis of the liver to paragraph (3) of section 1112.

Section 12 of the bill would amend subchapter I of chapter 18 of title 38, United States Code, to include the natural child, regardless of age or marital status, of a parent who during the period beginning on October 1, 1967 and ending on May 7, 1975, performed active military, naval, or air service in the Republic of Korea in the area between the south line of the Demilitarized Zone and a line five miles south of the Civilian Control Line established with respect to the Demilitarized Zone, but only if the individual was conceived after the parent performed such service.

Section 13 of the bill would amend section 3702(a)(2)(E) of title 38, United States Code, to provide permanent authority for housing loans for members of the Selected Reserve.

Section 14 of the bill would amend paragraph (2) of section 3729(b) of title 38, United States Code, to provide uniform home loan fees for qualifying members of the Selected Reserve and active duty veterans, and would increase the fees for initial and second

or subsequent use of the VA home loan program with no down payment.

Section 15(a) of the bill would reinstate the minimum requirements for sale of vendee loans. With respect to current law section 3733(a) of title 38, United States Code, section 15(a) would strike paragraph 2.

Section 15(b) of the bill would amend current section 3733(a)(1) of title 38, United States Code, by requiring that not more than 85 percent, nor fewer than 50 percent, of the purchases made during any fiscal year of real property acquired by the Secretary as the result of a defaulted loan may be financed by a loan made by the Secretary. This section would also strike the current authority to increase to 80 percent the maximum percentage in any fiscal year of real property acquired by the Secretary as a result of loan defaults.

Section 16(a) of the bill would permit new Philippine Scouts to receive benefits comparable to Commonwealth Army veterans. This subsection would also amend the rates of payment under section 107 of title 38, United States Code, and under subchapter II of chapter 13 of title 38, United States Code, for qualified Filipino veterans and their survivors lawfully residing in the United States.

Section 16(b) of the bill would provide that the amendments made by subsection (a) shall apply to benefits paid for months beginning after the date of the enactment of this Act.

Section 17(a) of the bill would amend section 107 of title 38, United States Code, as amended by section 16 of this Act, to extend eligibility for burial benefits for new Philippine Scouts residing in the United States.

Section 17(b) of the bill would amend section 2402(8) of title 38, United States Code, by striking “section 107(a)” and inserting “subsection (a) or (b) of section 107” to provide for national cemetery interment of new Philippine Scouts.

Section 17(c) of the bill would provide that the amendments made by subsections (a) and (b) shall apply with respect to deaths occurring after the date of the enactment of this Act.

Section 18 of the bill would extend the VA’s authority to maintain a regional office in the Republic of the Philippines through December 31, 2009.

Section 19(a) of the bill would amend chapter 41 of title 38, United States Code, by adding a new section, “4113. Outstationing of Transition Assistance Program personnel.”

New section 4113(a) would require the Secretary of Labor station employees of the Veterans’ Employment and Training Service, or contractors under subsection (c), at those veterans assistance offices established by the Secretary of Veterans Affairs on military installations pursuant to the second sentence of section 7723(a) of title 38, United States Code. The Secretary of Labor would be authorized to station such employees or contractors at such other military installations outside the United States as the Secretary, after consultation with the Secretary of Defense, determines to be necessary to carry out the purposes of this section.

New section 4113(b) would require employees (or contractors) stationed at military installations pursuant to subsection (a) to provide, in person, counseling, assistance in identifying employment

and training opportunities, help in obtaining such employment and training, and other related information and services to members of the Armed Forces who are being separated from active duty, and the spouses of such members, under the Transition Assistance Program and Disabled Transition Assistance Program established in section 1144 of title 10, United States Code.

New section 4113(c) would provide the Secretary the authority to enter into contracts with public or private entities to provide, in person, some or all of the counseling, assistance, information and services under the Transition Assistance Program required under subsection (a).

Section 19(b) of the bill would require that not later than the date that is 90 days after the date of enactment of this Act, the Secretary of Labor implement section 4113 of title 38, United States Code, as added by subsection (a), and have employees of the Veterans' Employment and Training Service, or contractors, carry out that section at the military installations involved by such date.

Section 20(a) of the bill would amend paragraph (2) of section 6105(b) of title 38, United States Code, to expand the list of serious federal criminal offenses that bar an individual, convicted after September 1, 1959, from receiving gratuitous benefits (including the right to burial in a national cemetery). This subsection of the bill would add sections 175, 229, 831, 1091, 2332a, and 2332b, of title 18, United States Code, to the list.

Section 20(b) of the bill would provide that the amendments made by subsection (a) shall apply to claims filed after the date of enactment of this Act.

PERFORMANCE GOALS AND OBJECTIVES

The reported bill would authorize veterans' benefits enhancements and program improvements under laws administered by the Department of Veterans Affairs and the Department of Labor. Performance goals and objectives established in their annual performance plans are subject to the Committee's regular oversight.

STATEMENTS OF THE VIEWS OF THE ADMINISTRATION

Statement of Daniel L. Cooper, Under Secretary for Benefits, Before the Subcommittee on Benefits, House Committee on Veterans' Affairs, April 10, 2003

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on several bills of great interest to veterans.

* * * * *

H.R. 533

H.R. 533, the "Agent Orange Veterans' Disabled Children's Benefits Act of 2003," would amend chapter 18 of title 38, United States Code, to authorize VA to provide a monetary allowance and other benefits to a person suffering from spina bifida who is natural child, regardless of age or marital status, of a parent who performed "qualifying herbicide-risk service," if the person was conceived after such service. A parent would be considered to have performed "qualifying herbicide-risk service" if, while performing active military, naval, or air service, he or she "served in an area in which a Vietnam-era herbicide agent was used during a period during which such agent was used in that area; or . . . otherwise was exposed to a Vietnam-era herbicide agent." The term "Vietnam-era herbicide agent" would be defined by reference to current 38 U.S.C. § 1116(a)(3). VA does not support this bill.

Congress has repeatedly acted since 1979 to ensure that the Federal Government investigates the health effects of exposure to herbicides containing dioxin and com-

pensates veterans who served in the Republic of Vietnam during the Vietnam era and suffered disability as a result of that exposure. Because of the “concern and apprehension among veterans regarding the health effects of herbicides,” Congress mandated an epidemiologic study by VA of the effects of exposure to dioxin in the Veterans Health Programs Extension and Improvement Act of 1979. Congress also required VA to review and scientifically analyze literature relating to possible long-term health effects of human exposure to dioxin. In 1981, Congress authorized VA to provide hospital and nursing home care to certain veterans exposed during service to dioxin or ionizing radiation for conditions which, although not shown to have resulted from such exposure, are not found to have resulted from a cause other than such exposure. The Veterans’ Dioxin and Radiation Exposure Compensation Standards Act of 1984 directed VA to issue regulations to establish guidelines and, where appropriate, standards and criteria for the resolution of benefit claims based on exposure to herbicides containing dioxin in service in the Republic of Vietnam during the Vietnam era. The act also required VA to make specific findings, either positive or negative, regarding service connection as to three diseases, chloracne, porphyria cutanea tarda, and soft-tissue sarcoma.

In 1991, Congress added section 1116 (formerly section 316) to title 38, United States Code, establishing a presumption of service connection, applicable to veterans who served in the Republic of Vietnam during the Vietnam era, for three diseases. The act also called for VA to contract with the National Academy of Sciences to perform a review and evaluation of the scientific evidence regarding the association between disease and exposure to herbicides used in connection with the Vietnam War and each disease suspected of association with such exposure. Congress amended section 1116 in 1994 and 2001 by adding five conditions to the list of diseases presumed to be service connected in Vietnam veterans.

More recently, Congress has enacted legislation to provide a monetary allowance and other benefits to the children of Vietnam veterans who were born with spina bifida, as well as to children with certain other birth defects who are the natural children of women veterans who served in the Republic of Vietnam during the Vietnam era.

Congress’ legislative enactments indicate its recognition of the unique circumstances of service in Vietnam—circumstances including the special sacrifices made by veterans of that war, and the great uncertainties regarding exposures of individual veterans to aerially applied herbicides. H.R. 533 would extend benefits Congress bestowed upon the affected children of those veterans to children of veterans who did not serve under those circumstances. In addition, H.R. 533’s language is so vague as to be almost impossible to administer. Under that language, an individual would be considered to have performed “qualifying herbicide-risk service” if he or she, while performing active service, “served in an area in which a Vietnam-era herbicide agent was used during a period when such agent was used in that area.” The vagueness of the terms “area,” “was used,” and “during a period when” is sure to generate substantial litigation over what Congress intended by this language.

VA estimates that enactment of H.R. 533 would result in direct costs of \$60.8 million in FY 2004 and \$760.7 million over the ten-year period FY 2004–2013. In addition, VA estimates administrative costs of \$357,000 for FY 2004 and \$ 1.73 million for the ten-year period FY 2004–2013.

* * * * *

H.R. 1048

Specially Adapted Housing

The other Specially Adapted Housing proposal is contained in section 2 of H.R. 1048, the “Disabled Veterans Adaptive Benefits Improvement Act of 2003.” This section would increase the maximum Specially Adapted Housing grants. VA favors such increases, provided offsetting savings may be found.

Under H.R. 1048, the maximum Specially Adapted Housing grant authorized by section 2101(a) would be increased from \$48,000 to \$50,000. In addition, the maximum Special Housing Adaptations grant authorized by section 2101(b) would be increased from \$9,250 to \$10,000. These grants were last increased by Public Law 107–103, enacted December 27, 2001.

VA estimates that approximately 600 veterans per year will receive specially adapted housing assistance, of which about 92.5 percent will qualify for the grant authorized by section 2101(a). VA estimates the cost of enacting section 2 of H.R. 1048 would be \$1.14 million per year, with a total 10-year cost of \$11.4 million.

Assistance for Automobile and Adaptive Equipment

Section 3 of H.R. 1048 would increase from \$9,000 to \$11,000 the maximum amount that VA may pay under 38 U.S.C. § 3902(a) to provide or assist in providing an automobile or other conveyance to eligible persons.

The maximum automobile allowance was also last increased to the current \$9,000 on December 27, 2001.

VA estimates the total benefits cost of both provisions of H.R. 1048 would be \$3.3 million for FY 2004 and \$33.3 million for the ten-year period FY 2004–2013. Because these benefits were last increased just 16 months ago, and these costs are not included in the President's budget request, we are unable to support enactment of H.R. 1048. However, we will remain vigilant and recommend increases if there is a significant erosion in the value of these benefits due to inflation.

* * * * *

H.R. 966

Mr. Chairman, H.R. 966, the "Disabled Veterans' Return-to-Work Act of 2003," would amend provisions of 38 U.S.C. § 1524 to reinstate a program of vocational training for certain pension recipients that was in place between February 1, 1985, and December 31, 1995. That temporary program, established pursuant to the Veterans' Benefits Improvement Act of 1984, Pub. L. No. 98–543, required the Secretary of Veterans Affairs to determine whether the achievement of a vocational goal was reasonably feasible in the case of certain veterans awarded pension during the program period. If the achievement of such a goal was found to be feasible, these veterans were offered the opportunity to pursue programs of vocational training consisting of vocationally oriented and other services and assistance of the same kind provided under the vocational rehabilitation program authorized under chapter 31 of title 38, United States Code. These services and assistance did not include subsistence allowances, loans, or automobile adaptive equipment. Once a program of training was completed, a veteran could also receive employment assistance. The law limited the number of evaluations to be performed to not more than 3,500 veterans during any 12-month period. The initial program period ran from February 1, 1985, to January 31, 1992.

Initially, the law required that a veteran under the age of 50 who was awarded pension during the program period be evaluated with respect to his or her potential for rehabilitation. It required that the evaluation include a personal interview by a VA employee trained in vocational counseling. If the veteran refused to participate in the evaluation, his or her pension was suspended until he or she participated in an evaluation. Subsequent participation in the vocational training itself was voluntary. For a veteran pension recipient 50 years of age or older, the program of vocational training was totally voluntary. If, upon application by such a veteran-pensioner, VA made a preliminary finding on the basis of information in the application that, with the assistance of a vocational training program, the veteran had good potential for achieving employment, VA was authorized, upon the veteran's request, to evaluate the veteran to further determine whether the achievement of a vocational goal was reasonably feasible. In 1992, Public Law 102–562 eliminated the limitation on the number of program participants who may be evaluated annually and amended the program for veterans under age 45, rather than under age 50, who were awarded pension during the program period so as to (A) require the Secretary, based on information on file with VA, to make a preliminary finding whether the veteran, with the assistance of a VA vocational training program, had a good potential for achieving employment; (B) if that potential was found to exist, required the Secretary to solicit from the veteran an application for VA vocational training; and (C) if the veteran applied for training, required the Secretary to provide an evaluation to determine whether the achievement of a vocational goal was reasonably feasible. In addition, the program was opened to veterans age 45 and older who had been awarded pension before the program period. That Public Law also extended the program ending date until December 31, 1995. No further action was taken by Congress, and by operation of law, the program ended on December 31, 1995.

During the period February 1, 1985, through January 31, 1989, VA evaluated approximately 9,468 veterans under the program. Of these, 2,838 were found to be feasible for training. Some 468 veterans participated in programs of vocational training. Sixty-five veterans completed that training. Fifty-eight obtained employment. Between fiscal year 1989 and fiscal year 1992, VA conducted 9,140 evaluations under the program, with 937 veterans participating in training.

H.R. 966 would reinstate the program and provide that a new program period would run for five years beginning on the date of enactment of the Act. In addition, it would require the Secretary to ensure that the availability of vocational training under section 1524 be made known through a variety of means, including the Inter-

net and announcements in VA publications and other veterans' publications. Finally, the bill would require the Secretary, within two years after the date of enactment of the Act, to report to the Committees on Veterans' Affairs of the Senate and House on the operation of the program to include an evaluation of the vocational training provided and an analysis of the cost-effectiveness of the training provided, as well as data on the entered-employment rate of veterans pursuing such training.

If H.R. 966 were to be enacted, we estimate that VA would conduct approximately 1,300 record reviews each year, based on new accessions to the pension rolls, to determine whether each veteran so evaluated has good potential for achieving employment. We estimate that the achievement of a vocational goal will be determined to be feasible in about $\frac{1}{3}$ (433) of those cases. Of that number, it is estimated that approximately $\frac{1}{3}$ of these, 144 veterans, will actually end up participating in the program. In addition, because the program is also available to veterans over age 45 on a voluntary basis, we estimate that an additional 25 participants may participate, for a total of 169 cases per year. Based on those numbers, VA estimates that the enactment of H.R. 966 would cost \$3 million for fiscal years 2004 through 2008 and an additional \$3.6 million for fiscal years 2009 through 2013, totaling \$6.6 million.

Mr. Chairman, given our experience in administering the temporary program during its ten-year duration, and the fact that only a small number of veterans benefited from the program, VA believes that the finite resources available to us for program administration would be best used to support our current program of vocational rehabilitation for service-disabled veterans, as authorized under chapter 31 of title 38, United States Code. Thus, the Department does not support the enactment of H.R. 966.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions you or the members of the Subcommittee may have.

Statement of Robert J. Epley, Associate Deputy Under Secretary for Policy and Program Management, Veterans Benefits Administration, Department of Veterans Affairs, Before the House Committee on Veterans' Affairs, Subcommittee on Benefits, June 11, 2003

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on several legislative items of interest to veterans. Accompanying me today is John H. Thompson, Deputy General Counsel.

* * * * *

H.R. 1167

H.R. 1167 would allow a veteran's surviving spouse who marries a non-veteran after the veteran's death to be eligible for burial in a VA national cemetery based on his or her marriage to the veteran. This proposal is similar to a VA proposal sent to Congress on April 25, 2003. Over the last several years, the National Cemetery Administration has seen an increase in the number of requests for burial of a veteran's widow or widower who married a non-veteran after the veteran died. These cases usually involve spouses of veterans who were married for many years and raised a family with the veteran. Typically, the veteran's children and grandchildren, and often the current spouse, support the burial of the decedent with the original veteran-spouse in a VA national cemetery. However, current law does not permit it if the remarriage remained in effect when the veteran's survivor predeceased the new spouse.

Public Law 103-446 revised eligibility criteria for burial in a national cemetery to reinstate burial eligibility for a surviving spouse of an eligible veteran whose subsequent remarriage to a non-veteran was terminated by death or dissolved by divorce. The current proposal would be consistent with that amendment in further acknowledging the importance of that marriage to the veteran's family. This proposal would allow the deceased veteran to be buried with a spouse with whom he or she always expected to be buried. It would also allow the veteran's children to visit a single gravesite to pay their respects to their parents.

We estimate that the cost associated with this proposal would be minimal. The average number of requests for burials for individuals previously married to an eligible veteran who subsequently married a non-veteran is estimated to be 200 per year; the majority of these burials would be second interments. The cost of a second interment (including a headstone or marker) in a VA national cemetery averages approximately \$550. For FY 2004, we anticipate the mandatory cost of the proposal to be \$20,000 for the provision of headstones or markers and the discretionary costs to be \$90,000 for operational activities. Our ten-year estimate (FY 2004-2013) is

\$200,000 in mandatory costs and \$900,000 in discretionary costs. This bill makes the eligibility for burial of remarried surviving spouses of veterans retroactive to January 1, 2000. We estimate that the costs associated with the retroactivity of this bill would be negligible. While it is difficult to determine how many families of already deceased, and presumably interred, remarried surviving spouses of veterans would want to disinter their loved one and then re-inter them with the veteran in a national cemetery, we do not believe this number would be significant.

* * * * *

H.R. 2164

H.R. 2164 would amend 38 U.S.C. § 3512, effective September 1, 2001, to provide that individuals who qualify for benefits under chapter 35 (survivors' and dependents' educational assistance) and are involuntarily ordered to full-time National Guard duty under 32 U.S.C. § 502(f) after September 11, 2001, would have their individual delimiting dates extended by an amount of time equal to that period of active duty plus 4 months. Public Law 107-103 restored entitlement to National Guard personnel who qualified for chapter 35 benefits who had to discontinue course pursuit as a result of being called to active duty under specific sections of title 10, United States Code. This bill would provide the same delimiting date extension to National Guard members who are activated under title 32. The proposal is nearly identical to a VA proposal transmitted to Congress on April 25, 2003. Thus, VA strongly supports the bill.

We estimate the cost associated with the enactment of H.R. 2164 would be \$150,000 for FY 2004 and approximately \$5 million in mandatory funding for the ten-year period from FY 2004 through FY 2013.

H.R. 2285

H.R. 2285 would amend title 38, United States Code, to require the Secretary of Labor to provide staffing at military installations overseas to carry out Transition Assistance Program (TAP) counseling within 90 days after the date of enactment of the Act. While VA strongly supports initiatives that would further enhance TAP, we respectfully defer to the views of the Department of Labor regarding the merits of this bill.

H.R. 2297

H.R. 2297 would amend title 38, United States Code, to expand MGIB benefits to certain self-employment training, to extend the Veterans' Advisory Committee on Education until 2009, to repeal the VA education loan program, to provide permanent authority for state cemetery grants, to provide for forfeiture of VA benefits for certain subversive activities, and to extend VA's authority to maintain a regional office in the Philippines through 2005. H.R. 2297 incorporates with some changes certain provisions of VA draft bills sent to Congress on April 25, 2003, and May 12, 2003.

Section 1 of the bill would expand the Montgomery GI Bill (chapter 30) program by authorizing educational assistance benefits for veterans under that program for on-job training in certain self-employment training programs. Such training might, for example, include that necessary for operation of a franchise. The Veterans Entrepreneurship and Small Business Development Act of 1999 (Pub. L. No. 106-50) requires that all Federal agencies aggressively support self employment for veterans and service-disabled veterans, directly and through public or private partnerships. This amendment would provide veterans considering self employment with improved access to capital for training. Thus, more veterans would be encouraged to initiate steps toward self employment. The proposal is nearly identical to a VA proposal transmitted to Congress on April 25, 2003. Accordingly, we strongly support its enactment.

We estimate the costs associated with the enactment of this section would be \$357,000 for FY 2004 and approximately \$3.9 million in mandatory funding for the 10-year period from FY 2004 through FY 2013.

Section 2 of the bill would extend to the year 2009 the Veterans' Advisory Committee on Education and amend pertinent law requiring the inclusion of veterans from World War II, the Korean Conflict era and the post-Korean conflict era as members of the Committee. The Committee is useful in keeping the Secretary in touch with the education community as well as the veterans' service organizations. During the last several years, the Committee has made a number of recommendations that have, in turn, become legislative proposals. The Committee's discussions and recommendations are an invaluable aid to our efforts in administering VA's education programs. The proposal is nearly identical to a VA proposal transmitted

to Congress on April 25, 2003; however, we favor extending the authority for the Committee until 2013.

We estimate the costs associated with the extension of the Committee would be \$25,400 for FY 2004 and \$200,000 in discretionary funding for the 10-year period from FY 2004 through FY 2013.

Section 3 of the bill would repeal the VA education loan program and waive any existing repayment obligations, to include overpayments due to default on such loans. The program, in effect since January 1, 1975, currently is available to issue loans up to a maximum of \$2,500 per academic year to spouses and surviving spouses of veterans who are past their delimiting dates with remaining entitlement to chapter 35 benefits. The population for this program is very limited, and, with other options in the public and private sectors, there is no longer a demand for these loans. In fact, VA has not issued a loan under this program in several years, but the Government has paid an estimated \$70,000 a year to administer it. VA's October 2002 monthly loans statistics show 20 current education loans in the amount of \$14,987.08 and 116 defaulted education loans totaling \$105,908.10. As is apparent, it costs VA more to administer the loan program than to forgive the debts currently outstanding. VA recommended the repeal of this program in a letter to Congress on April 25th of this year.

We estimate the cost associated with the repeal of the education loan program to be approximately \$121,000 in FY 2004 in mandatory funding.

Section 4 of the bill would amend 38 U.S.C. § 2408(a)(2) to permanently authorize appropriations for VA to make grants to states to assist them in establishing, expanding, or improving state veterans' cemeteries. Section 2408(a)(2) currently authorizes appropriations for making these grants through fiscal year 2004.

VA's State Cemetery Grants Program is an important component in meeting the burial needs of our Nation's veterans. State veterans' cemeteries supplement VA's national cemetery system in providing burial options to veterans throughout the Nation. VA's State Cemetery Grants Program has already helped to fund 51 operational state veterans' cemeteries, and six more are under construction. VA has received over 30 additional pre-applications from states requesting grants. There is a tremendous, on-going demand for grants to improve or expand existing state veterans' cemeteries, and permanently authorizing appropriations would assist long-term planning for this important program.

Appropriations for VA's State Home Grants Program (authorized by subchapter III of chapter 81, title 38, United States Code) are permanently authorized under 38 U.S.C. § 8133(a). The amendment made by section 4 of H.R. 2297 would improve the consistency in the operation of the two programs. We support this proposal.

The costs associated with this proposal would be those included in VA's annual budget request for use in providing grants to states. The President's budget submission to Congress for FY 2004 includes a request for \$32 million for the State Cemetery Grants Program.

Section 5 of the bill would amend section 6105 of title 38, United States Code, to supplement the list of offenses conviction of which would result in a bar to all gratuitous VA benefits. Section 6105 provides that an individual convicted after September 1, 1959, of any of several specified offenses involving subversive activities shall have no right to gratuitous benefits, including national cemetery burial, under laws administered by the Secretary of Veterans Affairs, and that no other person shall be entitled to such benefits on account of such individual. Congress' primary concern in enacting this provision was to prevent VA benefits from being provided based on military service of persons found guilty of offenses involving national security. This proposal would amend section 6105 to supplement the list of offenses conviction of which would result in a bar to all gratuitous VA benefits to include additional offenses that have come into being since enactment of section 6105.

This proposal would extend the current prohibition on payments of gratuitous benefits to persons convicted of subversive activities to include six additional classes of activities. The following offenses from title 18, United States Code, would be added: sections 175 (Prohibitions with respect to biological weapons); 229 (Prohibited activities with respect to chemical weapons); 831 (Prohibited transactions involving nuclear materials); 1091 (Genocide); 2332a (Use of certain weapons of mass destruction); and 2332b (Acts of terrorism transcending national boundaries). All of these offenses, which involve serious threats to national security, were added to title 18, United States Code, after the enactment of section 6105. We support this proposal.

There is no cost associated with this proposal. Cost savings would be insignificant.

Section 6 of the bill would extend until December 31, 2005, the authority of the Secretary of Veterans Affairs under 38 U.S.C. § 315(b) to operate a regional office in the Republic of the Philippines. Under current law, that authority will expire on

December 31, 2003. Congress has periodically extended this authority, most recently in Public Law 106-117.

Were VA to close the Manila regional office, veterans' assistance activities would still be needed in the Philippines. A Federal Benefits Unit would have to be attached to the Department of State. Under such an arrangement, VA's control of costs and quality of service would be limited. Because a Federal Benefits Unit would assume responsibility only for disseminating information and assistance, but not processing benefits, there could be no assurance that the extensive fraud-prevention activities currently performed by the Manila regional office would continue.

We support extension of the Secretary's authority to operate a regional office in the Philippines. However, we recommend that this authority be extended through December 31, 2008.

An extension of the Secretary's authority to operate a regional office in the Philippines is included in the President's FY 2004 Budget.

We note that, while legislation under consideration at this hearing reflects several proposals recommended by VA in draft legislation submitted to Congress on April 25, 2003, and May 12, 2003, a number of other provisions of our draft bills of importance to VA and veterans were not included. In particular, our Allen-case legislation, forwarded to the Congress in April, if enacted, would put an end to a state of the law we consider unconscionable and an affront to most veterans. The same program that so fittingly compensates veterans for their service-related disabilities should not be a source of payments to veterans because they are substance abusers. Congress established the appropriate policy when it provided in 1990 that "no compensation shall be paid if [a] disability is a result of [a] veteran's own . . . abuse of alcohol or drugs." VA is a recognized leader in the treatment of substance disorders, and that is an altogether appropriate role for the Government to assume. But paying veterans for the disabling effects of their own alcohol or drug abuse obviously can be a disincentive to their treatment and recovery. As currently interpreted by the courts, the law in this regard reflects a public policy inconsistent with VA's mission. We urge your prompt enactment of our legislation.

In addition, we urge the Committee to review our draft legislative proposals dealing with alternative beneficiaries for Government life insurance, time limitations for submission of claim information, expansion of the burial plot allowance, provision of Government markers for privately marked graves, and expansion of benefits for Filipino veterans residing in the United States and incorporate these worthy initiatives into pending legislation.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 14, 2003

Hon. CHRISTOPHER H. SMITH
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2297, the Veterans Benefits Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sarah T. Jennings, who can be reached at 226-2840.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 2297, Veterans Benefits Act of 2003

*As ordered reported by the House Committee on Veterans' Affairs on
June 26, 2003*

SUMMARY

H.R. 2297 would affect several veterans programs, including housing, compensation, pensions, burial, and education. The bill also would affect retirement programs for the military and the other uniformed services. CBO estimates that enacting this legislation would reduce direct spending for veterans programs and for uniformed services' retirement benefits by \$63 million in 2004, about \$135 million over the 2004–2008 period, and about \$300 million over the 2004–2013 period. In addition, CBO estimates that implementing H.R. 2297 would cost \$4 million in 2004 and \$137 million over the 2004–2008 period, assuming appropriation of the necessary amounts.

H.R. 2297 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2297 is shown in Table 1. This estimate assumes that the legislation will be enacted by October 1, 2003. The costs of this legislation fall within budget functions 700 (veterans benefits and services), 600 (income security), 300 (natural resources and environment), 400 (transportation), and 550 (health).

TABLE 1. ESTIMATED BUDGETARY IMPACT OF H.R. 2297

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	-63	-15	-18	-20	-21
Estimated Outlays	-63	-15	-18	-20	-21
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	37	39	40	41	41
Estimated Outlays	4	21	31	39	40

^a Five-year costs in the text differ slightly from a summation of the annual costs listed here because of rounding.

BASIS OF ESTIMATE

Direct Spending—Summary

H.R. 2297 would affect direct spending in veterans' programs for housing, compensation, pension, burial, and veterans' readjustment benefits. The bill would also affect direct spending for annuities for the survivors of uniformed services' retirees. Table 2 summarizes those effects, and the individual provisions that would affect direct

spending are described below. In total, CBO estimates that enacting this legislation would decrease direct spending for veterans' programs and uniformed services retirement benefits by \$63 million in 2004, about \$135 million over the 2004–2008 period, and about \$300 million over the 2004–2013 period.

Direct Spending—Housing

Three sections of the bill would affect direct spending on veterans' housing programs. Together, CBO estimates that enacting these provisions would lower direct spending by \$97 million in 2004, \$372 million over the 2004–2008 period, and \$816 million over the 2004–2013 period (see Table 2). (Higher savings in 2004 result from lower interest rate assumptions for that year compared to those projected for the 2005–2013 period.) In preparing this estimate, CBO accounted for the interactive effects between the individual provisions; savings could be lower if only one or two of these provisions were enacted. Costs or savings for each individual provision, estimated as if they were enacted alone, are described below.

TABLE 2. ESTIMATED CHANGES IN DIRECT SPENDING UNDER H.R. 2297

	By Fiscal Year, in Millions of Dollars										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
HOUSING^a											
Spending Under Current Law	452	567	552	535	547	560	572	588	601	917	938
Proposed Changes	0	-97	-65	-67	-70	-73	-76	-82	-85	-99	-102
Spending Under H.R. 2297	452	470	487	468	477	487	496	506	516	818	836
COMPENSATION, PENSION, AND BURIAL BENEFITS^a											
Spending Under Current Law	27,224	29,796	34,353	32,288	29,992	33,121	33,621	34,170	37,661	33,048	36,743
Proposed Changes	0	27	45	47	48	49	50	51	52	52	53
Spending Under H.R. 2297	27,224	29,823	34,398	32,335	30,040	33,170	33,671	34,221	37,713	33,100	36,796
RETIREMENT BENEFITS											
Spending Under Current Law	35,740	36,660	37,649	38,770	39,929	41,072	42,130	43,237	44,323	45,428	46,553
Proposed Changes	0	1	-2	-5	-5	-5	-5	-5	-5	-6	-6
Spending Under H.R. 2297	35,740	36,661	37,647	38,765	39,924	41,067	42,125	43,232	44,318	45,422	46,547
VETERANS' READJUSTMENT BENEFITS											
Spending Under Current Law	2,305	2,575	2,749	2,923	3,100	3,259	3,406	3,543	3,696	3,820	3,947
Proposed Changes	0	6	7	7	7	8	9	9	9	9	9
Spending Under H.R. 2297	2,305	2,581	2,756	2,930	3,107	3,267	3,415	3,552	3,705	3,829	3,956
Total Proposed Changes	0	-63	-15	-18	-20	-21	-22	-27	-29	-44	-46

^a Five- and 10-year costs in the text differ slightly from a summation of the annual costs shown here because of rounding.

REINSTATEMENT OF VENDEE HOME LOAN PROGRAM. Section 15 would reinstate the vendee home loan program which was discontinued by the Department of Veterans Affairs (VA) on January 31, 2003. Before that date, when a veteran defaulted on his mortgage and the home went into foreclosure, VA often acquired the property and issued a new direct loan when the property was sold. These loans are called vendee loans. CBO estimates that reinstating the program would save VA \$357 million over the 2004–2013 period, or roughly \$35 million a year. The bill also would require VA to finance between 50 percent and 85 percent of such sales through the vendee loan program. Before the program was terminated, VA financed roughly 60 percent of such sales with vendee financing and CBO estimates that it would continue to do so under the bill. The estimated savings for this provision is the net effect of three individual program effects (two with savings and one with costs), as explained below.

Based on historical data, CBO estimates that under the bill roughly 14,000 vendee loans would be made each year with an average loan amount of \$98,000. Vendee loans lower the subsidy cost of the VA home loan program in two ways. First, VA receives more money for homes sold with vendee financing than those sold with other financing (16 percent more in 2002). Since the proceeds from these home sales are considered recoveries of losses from the guaranteed loans that were foreclosed, enacting this section would increase recoveries and therefore lower subsidy costs in the guaranteed loan portfolio. CBO estimates that VA would save an average of \$68 million a year in guaranteed loan subsidies over the 2004–2013 period. Second, because vendee loans have lower prepayment and default rates than other direct loans made by VA, this provision also would lower subsidy costs for direct loans by an average

of \$28 million a year over the 2004–2013 period. Finally, before the program was terminated in 2003, VA sold most vendee loans on the secondary mortgage market and guaranteed their timely repayment; CBO estimates that it would continue to do so under the bill. Based on historical data, CBO estimates that VA would sell an average of \$1.2 billion in vendee loans annually, at a subsidy cost of roughly \$60 million a year.

CHANGES IN LOAN FEES. Section 14 would make several significant changes to the fees charged for the VA home loan guarantee. First, it would require VA to charge the same fees for loans to veterans of active-duty and selected-reserve service; under current law veterans who served in the selected reserves pay 75 basis points more than veterans with active-duty service. Second, starting in 2004, the bill would increase the fee charged for loans made with no downpayment by 15 basis points. Third, the provision would increase the fee charged for repeated use of the home loan benefit (when a veteran uses the benefit more than once) by 30 basis points for the 2004–2011 period and by 90 basis points in 2012 and 2013. Finally, it would replace the existing range of fees for hybrid adjustable rate mortgages with a flat fee of 1.25 percent. CBO estimates that revising fees in the manner specified above would reduce direct spending by \$29 million in 2004 and \$492 million over the 2004–2013 period.

HOME LOANS FOR RESERVISTS. Section 13 would permanently extend the home loan benefits guaranteed by VA to members of the selected reserve. Under current law, reservists are eligible for home loans guaranteed by VA through 2009. CBO estimates that under the bill, VA would guarantee 9,000 additional loans a year over the 2010–2013 period, with an average loan amount of \$153,000. CBO further estimates that the subsidy cost associated with these additional loans would total \$10 million over the 2010–2013 period.

Direct Spending—Compensation, Pensions, and Burial Benefits

Several sections of the bill would affect spending for veterans' disability compensation, pensions, and burial benefits (see Table 3). Together, those provisions would increase spending by \$27 million in 2004, \$218 million over the 2004–2008 period and by \$479 million over the 2004–2013 period, CBO estimates.

TABLE 3. ESTIMATED CHANGES IN DIRECT SPENDING FOR VETERANS' COMPENSATION, PENSIONS, AND BURIAL BENEFITS UNDER H.R. 2297

Description of Provisions	By Fiscal Year, in Millions of Dollars									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
CHANGES IN DIRECT SPENDING										
Retention of DIC for Remarried Spouses ...	23	40	41	42	43	44	46	47	48	49
Disability Benefits for Filipino Veterans	4	4	4	4	4	4	5	5	5	5
Vocational Training for Pensioners	1	1	2	2	2	2	0	0	-1	-1
Spina Bifida Benefits	1	1	1	1	1	1	1	1	1	1
Disability Benefits for Former POWs	1	1	1	1	1	1	1	1	1	1
Burial Benefits for New Philippine Scouts	1	1	1	1	1	1	1	1	1	1
Forfeiture of Benefits for Subversive Ac- tivities	1	1	1	1	1	1	1	1	1	1
Total Changes in Compensation, Pensions, and Burial Benefits	27	45	47	48	49	50	51	52	52	53

NOTE: DIC = Death and Indemnity Compensation; POWs = Prisoners of War.

¹ = Less than \$500,000.

RETENTION OF DEATH AND INDEMNITY COMPENSATION (DIC) FOR REMARRIED SPOUSES. Under current law, VA provides DIC payments to the surviving spouse of certain deceased veterans. If a surviving spouse remarries, DIC payments cease. Should the subsequent marriage end, either due to divorce or death of the new spouse, DIC payments can resume. Section 6 would allow a surviving spouse who remarries after age 55 to continue receiving DIC payments. The provision would apply retroactively, allowing surviving spouses who have already remarried after age 55 to resume receiving DIC payments but only if they apply for the benefit within one year after this bill is enacted. CBO estimates that the total cost to provide DIC payments to surviving spouses who remarry after age 55 would be \$23 million in 2004, \$189 million over the 2004–2008 period, and \$423 million over the 2004–2013 period. Some of these costs would be offset by direct spending savings in retirement programs for the uniformed services. Those savings are discussed in the section titled “Military Retirement” below.

In fiscal year 2002, about 300,000 surviving spouses received DIC payments. CBO estimates that in that year, about 330 surviving spouses over age 55 (or about 0.1 percent of all surviving spouses receiving DIC) remarried and stopped receiving DIC payments as a result. CBO projects that, under current law, the number of remarriages would gradually increase each year as the overall population of DIC recipients increases and exceed 400 a year by the end of the decade.

CBO estimated the costs for three groups of surviving spouses—those over age 55 who would remarry under current law, those over age 55 who would choose not to remarry under current law but would remarry if section 6 were enacted, and those who remarried after age 55 before enactment of this bill.

Surviving Spouses Over Age 55 Who Would Remarry Under Current Law.—CBO estimates that over the 2004–2013 period, about 380 surviving spouses over age 55 would remarry each year on average under current law. Under this bill, federal spending for DIC would increase because those surviving spouses would now receive DIC payments that would have stopped under current law. The average DIC payment in fiscal year 2002 was \$12,244. Such pay-

ments are adjusted annually for increases in the cost of living. After accounting for expected mortality of the remarried surviving spouses as well as their new spouses, CBO estimates that the additional cost to provide DIC payments to surviving spouses over age 55 who would remarry under current law would be \$7 million in 2004, \$69 million over the 2004–2008 period, and \$227 million over the 2003–2012 period.

Surviving Spouses Over Age 55 Who Would Choose Not to Remarry Under Current Law.—Under this bill, some surviving spouses over age 55 might choose to remarry who would not have done so under current law. CBO estimates there would be no additional cost to provide DIC payments to those individuals. Because those surviving spouses would choose to remain unmarried and receive DIC payments continuously under current law, providing DIC payments if they remarry would result in no additional costs to the program.

Surviving Spouses Who Remarried After Age 55 Before Enactment of the Bill.—Section 6 also would apply retroactively, allowing surviving spouses who remarried after age 55 before enactment of this legislation to resume receiving DIC once this legislation was enacted. The bill would impose a deadline, however, that would require all those eligible to apply for resumption this benefit within one year after the bill’s enactment date. After accounting for expected mortality of the remarried surviving spouses as well as their new spouses, CBO estimates that about 2,500 surviving spouses who remarried after age 55 would apply within the time limit and resume receiving DIC payments. That number represents about 30 percent of the total number of retroactive cases that CBO estimates would be eligible to reapply for DIC payments. CBO estimates that the additional cost to provide DIC payments to this population would be \$16 million in 2004, \$120 million over the 2004–2008 period, and \$196 million over the 2004–2013 period. Such costs could obviously be much higher or lower, depending on the portion of eligible people that apply for this retroactive benefit. (CBO also estimates that implementing this section would increase spending subject to appropriation by about less than \$100,000 a year over the 2004–2006 period, assuming appropriation of the estimates amounts. CBO’s estimate of those costs is discussed below under the heading of “Spending Subject to Appropriation.”)

DISABILITY BENEFITS FOR FILIPINO VETERANS. Section 16 would expand benefits for Filipino veterans who served in the Philippine Commonwealth Army and the New Philippine Scouts and their survivors. In sum, CBO estimates that enacting section 16 would cost \$4 million in 2004, \$20 million over the 2004–2008 period, and \$44 million over the 2004–2013 period.

Dependency and Indemnity Compensation.—Under current law, surviving spouses and dependents of Filipino veterans who served in the Philippine Commonwealth Army or the New Philippine Scouts during World War II and live in the United States are eligible to receive half the amount of the DIC payment that survivors of veterans of the U.S. armed forces receive. Section 16 of the bill would require that these survivors be paid at the full DIC rate.

Based on information provided by VA, CBO estimates that about 420 survivors of Filipino veterans who served in the Philippine

Commonwealth Army or the New Philippine Scouts currently receive DIC payments at the 50 percent rate and that about 120 additional survivors would become eligible for these payments over the 2004–2013 period. CBO assumes that the survivors of these Filipino veterans received about half of the average DIC payment in fiscal year 2002 (\$12,244, as noted above). After adjusting for cost-of-living increases, CBO estimates that, under the bill, the average DIC payment to these survivors would be \$15,157 for 2004, an increase of \$7,578. After accounting for the expected mortality of these veterans and their eligible survivors, CBO estimates that enacting this provision would raise direct spending for DIC by about \$3 million in 2004, \$18 million over the 2004–2008 period, and about \$40 million over the 2004–2013 period.

Disability Compensation Benefits.—Under current law, former New Philippine Scouts residing in the United States are eligible to receive half the amount of disability compensation currently available to veterans of the U.S. armed forces. Section 16 would increase disability compensation for these veterans to the full rate. Based on information provided by VA, CBO estimates that there are currently about 100 former New Philippine Scouts residing in the United States today. In fiscal year 2002, the average disability compensation payment was \$7,334. CBO assumes that eligible former New Philippine Scouts received about half that amount. After adjusting for cost-of-living increases, CBO estimates that the average disability compensation payment to these veterans would total \$8,531 for fiscal year 2004, an increase of \$4,265. After accounting for expected mortality rates, CBO estimates that enacting this provision would increase direct spending for veterans' disability compensation by less than \$500,000 in 2004, about \$2 million over the 2004–2008 period, and about \$3 million over the 2004–2013 period.

VOCATIONAL TRAINING FOR PENSIONERS. Low-income veterans who served in the armed forces during a period of war and who are age 65 or older or are determined by VA to be permanently and totally disabled are eligible for monetary support to bring their total income up to a level set by the Congress. Under current law, veterans whose income subsequently exceeds this level are no longer eligible for this pension or the related health care benefits. Section 9 would reinstate a pilot program that offered vocational training and job placement services to certain pension recipients. That program expired in 1995. Under that program, trainees who subsequently became employed were allowed to maintain eligibility for the pension program through their first year of employment and to receive health care benefits for three years after that. Payments for education, training, and other services were made from the pension account. Section 9 would reinstate this program for five years from the bill's date of enactment.

The temporary program of Vocational Training For Certain Pension Recipients operated from February 1, 1985, to December 31, 1995. VA reports that individuals trained under that program from 1985 through 2000. Based on our analysis of that program's history, CBO expects about 50 pensioners to begin training in 2004, increasing to about 250 trainees a year when the program is fully

implemented. The number of trainees would decline after 2008, when the program would stop taking new entrants.

The vocational training and job placement services would be offered under the VA program of Training and Rehabilitation for Veterans with Service-Connected Disabilities. The average benefit under this program was about \$7,300 in 2002 and CBO estimates the average benefit will increase to almost \$8,100 in 2004. Trainees under the pilot program for pension recipients would generally be eligible for 24 months of vocational training, but would not receive the subsistence allowance and related loans usually available to those in the Training and Rehabilitation program, nor would they be eligible for automobile adaptive equipment.

During the earlier pilot program, the average cost for evaluating and training pension recipients was about 60 percent of the average training and allowance benefit under the Training and Rehabilitation Program, and for this estimate, CBO assumes that will continue to be the case. Thus, CBO estimates that reinstating the pilot program would result in training costs for pension recipients of less than \$500,000 in 2004, \$7 million over the 2004–2008 period and \$12 million over the 2004–2013 period.

To the extent that the trainees are successful in obtaining employment, their pensions would be reduced or eliminated, thereby reducing pension outlays. Assuming similar rates of employment to those reported under the previous pilot, CBO estimates that about 130 pensioners would have their pensions reduced or eliminated for a savings of \$5 million over the 2006–2013 period. In total, the pilot program would increase pension costs by less than \$500,000 in 2004, \$7 million over the 2004–2008 period, and \$7 million over the 2004–2013 period.

SPINA BIFIDA BENEFITS. Exposure to certain herbicides used by the Department of Defense (DoD) during the Vietnam War from 1962 to 1971 has been associated with a range of diseases from cancer to birth defects. Under current law, children with spina bifida who were born to veterans of the Vietnam War are entitled to monetary allowances, vocational rehabilitation benefits, and medical benefits administered by VA. Section 12 would expand eligibility for these benefits to children with spina bifida who were born to veterans who served in the demilitarized zone (DMZ) in the Republic of Korea between October 1967 and May 1975.

According to DoD, herbicides were used in the DMZ in Korea in 1968 and 1969. DoD estimates that up to 78,000 veterans may have served in the demilitarized zone during that time period, but that the number of veterans exposed could be much lower.

According to VA, under current law the department provides benefits to about 1,100 children born to Vietnam veterans out of a total of about 3.1 million veterans who served within the borders of Vietnam. In 2002, the costs of benefits provided by VA to children with spina bifida born to Vietnam veterans ranged, depending on the severity of the disease, from \$2,736 to \$16,248 a year per child for disability compensation and, on average, about \$11,300 a year per child for medical benefits.

Based on VA's experience with benefits for children with spina bifida born to Vietnam veterans, CBO estimates that less than 30 children with spina bifida born to veterans who served in the DMZ

between October 1967 and May 1975 would begin to receive benefits under section 12. CBO estimates that the increase in direct spending resulting from enacting section 12 would be less than \$500,000 in 2004, about \$2 million over the 2004–2008 period, and about \$4 million over the 2004–2013 period. (CBO estimates that implementing this section also would increase spending subject to appropriation by about \$2 million over the 2004–2008 period, assuming appropriation of the estimated amounts. CBO’s estimate of those costs is discussed below under the heading of “Spending Subject to Appropriation.”)

DISABILITY BENEFITS FOR FORMER PRISONERS OF WAR (POWS). Under current law, VA generally deems a disability or disease to be service-connected for the purposes of disability compensation based on military medical records and physical examinations. For former POWs who were held captive for 30 days or more, current law specifies a list of 15 diseases and disabilities that VA assumes are service-connected because, according to VA, military medical records do not cover periods of captivity and may not provide adequate documentation for eligibility for disability compensation benefits.

Section 11 would add cirrhosis of the liver to the list of presumed service-connected disabilities for former POWs who were held captive for 30 days or more. Based on information provided by VA, CBO estimates that there are currently about 39,000 living former POWs. Applying prevalence rates for this disease obtained from the National Institutes of Health and assuming that between 50 percent and 60 percent of eligible former POWs would apply, CBO estimates that less than 10 former POWs would receive compensation under this provision each year. In 2002, the average disability compensation payment to veterans with diseases of the liver was about \$5,900 for the year. CBO estimates that adding cirrhosis of the liver to the list of presumed service-connected disabilities for former POWs would increase direct spending for veterans’ compensation by less than \$100,000 a year over the 2004–2013 period.

VA is in the process of issuing a regulation that would have the same effect as this provision and expects the regulation to take effect by the end of fiscal year 2003. If this regulation were to take effect before H.R. 2297 became law, this provision would have no cost.

Section 11 also would eliminate the requirement that a POW be held prisoner for 30 days or more to qualify for presumed service-connection for five of the 15 presumed service-connected disabilities included under current law—specifically, psychosis, any of the anxiety states, dysthymic disorder (or depressive neurosis), organic residuals of frostbite, and post-traumatic osteoarthritis. Based on information provided by VA, CBO estimates that of the 39,000 living former POWs, no more than 400 were held captive for less than 30 days. About 70 percent, or around 280, of these former POWs are already receiving disability compensation based on their eligibility as a veteran. Due to the small number of former POWs who would become eligible for the new benefit and the fact that many are already receiving disability compensation, CBO estimates that the increase in direct spending from eliminating the 30-day require-

ment for these five disabilities would be less than \$100,000 a year over the 2004–2013 period.

In sum, CBO estimates that enacting section 11 would cost less than \$100,000 in 2004, less than \$500,000 over the 2004–2008 period, and, at most, \$1 million over the 2004–2013 period.

BURIAL BENEFITS FOR NEW PHILIPPINE SCOUTS. Under current law, veterans who die of service-connected disabilities are eligible for a \$2,000 burial benefit. Veterans who receive compensation or pension benefits but die of a nonservice-connected condition are eligible for a \$300 burial and funeral expenses benefit and another \$300 allowance if the veteran is not interred in a cemetery that is under U.S. government jurisdiction. Veterans of the New Philippine Scouts are currently eligible for half of the burial benefit amounts provided to veterans of the U. S. armed forces. Under section 17, veterans of the New Philippine Scouts would receive burial and plot allowances at the full rate if they are naturalized U.S. citizens living in the United States. Based on information provided by VA, CBO estimates that only a handful of these veterans would become eligible for the increase in burial benefits each year. Thus, CBO estimates that enacting section 17 would have no significant effect on direct spending over the 2004–2013 period.

FORFEITURE OF BENEFITS FOR SUBVERSIVE ACTIVITIES. Under current law, a veteran who commits certain criminal acts loses eligibility for veterans' benefits that he would otherwise be due. Section 20 would include additional criminal acts that would cause a veteran to lose eligibility for veterans' benefits—specifically, criminal acts involving chemical, biological or nuclear weapons, genocide, and the murder of U.S. citizens outside of the United States. CBO estimates that any savings in direct spending that would result from not paying veterans who commit these crimes would be insignificant.

Direct Spending—Retirement Benefits

Many retirees of the uniformed services have a Survivor Benefit Plan (SBP) premium payment deducted from their retirement annuity. The SBP was established in Public Law 92–425 to create an opportunity for military retirees to provide annuities for their survivors. Under current law, survivors of disabled veterans who are retired from the military, the Coast Guard, Public Health Service, or the National Oceanic and Atmospheric Administration cannot receive both full SBP and DIC from VA. Because of this prohibition on concurrent receipt of these benefits, such survivors forgo a portion of their SBP annuity equal to the nontaxable DIC benefit. These survivors also receive a refund in premiums for the portion of the SBP annuity they chose to forgo to receive the nontaxable DIC benefit. If a survivor loses eligibility for DIC payments, he or she has the option to repay the refunded premiums to once again receive their full SBP annuity.

Section 6 would allow surviving spouses who remarry after age 55 to continue receiving DIC payments that they would otherwise be ineligible for (see “Retention of DIC for Remarried Spouses” above). Surviving spouses who would gain eligibility for DIC under section 6 and who would as a result be eligible for both SBP and DIC would forgo that portion of their SBP annuity equal to the

nontaxable DIC benefit. Thus, the enactment of section 6 would result in a savings in SBP payments for surviving spouses who under current law receive the full amount of their SBP payments.

In comparison to current law, the full amount of these savings would be reduced because of changes in the amount of premium refunds and repayments. For the survivors whose remarriage occurred prior to enactment of this bill, these savings would be partially offset by the refunding of the premium payments for the portion of SBP that these survivors would forgo to receive DIC. CBO expects that their refund payments would occur in either 2004 or 2005, depending on how soon VA restarts their DIC benefit.

Survivors who remarry after enactment of this legislation would continue receiving the same DIC and SBP payments as before their remarriage. If they remarry under current law, these survivors would become ineligible for DIC and would have to buy back their full SBP eligibility by repaying that portion of their premiums that had previously been refunded. Under section 6, these survivors would not repay the premiums because they would continue receiving SBP at the reduced rate. Thus, if section 6 were enacted, total SBP costs would increase by the amount that these survivors would not repay, and decrease by the amount of the DIC offset.

Based on information provided by DoD and VA, CBO estimates that about 500 survivors would receive both DIC and a SBP annuity each year over the 2004–2013 period and that the average annual SBP offset would be \$9,218 in 2004 which would increase over the 2005–2013 period for cost-of-living adjustments. After accounting for changes in SBP premium refunds and repayments, CBO estimates that enacting section 6 would increase spending for retirement from the uniformed services by \$1 million in 2004, but reduce spending for these benefits by \$16 million over the 2004–2008 period and \$43 million over the 2004–2013 period (see table 2).

Direct Spending—Veterans' Readjustment Benefits

H.R. 2297 contains several provisions that would affect direct spending for education benefits for veterans and their survivors and dependents, and for other readjustment benefits (see Table 4). Together, these provisions would increase spending by \$6 million in 2004, \$35 million over the 2004–2008 period, and by \$80 million over the 2004–2013 period.

TABLE 4. ESTIMATED CHANGES IN DIRECT SPENDING FOR VETERANS' READJUSTMENT BENEFITS UNDER H.R. 2297

Description of Provisions	By Fiscal Year, in Millions of Dollars									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Automobile and Adaptive Equipment Grants	4	4	4	4	5	5	5	5	5	5
Adaptive Housing Grants	1	1	1	1	1	1	1	1	1	1
MGIB for Self-Employment	1	2	2	2	2	3	3	3	3	3
Extend Chapter 35 for National Guard	1	1	1	1	1	1	1	1	1	1
Repeal of Education Loan Program	1	0	0	0	0	0	0	0	0	0
Total Changes in Veterans' Readjustment Benefits	6	7	7	7	8	9	9	9	9	9

NOTE: MGIB = Montgomery GI Bill.

1 = Less than \$500,000.

AUTOMOBILE AND ADAPTIVE EQUIPMENT GRANTS. Section 10 would increase a benefit that helps eligible disabled veterans obtain suitable transportation. CBO estimates enacting this provision would increase direct spending for automobile grants and adaptive equipment by about \$4 million in 2004, \$21 million over the 2004–2008 period, and \$46 million over the 2004–2013 period.

Automobile Grants.—Section 10 would increase, from \$9,000 to \$11,000, the maximum amount of a grant available to eligible veterans for the purchase of an automobile or other vehicle. Veterans are eligible to receive this grant if, as a result of a service-connected injury or disease, they have lost the use of one or both hands (or feet), or have a severe vision impairment.

Based on data provided by VA, CBO estimates that about 1,100 veterans purchased automobiles in 2002 with the help of VA grants that averaged almost \$9,000. Based on our analysis of the results of previous increases in this grant amount, CBO estimates that increasing the maximum grant amount to \$11,000 would raise the number of grants awarded to about 1,220, an increase of about 120 grants a year. Thus, CBO estimates that enacting this provision would increase outlays for automobile grants by about \$3 million in 2004, \$16 million over the 2004–2008 period, and \$36 million over the 2004–2013 period.

Adaptive Equipment.—Veterans who receive automobile grants under the VA program are also entitled to receive the necessary adaptive equipment to enable them to safely operate their vehicles, and to have that equipment repaired or replaced as necessary. Based on current levels of expenditure, we estimate that providing adaptive equipment for about 120 extra vehicles a year would increase annual outlays by about \$700,000, and that outlays would increase by close to \$1 million a year in later years as these additional vehicles begin to return for repair or replacement of equipment. Thus, CBO estimates that providing and maintaining adaptive equipment for the extra vehicles purchased as a result of the benefit increase under section 10 would increase outlays by about \$1 million in 2004, \$5 million over the 2004–2008 period, and \$10 million over the 2004–2013 period.

ADAPTIVE HOUSING GRANTS. VA currently administers two grant programs to assist severely disabled veterans in acquiring housing that is adapted to their disabilities, or in modifying their existing

housing. Under current law, veterans who are classified by VA as totally disabled and who have certain mobility limitations are entitled to receive housing grants of up to \$48,000. Totally disabled veterans who are blind or have lost the use of their hands are entitled to receive grants of up to \$9,250. Section 10 also would increase those grants to maximums of \$50,000 and \$10,000, respectively.

According to VA, 678 veterans received housing grants averaging \$36,586 in fiscal year 2002. Because the benefit increase is relatively small, and the criteria to receive these grants are highly restrictive, CBO expects that enacting section 10 would not result in a significant increase in the number of grants that would be awarded each year. CBO estimates that, under this provision, the grants would average about \$39,000, increasing outlays by about \$1 million annually.

MONTGOMERY GI BILL (MGIB) FOR SELF-EMPLOYMENT TRAINING.

Section 2 would allow veterans to use their education benefits to receive on-the-job training for periods of less than six months, when that training is needed to obtain a license to engage in a self-employment occupation or is required for ownership and operation of a franchise. This provision would take effect six months after the bill's enactment. Under current law, these benefits are usually approved only for those on-the-job training programs that last a minimum of six months. Based on information from VA, CBO believes this expansion of education benefits would be used primarily by those seeking to own and operate a franchise. Franchise companies typically require prospective owners to undergo a four-to-six week program of on-the-job training.

Based on information from the Department of Labor (DOL), CBO estimates that about 6,500 eligible veterans took self-employment classes through Small Business Development Centers in 2002, and we assume that about 1,600 of these also completed five weeks of on-the-job training that is associated with the purchase of a franchise. Because the population eligible for and using MGIB is growing, we estimate this number will increase to about 2,000 by 2013. In 2004, the MGIB benefit will be \$985 a month, or about \$1,200 for a five-week period. Under current law, such payments are annually adjusted for increases in the cost of living. Thus, CBO estimates that enacting section 2 would increase direct spending for veterans' education benefits by about \$1 million in 2004, \$9 million over the 2004–2008 period, and \$24 million over the 2004–2013 period.

OTHER PROVISIONS AFFECTING SPENDING FOR READJUSTMENT BENEFITS. The following provisions would have an insignificant budgetary impact on direct spending for readjustment benefits:

- Section 3 would extend the period of eligibility for survivors and dependents education benefits for those members of the National Guard who are involuntarily ordered to full-time National Guard duty under section 502(f) of Title 32 of the United States Code. This expanded eligibility would be retroactive to September 11, 2001. Based on information from VA and DoD, CBO estimates that very few National Guard members would

be affected by this change and that the cost would be less than \$500,000 over the 2004–2013 period.

- Section 5 would repeal the Education Loan Program and forgive any remaining debts owed to the fund. No loans have been made through this fund in 10 years and the currently outstanding debt is about \$120,000. Forgiving the remaining debt would constitute a loan modification, which would increase direct spending by less than \$100,000.

Spending Subject to Appropriation

Table 5 shows the estimated effects of H.R. 2297 on discretionary spending for veterans' programs. CBO estimates that implementing H.R. 2297 would increase discretionary spending for veterans benefits by \$4 million in 2004 and \$137 million over the 2004–2008 period, assuming that the necessary amounts are appropriated.

STATE CEMETERY GRANTS. Current law authorizes VA to make grants to build and improve state veterans' cemeteries through fiscal year 2004, assuming appropriation of the necessary amounts. Section 8 would extend this authority indefinitely. CBO estimates that implementing this section would cost \$107 million over the 2005–2008 period, assuming appropriation of the necessary amounts.

TRANSITION ASSISTANCE PROGRAM (TAP). Servicemembers who are preparing to separate from the military are eligible to attend transition assistance workshops offered by the Department of Labor at military facilities in the United States and Puerto Rico. Section 19 would require TAP personnel or contractors to provide transition assistance, in person, at overseas bases. DoD projects about 20,000 separations a year at overseas bases. Based on information from DoD and DOL, CBO expects that, under section 19, DOL would offer about 600 overseas workshops a year at an average cost per workshop of about \$2,500. CBO estimates that implementing section 19 would cost \$1 million in 2004 and about \$2 million a year thereafter, assuming that the necessary amounts are appropriated.

REGIONAL OFFICE IN MANILA, PHILIPPINES. Section 18 would authorize VA to maintain the regional office located in Manila, Philippines, through December 31, 2009. Under current law, the authorization for this regional office will expire on December 31, 2003. Based on information provided by VA, CBO estimates that implementing section 18 would cost \$3 million in 2004 and \$19 million over the 2004–2008, assuming appropriation of the necessary amounts.

SPINA BIFIDA BENEFITS. Under current law, children with spina bifida who were born to veterans of the Vietnam War are entitled to medical benefits administered by the Department of Veterans Affairs. Section 12 would expand eligibility for these benefits to children with spina bifida who were born to veterans who served in the demilitarized zone in the Republic of Korea between October 1967 and May 1975. Based on VA's experience with benefits for children with spina bifida born to Vietnam veterans, CBO estimates that less than 30 children with spina bifida would begin to receive benefits under section 12. According to VA, the average an-

nual cost for providing medical benefits to these children was about \$11,300 per child in 2002. Assuming appropriation of the estimated amounts, CBO estimates that implementing section 12 would cost less than \$500,000 in 2004 and about \$2 million over the 2004–2008 period.

TABLE 5. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 2297^a

Description of Provisions	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
State Cemetery Grants					
Estimated Budget Authority	33	33	34	35	35
Estimated Outlays	0	15	25	33	34
Transition Assistance Program					
Estimated Budget Authority	1	2	2	2	2
Estimated Outlays	1	2	2	2	2
Regional Office in Manila, Philippines					
Estimated Budget Authority	3	4	4	4	4
Estimated Outlays	3	4	4	4	4
Spina Bifida Benefits					
Estimated Budget Authority	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Other Provisions					
Estimated Budget Authority	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Total Changes					
Estimated Budget Authority	37	39	40	41	41
Estimated Outlays	4	21	31	39	40

^a Five-year costs in the text differ slightly from a summation of the annual costs shown here because of rounding.

¹ = Less than \$500,000.

OTHER PROVISIONS. The following provisions would have an insignificant impact on discretionary spending:

- Section 4 would modify the charter of the Veterans' Advisory Committee on Education so that the committee would continue to operate until December 31, 2009. Based on information from the General Services Administration's Federal Advisory Committee Database, CBO estimates that implementing this provision would cost less than \$100,000 a year over the 2004–2010 period, assuming appropriation of the necessary amounts.
- Under current law, the VA provides DIC payments to the surviving spouse of certain deceased veterans. If a surviving spouse remarries, DIC payments cease. Should the subsequent marriage end, either due to divorce or death of the new spouse, DIC payments can resume. Section 6 would allow a surviving spouse who remarries after age 55 to continue receiving DIC payments. CBO estimates that enacting section 6 would result in about 3,000 cases where a surviving spouses would apply to reinstate their DIC payments retroactively. CBO estimates that the costs for VA to process those additional applications would be less than \$100,000 a year over the 2004–2006 period, assuming appropriation of the necessary amounts.
- Under current law, surviving spouses of veterans lose eligibility for burial in a national cemetery if they remarry. Surviving spouses can only regain eligibility if the subsequent remarriage ends in death of the subsequent spouse or divorce.

Section 7 would change the eligibility requirements for surviving spouses so that remarriage would not affect their eligibility for burial in a national cemetery. This provision would apply to deaths occurring on or after January 1, 2000. CBO estimates that the potential increase in costs resulting from an increased number of burials in national cemeteries would be insignificant.

- U.S. veterans are eligible for burial in a national cemetery if they were discharged or separated from active duty under conditions other than dishonorable. Members of the armed forces who die on active duty and spouses and minor children of veterans are also eligible. Section 17 would extend this eligibility to veterans of the New Philippine Scouts and their dependents. Based on information provided by VA, CBO estimates that only a handful of these veterans and their dependents would request burial in a national cemetery each year. Thus, CBO estimates that this new eligibility would not lead to a significant increase in the number of burials in national cemeteries.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2297 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On March 28, 2003, CBO transmitted a cost estimate for H.R. 36, a bill to provide that remarriage of the surviving spouse of a deceased veteran after age 55 shall not result in termination of DIC otherwise payable to that surviving spouse, as introduced on January 7, 2003. Section 6 of H.R. 2297 would provide a one-year limit for VA to accept applications for reinstated DIC benefits. In contrast, H.R. 36 had no time limit for application for benefits. CBO's cost estimate for H.R. 36 did not account for savings in military retirement programs that would occur as a result of both bills. These differences are reflected in the cost estimates for H.R. 36 and H.R. 2297.

On April 3, 2003, CBO transmitted a cost estimate for H.R. 533, the Agent Orange Veterans' Children's Benefits Act of 2003, as introduced on February 5, 2003. Section 12 of H.R. 2297 is similar to H.R. 533; however, CBO could not provide a specific estimate of costs for H.R. 533 because we were uncertain how VA would implement the bill. Because section 12 is more specific regarding the expanded eligibility for benefits for children with spina bifida, CBO has provided an estimate of those costs for H.R. 2297.

On May 19, 2003, CBO transmitted a cost estimate for H.R. 1460, the Veterans Entrepreneurship and Benefits Improvement Act of 2003, as ordered reported by the House Committee on Veterans' Affairs on May 15, 2003. Section 15 of H.R. 2297 is similar to section 5 of H.R. 1460, as are the estimated savings.

On May 19, 2003, CBO transmitted a cost estimate for H.R. 1257, the Selected Reserve Home Loan Equity Act, as ordered reported by the House Committee on Veterans' Affairs on May 15, 2003. Sections 13 and 14 of H.R. 2297 are similar to H.R. 1257, and the estimates of savings are also similar. Section 14 of H.R. 2297 would make further changes to loan fees, which would yield

greater savings than estimated for H.R. 1257. On May 23, 2003, CBO transmitted a cost estimate for H.R. 1838, a bill to revise the presumptions of service-connection relating to diseases and disabilities of former prisoners of war, as introduced on April 29, 2003. Section 11 of the bill is identical to H.R. 1838, as are the two estimates.

ESTIMATE PREPARED BY:

Federal Costs:

- Housing: Sunita D'Monte (226-2840)
- Compensation: Melissa E. Zimmerman and Dwayne M. Wright (226-2840)
- Retirement Benefits: Sarah T. Jennings and Melissa E. Zimmerman (226-2840)
- Readjustment Benefits: Sarah T. Jennings (226-2840)
- Impact on State, Local, and Tribal Governments: Melissa Merrell (225-3220)
- Impact on the Private Sector: Frances Lussier (226-2900)

ESTIMATE APPROVED BY:

Peter H. Fontaine

STATEMENT OF FEDERAL MANDATES

The preceding Congressional Budget Office cost estimate states the bill contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

TITLE 38, UNITED STATES CODE

* * * * *

PART I—GENERAL PROVISIONS

CHAPTER		Sec.
1. General		101
* * * * *		

PART II—GENERAL BENEFITS

11. Compensation for Service-Connected Disability or Death	1101
* * * * *	
[18. Benefits for Children of Vietnam Veterans	1802]

18. *Disability Benefits for Children of Vietnam Veterans
and Other Veterans Exposed to Herbicide Agents* 1801

* * * * *

PART I—GENERAL PROVISIONS

* * * * *

CHAPTER 1—GENERAL

* * * * *

§ 103. Special provisions relating to marriages

(a) * * *

* * * * *

(d)(1) * * *

(2)(A) * * *

(B) The remarriage after age 55 of the surviving spouse of a veteran shall not bar the furnishing of benefits under section 1311 or 1781 of this title to such person as the surviving spouse of the veteran.

* * * * *

§ 107. Certain service deemed not to be active service

(a) * * *

(b) Service in the Philippine Scouts under section 14 of the Armed Forces Voluntary Recruitment Act of 1945 shall not be deemed to have been active military, naval, or air service for the purposes of any of the laws administered by the Secretary except—

(1) * * *

(2) chapters 11 [and], 13 (except section 1312(a)), 23, and 24 (to the extent provided for in section 2402(8)) of this title.

[Payments] *Except as provided in subsection (c) or (d), payments under such chapters shall be made at a rate of \$0.50 for each dollar authorized, and where annual income is a factor in entitlement to benefits, the dollar limitations in the law specifying such annual income shall apply at a rate of \$0.50 for each dollar.*

(c) In the case of benefits under subchapters II and IV of chapter 11 of this title and subchapter II of chapter 13 (except section 1312(a)) of this title paid by reason of service described in subsection (a) or (b) to an individual residing in the United States who is a citizen of, or an alien lawfully admitted for permanent residence in, the United States, the second sentence [of subsection (a)] of the applicable subsection shall not apply.

(d)(1) With respect to benefits under chapter 23 of this title, in the case of an individual described in paragraph (2), the second sentence of subsection (a) or (b), as otherwise applicable, shall not apply.

(2) Paragraph (1) applies to any individual whose service is described in subsection (a) and who dies after November 1, 2000, or whose service is described in subsection (b) and who dies after the date of the enactment of the Veterans Benefits Act of 2003, if the individual, on the individual's date of death—

(A) * * *

* * * * *

CHAPTER 3—DEPARTMENT OF VETERANS AFFAIRS

* * * * *

§ 315. Regional offices

(a) * * *

(b) The Secretary may maintain a regional office in the Republic of the Philippines until December 31, [2003] 2009.

* * * * *

PART II—GENERAL BENEFITS

CHAPTER	Sec.
11. Compensation for Service-Connected Disability or Death	1101
* * * * *	
[18. Benefits for Children of Vietnam Veterans 1802]	
18. <i>Disability Benefits for Children of Vietnam Veterans and Other Veterans Exposed to Herbicide Agents</i>	1801
* * * * *	

CHAPTER 11—COMPENSATION FOR SERVICE-CONNECTED DISABILITY OR DEATH

* * * * *

SUBCHAPTER II—WARTIME DISABILITY COMPENSATION

* * * * *

§ 1112. Presumptions relating to certain diseases and disabilities

(a) * * *

[(b) For the purposes of section 1110 of this title and subject to the provisions of section 1113 of this title, in the case of a veteran who is a former prisoner of war and who was detained or interned for not less than thirty days, the disease of—

- [(1) avitaminosis,
- [(2) beriberi (including beriberi heart disease),
- [(3) chronic dysentery,
- [(4) helminthiasis,
- [(5) malnutrition (including optic atrophy associated with malnutrition),
- [(6) pellagra,
- [(7) any other nutritional deficiency,
- [(8) psychosis,
- [(9) any of the anxiety states,
- [(10) dysthymic disorder (or depressive neurosis),
- [(11) organic residuals of frostbite, if the Secretary determines that the veteran was interned in climatic conditions consistent with the occurrence of frostbite,
- [(12) post-traumatic osteoarthritis,

[(13) peripheral neuropathy except where directly related to infectious causes,

[(14) irritable bowel syndrome, or

[(15) peptic ulcer disease,

which became manifest to a degree of 10 percent or more after active military, naval, or air service shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of such disease during the period of service.]

(b)(1) For the purposes of section 1110 of this title and subject to the provisions of section 1113 of this title, in the case of a veteran who is a former prisoner of war—

(A) a disease specified in paragraph (2) shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of such disease during the period of service; and

(B) if the veteran was detained or interned as a prisoner of war for not less than thirty days, a disease specified in paragraph (3) which became manifest to a degree of 10 percent or more after active military, naval, or air service shall be considered to have been incurred in or aggravated by such service, notwithstanding that there is no record of such disease during the period of service.

(2) The diseases specified in this paragraph are the following:

(A) Psychosis.

(B) Any of the anxiety states.

(C) Dysthymic disorder (or depressive neurosis).

(D) Organic residuals of frostbite, if the Secretary determines that the veteran was interned in climatic conditions consistent with the occurrence of frostbite.

(E) Post-traumatic osteoarthritis.

(3) The diseases specified in this paragraph are the following:

(A) Avitaminosis.

(B) Beriberi (including beriberi heart disease).

(C) Chronic dysentery.

(D) Helminthiasis.

(E) Malnutrition (including optic atrophy associated with malnutrition).

(F) Pellagra.

(G) Any other nutritional deficiency.

(H) Cirrhosis of the liver.

(I) Peripheral neuropathy except where directly related to infectious causes.

(J) Irritable bowel syndrome.

(K) Peptic ulcer disease.

* * * * *

**CHAPTER 13—DEPENDENCY AND INDEMNITY
COMPENSATION FOR SERVICE-CONNECTED DEATHS**

* * * * *

SUBCHAPTER III—CERTIFICATIONS

* * * * *

§ 1322. Certifications with respect to social security entitlement

(a) Determinations required by section 1312(a) of this title (other than a determination required by section 1312(a)(2) of this title) as to whether any survivor described in section 1312(a)(3) of this title of a deceased individual would be entitled to benefits under section 202 of the Social Security Act (42 U.S.C. 402) for any month and as to the amount of the benefits which would be paid for such month, if the deceased veteran had been a fully and currently insured individual at the time of such veteran's death, shall be made by the [Secretary of Health and Human Services, and shall be certified by such Secretary to the Secretary of Veterans Affairs upon request of the Secretary of Veterans Affairs.] *Commissioner of Social Security, and shall be certified by the Commissioner to the Secretary upon request of the Secretary.*

(b) The Secretary shall pay to the [Secretary of Health and Human Services] *Commissioner of Social Security* an amount equal to the costs which will be incurred in making determinations and certifications under subsection (a). Such payments shall be made with respect to the costs incurred during such period (but not shorter than a calendar quarter) as [the two Secretaries] *the Secretary and the Commissioner* may prescribe, with the amount of such payments to be made on the basis of estimates made by the [Secretary of Health and Human Services] *Commissioner* after consultation with the Secretary. The amount payable for any period shall be increased or reduced to compensate for any underpayment or overpayment, as the case may be, of the costs incurred in any preceding period.

* * * * *

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

* * * * *

SUBCHAPTER II—VETERANS' PENSIONS

* * * * *

NON-SERVICE-CONNECTED DISABILITY PENSION

* * * * *

§ 1524. Vocational training for certain pension recipients

(a)(1) In the case of a veteran under age 45 who is awarded a pension during the program period, the Secretary shall, based on information on file with the Department [of Veterans Affairs], make a preliminary finding whether such veteran, with the assistance of a vocational training program under this section, has a good potential for achieving employment. If such potential is found to exist, the Secretary shall solicit from the veteran an application for vocational training under this section. If the veteran thereafter applies for such training, the Secretary shall provide the veteran with an evaluation, which may include a personal interview, to determine whether the achievement of a vocational goal is reasonably feasible.

(2) If a veteran who is 45 years of age or older and is awarded pension during the program period, or a veteran who was awarded pension before the beginning of the program period, applies for vocational training under this section and the Secretary makes a preliminary finding on the basis of information in the application that, with the assistance of a vocational training program under subsection (b) [of this section], the veteran has a good potential for achieving employment, the Secretary shall provide the veteran with an evaluation in order to determine whether the achievement of a vocational goal by the veteran is reasonably feasible. Any such evaluation shall include a personal interview by a Department employee trained in vocational counseling.

(3) For the purposes of this section, the term "program period" means [the period beginning on February 1, 1985, and ending on December 31, 1995] *the five-year period beginning on the date of the enactment of the Veterans Benefits Act of 2003.*

(b)(1) If the Secretary, based upon an evaluation under subsection (a) [of this section], determines that the achievement of a vocational goal by a veteran is reasonably feasible, the veteran shall be offered and may elect to pursue a vocational training program under this subsection. If the veteran elects to pursue such a program, the program shall be designed in consultation with the veteran in order to meet the veteran's individual needs and shall be set forth in an individualized written plan of vocational rehabilitation of the kind described in section 3107 of this title.

* * * * *

(4) A veteran may not begin pursuit of a vocational training program under this subsection after the later of (A) [December 31, 1995] *the end of the program period*, or (B) the end of a reasonable period of time, as determined by the Secretary, following either the evaluation of the veteran under subsection (a) [of this section] or the award of pension to the veteran as described in subsection (a)(2) [of this section]. Any determination by the Secretary of such a reasonable period of time shall be made pursuant to regulations which the Secretary shall prescribe.

(c) In the case of a veteran who has been determined to have a permanent and total non-service-connected disability and who, not later than one year after the date the veteran's eligibility for counseling under subsection (b)(3) [of this section] expires, secures employment within the scope of a vocational goal identified in the veteran's individualized written plan of vocational rehabilitation (or in a related field which requires reasonably developed skills and the use of some or all of the training or services furnished the veteran under such plan), the evaluation of the veteran as having a permanent and total disability may not be terminated by reason of the veteran's capacity to engage in such employment until the veteran first maintains such employment for a period of not less than 12 consecutive months.

(d) A veteran who pursues a vocational training program under subsection (b) [of this section] shall have the benefit of the provisions of subsection (a) of section 1525 of this title beginning at such time as the veteran's entitlement to pension is terminated by reason of income from work or training (as defined in subsection (b)(1) of that section) without regard to the date on which the veteran's entitlement to pension is terminated.

(e) Payments by the Secretary for education, training, and other services and assistance under subsection (b) **[of this section]** (other than the services of Department employees) shall be made from the Department appropriations account from which payments for pension are made.

(f) *The Secretary shall ensure that the availability of vocational training under this section is made known through a variety of means, including the Internet and announcements in Department publications and other veterans' publications.*

(g) *Not later than two years after the date of the enactment of the Veterans Benefits Act of 2003, and each year thereafter, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the operation of this section. The report shall set forth an evaluation of the vocational training provided under this section for the period involved, and shall include an analysis of the cost-effectiveness of the vocational training provided under this section as well as data on the entered-employment rate of veterans pursuing such vocational training.*

* * * * *

[CHAPTER 18—BENEFITS FOR CHILDREN OF VIETNAM VETERANS

[SUBCHAPTER I—CHILDREN OF VIETNAM VETERANS BORN WITH SPINA BIFIDA]

CHAPTER 18—DISABILITY BENEFITS FOR CHILDREN OF VIETNAM VETERANS AND OTHER VETERANS EXPOSED TO HERBICIDE AGENTS

SUBCHAPTER I—CHILDREN BORN WITH SPINA BIFIDA

- Sec. 1801. *Persons eligible for benefits.*
- 1802. *Spina bifida conditions covered.*

* * * * *

[SUBCHAPTER I—CHILDREN OF VIETNAM VETERANS BORN WITH SPINA BIFIDA]

SUBCHAPTER I—CHILDREN BORN WITH SPINA BIFIDA

§ 1801. *Persons eligible for benefits*

An individual is an eligible child for purposes of this subchapter if the individual is suffering from spina bifida and is—

- (1) *a child as defined in section 1821(1) of this title; or*
- (2) *the natural child, regardless of age or marital status, of a parent who during the period beginning on October 1 1967, and ending on May 7 1975, performed active military, naval, or air service in the Republic of Korea in the area between the south line of the Demilitarized Zone and a line five miles south of the Civilian Control Line established with respect to the Demilitarized Zone, but only if the individual was conceived after the parent performed such service.*

* * * * *

§ 1803. Health care

(a) In accordance with regulations which the Secretary shall prescribe, the Secretary shall provide [a child of a Vietnam veteran who is suffering from spina bifida] *an eligible child* with such health care as the Secretary determines is needed by the child for the spina bifida or any disability that is associated with such condition.

* * * * *

§ 1804. Vocational training and rehabilitation

(a) Pursuant to such regulations as the Secretary may prescribe, the Secretary may provide vocational training under this section to [a child of a Vietnam veteran who is suffering from spina bifida] *an eligible child* if the Secretary determines that the achievement of a vocational goal by such child is reasonably feasible.

* * * * *

§ 1805. Monetary allowance

(a) The Secretary shall pay a monthly allowance under this chapter to [any child of a Vietnam veteran] *any eligible child* for any disability resulting from spina bifida suffered by such child.

* * * * *

**CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR
DISABLED VETERANS**

* * * * *

§ 2102. Limitations on assistance furnished

(a) The assistance authorized by section 2101(a) of this title shall be limited in the case of any veteran to one housing unit, and necessary land therefor, and shall be afforded under one of the following plans, at the option of the veteran but shall not exceed **[\$48,000] \$50,000** in any one case—

(1) * * *

* * * * *

(b) Except as provided in section 2104(b) of this title, the assistance authorized by section 2101(b) of this title shall be limited to the lesser of—

(1) * * *

(2) **[\$9,250] \$10,000.**

* * * * *

CHAPTER 24—NATIONAL CEMETERIES AND MEMORIALS

* * * * *

§ 2402. Persons eligible for interment in national cemeteries

Under such regulations as the Secretary may prescribe and subject to the provisions of section 6105 of this title, the remains of the following persons may be buried in any open national cemetery under the control of the National Cemetery Administration:

(1) * * *

* * * * *

(5) The spouse, surviving spouse [(which for purposes of this chapter includes an unremarried surviving spouse who had a subsequent remarriage which was terminated by death or divorce)] (which for purposes of this chapter includes a surviving spouse who had a subsequent remarriage), minor child (which for purposes of this chapter includes a child under 21 years of age, or under 23 years of age if pursuing a course of instruction at an approved educational institution), and, in the discretion of the Secretary, unmarried adult child of any of the persons listed in paragraphs (1) through (4) and paragraph (7).

* * * * *

(8) Any individual whose service is described in [section 107(a)] subsection (a) or (b) of section 107 of this title if such individual at the time of death—

(A) * * *

* * * * *

§ 2408. Aid to States for establishment, expansion, and improvement of veterans' cemeteries

(a)(1) * * *

(2) There is authorized to be appropriated such sums as may be necessary [for fiscal year 1999 and for each succeeding fiscal year through fiscal year 2004] for the purpose of making grants under paragraph (1). Funds appropriated under the preceding sentence shall remain available until expended.

* * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

* * * * *

CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

* * * * *

SUBCHAPTER I—PURPOSE; DEFINITIONS

* * * * *

§ 3452. Definitions

For the purposes of this chapter and chapter 36 of this title—

(a) * * *

* * * * *

(e) The term “training establishment” [means any establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education, or any State apprenticeship agency, or any State board of vocational education, or any joint apprenticeship committee, or the Bureau of Apprenticeship and Training established pursuant to the Act of August 16, 1937, popularly known as

the “National Apprenticeship Act” (29 U.S.C. 50 et seq.), or any agency of the Federal Government authorized to supervise such training.】 means any of the following:

(1) An establishment providing apprentice or other training on the job, including those under the supervision of a college or university or any State department of education.

(2) An establishment providing self-employment on-job training consisting of full-time training for a period of less than six months that is needed or accepted for purposes of obtaining licensure to engage in a self-employment occupation or required for ownership and operation of a franchise that is the objective of the training.

(3) A State board of vocational education.

(4) A Federal or State apprenticeship registration agency.

(5) A joint apprenticeship committee established pursuant to the Act of August 16, 1937, popularly known as the “National Apprenticeship Act” (29 U.S.C. 50 et seq.).

(6) An agency of the Federal Government authorized to supervise such training.

* * * * *

SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

* * * * *

§ 3462. Time limitations for completing a program of education

Delimiting Period for Completion

(a)(1) * * *

【(2)(A) Notwithstanding the provisions of paragraph (1) of this subsection, any veteran shall be permitted to use any of such veteran’s unused entitlement under section 3461 of this title for the purposes of eligibility for an education loan, pursuant to the provisions of subchapter III of chapter 36 of this title, after the delimiting date otherwise applicable to such veteran under such paragraph (1), if such veteran was pursuing an approved program of education on a full-time basis at the time of the expiration of such veteran’s eligibility.

【(B) Notwithstanding any other provision of this chapter or chapter 36 of this title, any veteran whose delimiting period is extended under subparagraph (A) of this paragraph may continue to use any unused loan entitlement under this paragraph as long as the veteran continues to be enrolled on a full-time basis in pursuit of the approved program of education in which such veteran was enrolled at the time of expiration of such veteran’s eligibility (i) until such entitlement is exhausted, (ii) until the expiration of two years after November 23, 1977, or the date of the expiration of the delimiting date otherwise applicable to such veteran under paragraph (1) of this subsection, whichever is later, or (iii) until such veteran has completed the approved program of education in which such veteran was enrolled at the end of the delimiting period referred to in paragraph (1) of this subsection, whichever occurs first.】

* * * * *

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

* * * * *

§ 3485. Work-study allowance

(a) * * *

* * * * *

(e)(1) Subject to paragraph (2) of this subsection, the Secretary may, notwithstanding any other provision of law, enter into an agreement with an individual under this section, or a modification of such an agreement, whereby the individual agrees to perform services of the kind described in clauses (A) through (E) of subsection (a)(1) of this section and agrees that the Secretary shall, in lieu of paying the work-study allowance payable for such services, as provided in subsection (a) of this section, deduct the amount of the allowance from the amount which the individual has been determined to be indebted to the United States by virtue of such individual's participation in a benefits program under this chapter, chapter 30, 31, 32, 35, or 36 [(other than an education loan under subchapter III)] of this title, or chapter 106 of title 10 (other than an indebtedness arising from a refund penalty imposed under section 2135 of such title).

* * * * *

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

* * * * *

SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

* * * * *

§ 3512. Periods of eligibility

(a) * * *

* * * * *

[(f) Any eligible person (as defined in section 3501(a)(1)(B), (C), or (D) of this chapter) shall be entitled to an additional period of eligibility for an education loan under subchapter III of chapter 36 of this title beyond the maximum period provided for in this section pursuant to the same terms and conditions set forth with respect to an eligible veteran in section 3462(a)(2) of this title.]

* * * * *

(h) Notwithstanding any other provision of this section, if an eligible person, during the delimiting period otherwise applicable to such person under this section, serves on active duty pursuant to an order to active duty issued under section 688, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10, or is involuntarily ordered to full-time National Guard duty under section 502(f) of title 32, such person shall be granted an extension of such delimiting period for the length of time equal to the period of such active duty plus four months.

* * * * *

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

SUBCHAPTER I—STATE APPROVING AGENCIES

Sec.
3670. Scope of approval.
* * * * *

【SUBCHAPTER III—EDUCATION LOANS

【3698. Eligibility for loans; amount and conditions of loans; interest rate on loans.
【3699. Revolving fund; insurance.】
* * * * *

SUBCHAPTER II—MISCELLANEOUS PROVISIONS

* * * * *

§ 3692. Advisory committee

(a) There shall be a Veterans' Advisory Committee on Education formed by the Secretary which shall be composed of persons who are eminent in their respective fields of education, labor, and management and of representatives of institutions and establishments furnishing education to eligible veterans or persons enrolled under chapter 30, 32, or 35 of this title and chapter 【106】 1606 of title 10. The committee shall also include veterans representative of 【World War II, the Korean conflict era, the post-Korean conflict era,】 the Vietnam era, the post-Vietnam era, and the Persian Gulf War. The Assistant Secretary of Education for Postsecondary Education (or such other comparable official of the Department of Education as the Secretary of Education may designate) and the Assistant Secretary of Labor for Veterans' Employment and Training shall be ex officio members of the advisory committee.

(b) The Secretary shall consult with and seek the advice of the committee from time to time with respect to the administration of this chapter, chapter 30, 32, and 35 of this title, and chapter 【106】 1606 of title 10. The committee may make such reports and recommendations as it considers desirable to the Secretary and the Congress.

(c) The committee shall remain in existence until December 31, 【2003】 2009.

* * * * *

【SUBCHAPTER III—EDUCATION LOANS

【§ 3698. Eligibility for loans; amount and conditions of loans; interest rate on loans

【(a)(1) Subject to paragraph (2) of this subsection, each eligible veteran shall be entitled to a loan under this subchapter (if the program of education is pursued in a State) in an amount determined under, and subject to the conditions specified in, subsection (b)(1) of this section if the veteran satisfies the requirements set forth in subsection (c) of this section and the criteria established under subsection (g) of this section.

[(2) Except in the case of a veteran to whom section 3462(a)(2) of this title is applicable, no loan may be made under this subchapter after September 30, 1981.

[(b)(1) Subject to paragraph (3) of this subsection, the amount of the loan to which an eligible veteran shall be entitled under this subchapter for any academic year shall be equal to the amount needed by such veteran to pursue a program of education at the institution at which the veteran is enrolled, as determined under paragraph (2) of this subsection.

[(2)(A) The amount needed by a veteran to pursue a program of education at an institution for any academic year shall be determined by subtracting (i) the total amount of financial resources (as defined in subparagraph (B) of this paragraph) available to the veteran which may be reasonably expected to be expended by such veteran for educational purposes in any year from (ii) the actual cost of attendance (as defined in subparagraph (C) of this paragraph) at the institution in which such veteran is enrolled.

[(B) The term "total amount of financial resources" of any veteran for any year means the total of the following:

[(i) The annual adjusted effective income of the veteran less Federal income tax paid or payable by such veteran with respect to such income.

[(ii) The amount of cash assets of the veteran.

[(iii) The amount of financial assistance received by the veteran under the provisions of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

[(iv) Educational assistance received by the veteran under this title other than under this subchapter.

[(v) Financial assistance received by the veteran under any scholarship or grant program other than those specified in clauses (iii) and (iv).

[(C) The term "actual cost of attendance" means, subject to such regulations as the Secretary may provide, the actual per-student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books, and an allowance for such other expenses as the Secretary determines by regulation to be reasonably related to attendance at the institution at which the veteran is enrolled.

[(3) The aggregate of the amounts any veteran may borrow under this subchapter may not exceed \$376 multiplied by the number of months such veteran is entitled to receive educational assistance under section 3461 of this title, but not in excess of \$2,500 in any one regular academic year.

[(c) An eligible veteran shall be entitled to a loan under this subchapter if such veteran—

[(1) is in attendance at an educational institution on at least a half-time basis and (A) is enrolled in a course leading to a standard college degree, or (B) is enrolled in a course, the completion of which requires six months or longer, leading to an identified and predetermined professional or vocational objective, except that the Secretary may waive the requirements of subclause (B) of this clause, in whole or in part, if the Secretary determines, pursuant to regulations which the Secretary shall prescribe, it to be in the interest of the eligible veteran and the Federal Government;

[(2) enters into an agreement with the Secretary meeting the requirements of subsection (d) of this section; and

[(3) satisfies any criteria established under subsection (g) of this section.

No loan shall be made under this subchapter to an eligible veteran pursuing a program of correspondence, or apprenticeship or other on-job training.

[(d) Any agreement between the Secretary and a veteran under this subchapter—

[(1) shall include a note or other written obligation which provides for repayment to the Secretary of the principal amount of, and payment of interest on, the loan in installments (A) over a period beginning nine months after the date on which the borrower ceases to be at least a half-time student and ending ten years and nine months after such date, or (B) over such shorter period as the Secretary may have prescribed under subsection (g) of this section;

[(2) shall include provision for acceleration of repayment of all or any part of the loan, without penalty, at the option of the borrower;

[(3) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at a rate prescribed by the Secretary, at the time the loan is contracted for which rate shall be comparable to the rate of interest charged students at such time on loans insured by the Secretary of Education under part B of title IV of the Higher Education Act of 1965, but in no event shall the rate so prescribed by the Secretary exceed the rate charged students on such insured loans, and shall provide that no interest shall accrue prior to the beginning date of repayment; and

[(4) shall provide that the loan shall be made without security and without endorsement.

[(e)(1) Except as provided in paragraph (2) of this subsection, whenever the Secretary determines that a default has occurred on any loan made under this subchapter, the Secretary shall declare an overpayment, and such overpayment shall be recovered from the veteran concerned in the same manner as any other debt due the United States.

[(2) If a veteran who has received a loan under this section dies or becomes permanently and totally disabled, then the Secretary shall discharge the veteran's liability on such loan by repaying the amount owed on such loan.

[(f) Payment of a loan made under this section shall be drawn in favor of the eligible veteran and mailed promptly to the educational institution in which such veteran is enrolled. Such institution shall deliver such payment to the eligible veteran as soon as practicable after receipt thereof. Upon delivery of such payment to the eligible veteran, such educational institution shall promptly submit to the Secretary a certification, on such form as the Secretary shall prescribe, of such delivery, and such delivery shall be deemed to be an advance payment under section 3680(d)(4) of this title for purposes of section 3684(b) of this title.

[(g)(1) The Secretary shall conduct, on a continuing basis, a review of the default experience with respect to loans made under this section.

[(2)(A) To ensure that loans are made under this section on the basis of financial need directly related to the costs of education, the Secretary may, by regulation, establish (i) criteria for eligibility for such loans, in addition to the criteria and requirements prescribed by subsections (c) and (d) of this section, in order to limit eligibility for such loans to eligible veterans attending educational institutions with relatively high rates of tuition and fees, and (ii) criteria under which the Secretary may prescribe a repayment period for certain types of loans made under this section that is shorter than the repayment period otherwise applicable under subsection (d)(1)(A) of this section. Criteria established by the Secretary under clause (i) of the preceding sentence may include a minimum amount of tuition and fees that an eligible veteran may pay in order to be eligible for such a loan (except that any such criterion shall not apply with respect to a loan for which the veteran is eligible as a result of an extension of the period of eligibility of such veteran for loans under this section provided for by section 3462(a)(2) of this title).

[(B) In prescribing regulations under subparagraph (A) of this paragraph, the Secretary shall take into consideration information developed in the course of the review required by paragraph (1) of this subsection.

[(C) Regulations may be prescribed under subparagraph (A) of this paragraph only after opportunity has been afforded for public comment thereon.

【§ 3699. Revolving fund; insurance

[(a) There is hereby established in the Treasury of the United States a revolving fund to be known as the “Department of Veterans Affairs Education Loan Fund” (hereinafter in this section referred to as the “Fund”).

[(b) The Fund shall be available to the Secretary, without fiscal year limitation, for the making of loans under this subchapter.

[(c) There shall be deposited in the Fund (1) by transfer from current and future appropriations for readjustment benefits such amounts as may be necessary to establish and supplement the Fund in order to meet the requirements of the Fund, and (2) all collections of fees and principal and interest (including overpayments declared under section 3698(e) of this title) on loans made under this subchapter.

[(d) The Secretary shall determine annually whether there has developed in the Fund a surplus which, in the Secretary’s judgment, is more than necessary to meet the needs of the Fund, and such surplus, if any, shall be deemed to have been appropriated for readjustment benefits.

[(e) A fee shall be collected from each veteran or person obtaining a loan made under this subchapter for the purpose of insuring against defaults on loans made under this subchapter; and no loan shall be made under this subchapter until the fee payable with respect to such loan has been collected and remitted to the Secretary. The amount of the fee shall be established from time to time by the Secretary, but shall in no event exceed 3 percent of the total loan amount. The amount of the fee may be included in the loan to the veteran or person and paid from the proceeds thereof.】

* * * * *

CHAPTER 37—HOUSING AND SMALL BUSINESS LOANS

* * * * *

SUBCHAPTER I—GENERAL

* * * * *

§ 3702. Basic entitlement

(a)(1) * * *

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

(A) * * *

* * * * *

(E) **【For the period beginning on October 28, 1992, and ending on September 30, 2009, each】** *Each* veteran described in section 3701(b)(5) of this title.

* * * * *

SUBCHAPTER III—ADMINISTRATIVE PROVISIONS

* * * * *

§ 3729. Loan fee

(a) * * *

(b) DETERMINATION OF FEE.—(1) * * *

【(2) The loan fee table referred to in paragraph (1) is as follows:

【LOAN FEE TABLE

Type of loan	Active duty veteran	Reservist	Other obligor
(A)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed before October 1, 2011)	2.00	2.75	NA
(A)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2011)	1.25	2.00	NA
(B)(i) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed before October 1, 2011)	3.00	3.00	NA
(B)(ii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2011)	1.25	2.00	NA
(C)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed before October 1, 2011)	1.50	2.25	NA
(C)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2011)	0.75	1.50	NA

【LOAN FEE TABLE—Continued

Type of loan	Active duty veteran	Reservist	Other obligor
(D)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed before October 1, 2011)	1.25	2.00	NA
(D)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2011)	0.50	1.25	NA
(E) Interest rate reduction refinancing loan	0.50	0.50	NA
(F) Direct loan under section 3711	1.00	1.00	NA
(G) Manufactured home loan under section 3712 (other than an interest rate reduction refinancing loan)	1.00	1.00	NA
(H) Loan to Native American veteran under section 3762 (other than an interest rate reduction refinancing loan)	1.25	1.25	NA
(I) Loan assumption under section 3714	0.50	0.50	0.50
(J) Loan under section 3733(a)	2.25	2.25	2.25】

(2) The loan fee table referred to in paragraph (1) is as follows:

LOAN FEE TABLE

Type of loan	Veteran	Other obligor
(A)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed before October 1, 2003)	2.00	NA
(A)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2003, and before October 1, 2011)	2.15	NA
(A)(iii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a) other than with 5-down or 10-down (closed on or after October 1, 2011)	1.40	NA
(B)(i) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed before October 1, 2011)	3.30	NA

LOAN FEE TABLE—Continued

Type of loan	Veteran	Other obligor
(B)(ii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2011 and before October 1, 2013)	2.15	NA
(B)(iii) Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a) (closed on or after October 1, 2013)	1.25	NA
(C)(i) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed before October 1, 2011)	1.50	NA
(C)(ii) Loan described in section 3710(a) to purchase or construct a dwelling with 5-down (closed on or after October 1, 2011)	0.75	NA
(D)(i) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed before October 1, 2011)	1.25	NA
(D)(ii) Initial loan described in section 3710(a) to purchase or construct a dwelling with 10-down (closed on or after October 1, 2011)	0.50	NA
(E) Interest rate reduction refinancing loan	0.50	NA
(F) Direct loan under section 3711	1.00	NA
(G) Manufactured home loan under section 3712 (other than an interest rate reduction refinancing loan)	1.00	NA
(H) Loan to Native American veteran under section 3762 (other than an interest rate reduction refinancing loan)	1.25	NA
(I) Loan assumption under section 3714	0.50	0.50
(J) Loan under section 3733(a)	2.25	2.25
(K) Hybrid loan under section 3707A	1.25	NA

* * * * *

(4) For the purposes of paragraph (2):

【(A) The term “active duty veteran” means any veteran eligible for the benefits of this chapter other than a Reservist.

【(B) The term “Reservist” means a veteran described in section 3701(b)(5)(A) of this title who is eligible under section 3702(a)(2)(E) of this title.】

(A) The term “veteran” means any veteran eligible for the benefits of this chapter.

[(C)] (B) The term “other obligor” means a person who is not a veteran, as defined in section 101 of this title or other provision of this chapter.

[(D)] (C) The term “initial loan” means a loan to a veteran guaranteed under section 3710 or made under section 3711 of this title if the veteran has never obtained a loan guaranteed under section 3710 or made under section 3711 of this title.

[(E)] (D) The term “subsequent loan” means a loan to a veteran, other than an interest rate reduction refinancing loan, guaranteed under section 3710 or made under section 3711 of this title if the veteran has previously obtained a loan guaranteed under section 3710 or made under section 3711 of this title.

[(F)] (E) The term “interest rate reduction refinancing loan” means a loan described in section 3710(a)(8), 3710(a)(9)(B)(i), 3710(a)(11), 3712(a)(1)(F), or 3762(h) of this title.

[(G)] (F) The term “0-down” means a downpayment, if any, of less than 5 percent of the total purchase price or construction cost of the dwelling.

[(H)] (G) The term “5-down” means a downpayment of at least 5 percent or more, but less than 10 percent, of the total purchase price or construction cost of the dwelling.

[(I)] (H) The term “10-down” means a downpayment of 10 percent or more of the total purchase price or construction cost of the dwelling.

* * * * *

§ 3733. Property management

(a)(1) Of the number of purchases made during any fiscal year of real property acquired by the Secretary as the result of a default on a loan guaranteed under this chapter for a purpose described in section 3710(a) of this title, not more than [65] 85 percent, nor less than 50 percent, of such purchases [may] shall be financed by a loan made by the Secretary. [The maximum percentage stated in the preceding sentence may be increased to 80 percent for any fiscal year if the Secretary determines that such an increase is necessary in order to maintain the effective functioning of the loan guaranty program.]

[(2) After September 30, 1990, the percentage limitations described in paragraph (1) of this subsection shall have no effect.]

* * * * *

(4)(A) Except as provided in subparagraph (B) [of this paragraph], the amount of a loan made by the Secretary to finance the purchase of real property from the Secretary described in paragraph (1) [of this subsection] may not exceed an amount equal to 95 percent of the purchase price of such real property.

(B)(i) The Secretary may waive the provisions of subparagraph (A) [of this paragraph] in the case of any loan described in paragraph (5) [of this subsection].

(ii) A loan described in subparagraph (A) [of this paragraph] may, to the extent the Secretary determines to be necessary in order to market competitively the property involved, exceed 95 percent of the purchase price.

(5) The Secretary may include, as part of a loan to finance a purchase of real property from the Secretary described in paragraph (1) **[of this subsection]**, an amount to be used only for the purpose of rehabilitating such property. Such amount may not exceed the amount necessary to rehabilitate the property to a habitable state, and payments shall be made available periodically as such rehabilitation is completed.

(6) The Secretary shall make a loan to finance the sale of real property described in paragraph (1) **[of this subsection]** at an interest rate that is lower than the prevailing mortgage market interest rate in areas where, and to the extent, the Secretary determines, in light of prevailing conditions in the real estate market involved, that such lower interest rate is necessary in order to market the property competitively and is in the interest of the long-term stability and solvency of the Veterans Housing Benefit Program Fund established by section 3722(a) of this title.

* * * * *

(c)(1) * * *

(2) The Secretary shall include a summary of the information compiled, and the Secretary's findings, under paragraph (1) **[of this subsection]** in the annual report submitted to the Congress under section 529 of this title. As part of such summary and findings, the Secretary shall provide a separate analysis of the factors which contribute to foreclosures of loans which have been assumed.

* * * * *

CHAPTER 39—AUTOMOBILES AND ADAPTIVE EQUIPMENT FOR CERTAIN DISABLED VETERANS AND MEMBERS OF THE ARMED FORCES

* * * * *

§ 3902. Assistance for providing automobile and adaptive equipment

(a) The Secretary, under regulations which the Secretary shall prescribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance (including all State, local, and other taxes) or **[\$9,000] \$11,000**, whichever is the lesser, to the seller from whom the eligible person is purchasing under a sales agreement between the seller and the eligible person.

* * * * *

CHAPTER 41—JOB COUNSELING, TRAINING, AND PLACEMENT SERVICE FOR VETERANS

Sec.

4100. Findings.

* * * * *

4113. *Outstationing of Transition Assistance Program personnel.*

* * * * *

§ 4102A. Assistant Secretary of Labor for Veterans' Employment and Training; program functions; Regional Administrators

(a) * * *

* * * * *

(c) CONDITIONS FOR RECEIPT OF FUNDS.—(1) The distribution and use of funds under subsection (b)(5) in order to carry out sections 4103A(a) and 4104(a) of this title shall be subject to the continuing supervision and monitoring of the Secretary and shall not be governed by the provisions of any other law, or any regulations prescribed thereunder, that are inconsistent with this section or section 4103A or 4104 of this title.

(2)(A) * * *

(B)(i) * * *

(ii) The Secretary shall phase in over the three fiscal-year period that begins on October 1, ~~2002~~ 2003, the manner in which amounts are made available to States under subsection (b)(5) and this subsection, as amended by the Jobs for Veterans Act].

* * * * *

(f) ESTABLISHMENT OF PERFORMANCE STANDARDS AND OUTCOMES MEASURES.—(1) By not later than ~~6~~ 6 months after the date of the enactment of this section, ~~May 7, 2003~~, the Assistant Secretary of Labor for Veterans' Employment and Training shall establish and implement a comprehensive performance accountability system to measure the performance of employment service delivery systems, including disabled veterans' outreach program specialists and local veterans' employment representatives providing employment, training, and placement services under this chapter in a State to provide accountability of that State to the Secretary for purposes of subsection (c).

* * * * *

§ 4113. Outstationing of Transition Assistance Program personnel

(a) STATIONING OF TAP PERSONNEL AT OVERSEAS MILITARY INSTALLATIONS.—(1) The Secretary—

(A) shall station employees of the Veterans' Employment and Training Service, or contractors under subsection (c), at each veterans assistance office described in paragraph (2); and

(B) may station such employees or contractors at such other military installations outside the United States as the Secretary, after consultation with the Secretary of Defense, determines to be appropriate or desirable to carry out the purposes of this chapter.

(2) Veterans assistance offices referred to in paragraph (1)(A) are those offices that are established by the Secretary of Veterans Affairs on military installations pursuant to the second sentence of section 7723(a) of this title.

(b) FUNCTIONS.—Employees (or contractors) stationed at military installations pursuant to subsection (a) shall provide, in person, counseling, assistance in identifying employment and training opportunities, help in obtaining such employment and training, and other related information and services to members of the Armed

Forces who are being separated from active duty, and the spouses of such members, under the Transition Assistance Program and Disabled Transition Assistance Program established in section 1144 of title 10.

(c) *AUTHORITY TO CONTRACT WITH PRIVATE ENTITIES.—The Secretary, consistent with such section 1144, may enter into contracts with public or private entities to provide, in person, some or all of the counseling, assistance, information and services under the Transition Assistance Program required under subsection (a).*

* * * * *

PART IV—GENERAL ADMINISTRATIVE PROVISIONS

* * * * *

CHAPTER 51—CLAIMS, EFFECTIVE DATES, AND PAYMENTS

* * * * *

§ 5101. Claims and forms

(a) A specific claim in the form prescribed by the Secretary (or jointly with the [Secretary of Health and Human Services] *Commissioner of Social Security*, as prescribed by section 5105 of this title) must be filed in order for benefits to be paid or furnished to any individual under the laws administered by the Secretary.

* * * * *

CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

Sec. 5301.	Nonassignability and exempt status of benefits.	*	*	*	*	*	*
[5318.	Review of Department of Health and Human Services death information.]	*	*	*	*	*	*
5318.	<i>Review of Social Security Administration death information.</i>	*	*	*	*	*	*

§ 5317. Use of income information from other agencies: notice and verification

(a) The Secretary shall notify each applicant for a benefit or service described in subsection (c) of this section that income information furnished by the applicant to the Secretary may be compared with information obtained by the Secretary from the [Secretary of Health and Human Services] *Commissioner of Social Security* or the Secretary of the Treasury under section 6103(l)(7)(D)(viii) of the Internal Revenue Code of 1986. The Secretary shall periodically transmit to recipients of such benefits and services additional notifications of such matters.

(b) The Secretary may not, by reason of information obtained from the [Secretary of Health and Human Services] *Commissioner of Social Security* or the Secretary of the Treasury under section

6103(L)(7)(D)(viii) of the Internal Revenue Code of 1986, terminate, deny, suspend, or reduce any benefit or service described in subsection (c) of this section until the Secretary takes appropriate steps to verify independently information relating to the following:

- (1) The amount of the asset or income involved.
- (2) Whether such individual actually has (or had) access to such asset or income for the individual's own use.
- (3) The period or periods when the individual actually had such asset or income.

* * * * *

(g) The authority of the Secretary to obtain information from the Secretary of the Treasury or the [Secretary of Health and Human Services] *Commissioner of Social Security* under section 6103(L)(7)(D)(viii) of the Internal Revenue Code of 1986 expires on September 30, 2008.

[§ 5318. Review of Department of Health and Human Services death information]

§ 5318. Review of Social Security Administration death information

(a) The Secretary shall periodically compare Department of Veterans Affairs information regarding persons to or for whom compensation or pension is being paid with information in the records of the [Department of Health and Human Services] *Social Security Administration* relating to persons who have died for the purposes of—

- (1) * * *

* * * * *

(b) The [Department of Health and Human Services] *Social Security Administration* death information referred to in subsection (a) of this section is death information available to the Secretary from or through the [Secretary of Health and Human Services] *Commissioner of Social Security*, including death information available to the [Secretary of Health and Human Services] *Commissioner* from a State, pursuant to a memorandum of understanding entered into by [such Secretaries] *the Secretary and the Commissioner*. Any such memorandum of understanding shall include safeguards to assure that information made available under it is not used for unauthorized purposes or improperly disclosed.

* * * * *

CHAPTER 61—PENAL AND FORFEITURE PROVISIONS

* * * * *

§ 6105. Forfeiture for subversive activities

- (a) * * *

(b) The offenses referred to in subsection (a) of this section are those offenses for which punishment is prescribed in—

- (1) * * *

(2) sections *175, 229, 792, 793, 794, 798, 831, 1091, 2332a, 2332b, 2381, 2382, 2383, 2384, 2385, 2387, 2388, 2389, 2390,* and chapter 105 of title 18;

* * * * *

