H. R. 2131

To improve benefits for members of the Armed Forces and veterans and for their dependents and survivors.

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 2005

Mr. Edwards (for himself, Mr. Abercrombie, Mr. Ackerman, Mr. Allen, Mr. Baca, Ms. Baldwin, Mr. Becerra, Ms. Berkley, Mr. Berman, Mr. Berry, Mr. Bishop of Georgia, Mr. Bishop of New York, Mr. Blumenauer, Ms. Bordallo, Mr. Boyd, Ms. Corrine Brown of Florida, Mr. Brown of Ohio, Mr. Butterfield, Mrs. Capps, Mr. Capuano, Mr. Cardin, Mr. Cardozza, Mr. Carnahan, Mr. Case, Mr. Chandler, Mrs. Christensen, Mr. Clay, Mr. Cleaver, Mr. Clyburn, Mr. Conyers, Mr. Costa, Mr. Costello, Mr. Cramer, Mr. Crowley, Mr. Cuellar, Mr. Cummings, Mrs. Davis of California, Mr. DeFazio, Mr. Delahunt, Ms. DeLauro, Mr. Dicks, Mr. Dingell, Mr. Doggett, Mr. Emanuel, Mr. Engel, Ms. Eshoo, Mr. Etheridge, Mr. Evans, Mr. Faleomavaega, Mr. Farr, Mr. Filner, Mr. Ford, Mr. Frank of Massachusetts, Mr. Gonzalez, Mr. Gene Green of Texas, Mr. Grijalva, Mr. Gutierrez, Mr. Hastings of Florida, Ms. Herseth, Mr. Higgin, Mr. Hinchey, Mr. Hinojosa, Mr. Holden, Mr. Holt, Mr. Honda, Mr. Hooyer, Mr. Inslee, Mr. Israel, Mr. Jackson of Illinois, Ms. Jackson-Lee of Texas, Mr. Jefferson, Ms. Eddie Bernice Johnson of Texas, Mrs. Jones of Ohio, Ms. Kaptur, Mr. Kennedy of Rhode Island, Mr. Kildee, Ms. Kilpatrick of Michigan, Mr. Kind, Mr. Langevin, Mr. Lantos, Mr. Larsen of Washington, Mr. Larson of Connecticut, Ms. Lee, Mr. Levin, Mr. Lewis of Georgia, Mr. Lipinski, Ms. Zoe Lofgren of California, Mrs. Lowey, Mr. Lynch, Mrs. Maloney, Mr. Markey, Ms. Matsui, Mrs. McCarthy, Ms. McCollum of Minnesota, Mr. McDermott, Mr. McGovern, Mr. McIntyre, Mr. McNulty, Mr. Meehan, Mr. Meeks of Florida, Mr. Meeks of New York, Mr. Menendez, Mr. Michaud, Mr. George Miller of California, Mr. Mollohan, Mr. Moore of Kansas, Mr. Murtiha, Mr. Nadler, Mrs. Napolitano, Ms. Norton, Mr. Oberstar, Mr. Olver, Mr. Ortiz, Mr. Owens, Mr. Pallone, Mr. Payne, Ms. Pelosi, Mr. Peterson of Minnesota, Mr. Price of North Carolina, Mr. Rahall, Mr. Rangel, Mr. Reyes, Mr. Ross, Mr. Rothman, Ms. Roybal-Allard, Mr. Ruppersberger, Mr. Rush, Mr. Ryan of Ohio, Ms. Linda T. Sánchez of California, Ms. Schakowsky, Mr. Schiff, Ms. Wasserma
A BILL
To improve benefits for members of the Armed Forces and veterans and for their dependents and survivors.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “New GI Bill of Rights for the 21st Century Act”.

(b) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—VETERANS HEALTH CARE

Subtitle A—Increase in Funding

Sec. 101. Authorization of additional funding for veterans medical care.

Subtitle B—Equitable Medication Copayments and Enrollment Fees

Sec. 111. Prohibition on increases in medication copayment for veterans and imposition of healthcare enrollment fee for veterans.

Subtitle C—Mental Health Benefits

Sec. 121. Definition.
CHAPTER 1—VETERANS OF PAST DEPLOYMENTS

Sec. 125. Six-year extension of eligibility for readjustment counseling services for Vietnam-era veterans.

CHAPTER 2—MILITARY ISSUES

Sec. 131. Department of Veterans Affairs-Department of Defense Health Care Sharing Incentive Fund.
Sec. 132. Collection of data from pre- and post-deployment health assessments.
Sec. 133. Preventative maintenance post-deployment intervention.

CHAPTER 3—PREVENTION, EARLY DETECTION, AND TREATMENT FOR RETURNING TROOPS

Sec. 141. Study to identify factors that decrease the likelihood of the development of chronic PTSD despite combat exposure.
Sec. 142. Extension of period of enhanced eligibility for VA health services for veterans who served in combat theaters of operations.
Sec. 143. Demonstration project to station Department of Veterans Affairs psychologists and psychiatrists at major demobilization sites and military treatment facilities.
Sec. 144. Model programs for post-deployment mental health practice.
Sec. 145. Performance measures for Department of Veterans Affairs health care administrators.

CHAPTER 4—DEPARTMENT OF DEFENSE/DEPARTMENT OF VETERANS AFFAIRS COUNCIL ON POST-DEPLOYMENT MENTAL HEALTH

Sec. 151. Establishment of Council.
Sec. 152. Duties of Council.

CHAPTER 5—CAPACITY BUILDING IN DEPARTMENT OF VETERANS AFFAIRS

Sec. 161. Plan for expansion of Department of Veterans Affairs system to expand access to specialized PTSD care.
Sec. 162. Additional Department of Veterans Affairs resources.

CHAPTER 6—FAMILY THERAPY

Sec. 165. Eligibility for family counseling and bereavement counseling.

CHAPTER 7—EDUCATIONAL INITIATIVES

Sec. 171. Training program for health-care providers.
Sec. 172. Curriculum and protocols for cross-training of Department of Veterans Affairs clinicians.
Sec. 174. Protocols for pain management for PTSD and war-related pain.
Sec. 175. Protocols for treatment of substance use disorders.

CHAPTER 8—NATIONAL STEERING COMMITTEE ON PTSD EDUCATION

Sec. 181. National Steering Committee.
Sec. 182. Funding support for National Center for PTSD.
Sec. 183. Continuing education to mental health providers.
Sec. 184. Web-based curriculum to sponsor clinician training initiatives.
CHAPTER 9—BENEFITS

Sec. 191. Identification of deficiencies in PTSD disability examinations.
Sec. 192. Criteria for determining medical conditions associated with PTSD.

CHAPTER 10—PUBLIC AWARENESS

Sec. 195. Public awareness program.
Sec. 196. Web site and materials for general campaign of awareness of PTSD.

TITLE II—DISABLED VETERANS

Subtitle A—Payment Matters

Sec. 201. Eligibility for payment of both retired pay and veterans’ disability compensation for certain additional military retirees with compensable service-connected disabilities.
Sec. 202. Coordination of service eligibility for combat-related special compensation and concurrent receipt.
Sec. 203. Interim payments under certain veterans claims when decision is delayed following remand.

Subtitle B—Outreach

Sec. 211. Rescission of Department of Veterans Affairs memorandum.
Sec. 212. Outreach activities.
Sec. 213. Requirement for outreach efforts and dedicated staff at each regional office.

TITLE III—SURVIVORS AND DEPENDENTS

Sec. 301. Repeal of dependency and indemnity compensation offset from survivor benefit plan surviving spouse annuities.
Sec. 302. Increase in monthly dependency and indemnity compensation payable to a surviving spouse for so long as there are minor children.

TITLE IV—ADDITIONAL SUPPORT FOR ACTIVE DUTY SERVICEMEMBERS

Sec. 401. One-time bonus for certain service in connection with Operation Iraqi Freedom or Operation Enduring Freedom.
Sec. 402. Increase in active-duty end-strength levels for the Armed Forces.
Sec. 403. Additional fiscal year 2006 pay increase for middle- and senior-level enlisted members and warrant officers.

TITLE V—EDUCATION, EMPLOYMENT AND COMPENSATION

Subtitle A—Active Duty Montgomery GI Bill

Sec. 501. Enhanced benefits under the Montgomery GI Bill for four years of active-duty service.
Sec. 502. Increase in rates of basic educational assistance under the Montgomery GI Bill.
Sec. 503. Repeal of pay reduction and high school graduation requirement for participation in basic educational assistance under the Montgomery GI Bill.
Sec. 504. Repeal of delimiting date for use of entitlement to basic educational assistance under the Montgomery GI Bill.
Sec. 505. Elimination of limitation to critical military skills for authority to transfer entitlement.

Sec. 506. Increase in repayment amounts under the student loan repayment programs for servicemembers.

Sec. 507. Expansion of programs of education eligible for accelerated payments of educational assistance under the Montgomery GI Bill.

Subtitle B—Reserve Montgomery GI Bill

Sec. 511. Educational assistance under Montgomery GI Bill for members of the Selected Reserve who aggregate more than 2 years of active duty service during any 5-year period.

Subtitle C—Employment Assistance for Homeless Veterans

Sec. 521. Reauthorization of appropriations for Homeless Veterans Reintegration Program.

Sec. 522. Expansion of Homeless Veterans Reintegration Program to include veterans at imminent risk for homelessness.

Subtitle D—Payment Matters

Sec. 531. No reduction in monthly military pay and allowances for members of the uniformed services wounded or injured in combat zones.

Sec. 532. Repeal of time limitation on exclusion of combat zone compensation by reason of hospitalization.

TITLE VI—RESERVE COMPONENTS AND RECRUITMENT AND RETENTION INITIATIVES

Subtitle A—Health Care

Sec. 601. Expanded Eligibility of selected reserve members under TRICARE program.

Subtitle B—Recruitment and Retention Incentives

Sec. 611. Increase in authorized maximum annual amount of special pay for Selected Reserve health care professionals in critically short wartime specialties and authorized duration of pay.

Sec. 612. Recruit bonus for members of Selected Reserve.

Sec. 613. Increase in authorized maximum amount of Selected Reserve enlistment bonus.

Sec. 614. Increase in authorized maximum amount for reserve affiliation bonus under reserve affiliation agreements entered into during fiscal year 2006.

Sec. 615. Increase in authorized maximum amount of general enlistment bonus.

Sec. 616. Use of referral bonus to promote enlistments in Selected Reserve.

Sec. 617. Extension of active-duty retention bonuses and special pays for health care professionals to reserve component officers.

Sec. 618. Critical-skills accession bonus for persons enrolled in Senior Reserve Officers’ Training Corps who are obtaining nursing degrees.

Subtitle C—Payment Matters

Sec. 621. Nonreduction in pay while Federal employee is serving on active duty in a reserve component of the uniformed services.
Sec. 622. Active-duty reserve component employee credit added to general business credit.
Sec. 623. Differential wage payments.
Sec. 624. Credit for income differential for employment of activated military reservist and replacement personnel.
Sec. 625. Employer contributions to IRAs of certain members of the uniformed services.

TITLE VII—FUNDING

Sec. 701. Repeal of 2001 tax cut for high income taxpayers.
Sec. 702. Repeal of scheduled termination of phaseout of personal exemptions.
Sec. 703. Repeal of scheduled phaseout of overall limitation on itemized deductions.

TITLE I—VETERANS HEALTH CARE

Subtitle A—Increase in Funding

SEC. 101. AUTHORIZATION OF ADDITIONAL FUNDING FOR VETERANS MEDICAL CARE.

(a) AUTHORIZATION.—There are authorized to be appropriated to the Department of Veterans Affairs, in addition to amounts otherwise authorized to be appropriated, the amount of $3,200,000,000 for fiscal year 2006.

(b) IMPROVED ACCESS TO CARE.—Amounts appropriated pursuant to the authorization of appropriations in subsection (a) shall be used to ensure that veterans seeking healthcare from the Department of Veterans Affairs receive their initial appointment for healthcare for a date that is not later than 30 days after the date on which the request is made.
Subtitle B—Equitable Medication Copayments and Enrollment Fees

SEC. 111. PROHIBITION ON INCREASES IN MEDICATION CO-
PAYMENT FOR VETERANS AND IMPOSITION OF HEALTHCARE ENROLLMENT FEE FOR VETERANS.

(a) Medication Copayments.—During the period beginning on the date of the enactment of this Act and ending on October 1, 2007, the Secretary of Veterans Affairs may not implement under subsection (b) of section 1722A of title 38, United States Code, an increase in the copayment for medications required under subsection (a) of that section.

(b) Enrollment Fee.—During the period beginning on the date of the enactment of this Act and ending on October 1, 2007, the Secretary of Veterans Affairs may not implement an enrollment fee for veterans enrolling (or renewing enrollment) in the Department of Veterans Affairs healthcare system under section 1705 of such title.

Subtitle C—Mental Health Benefits

SEC. 121. DEFINITION.

In this subtitle, the term “PTSD” means post-traumatic stress disorder.
CHAPTER 1—VETERANS OF PAST DEPLOYMENTS

SEC. 125. SIX-YEAR EXTENSION OF ELIGIBILITY FOR READJUSTMENT COUNSELING SERVICES FOR VIETNAM-ERA VETERANS.

Section 1712A(a)(1)(B)(ii) of title 38, United States Code, is amended by striking “January 1, 2004” and inserting “January 1, 2010”.

CHAPTER 2—MILITARY ISSUES

SEC. 131. DEPARTMENT OF VETERANS AFFAIRS-DEPARTMENT OF DEFENSE HEALTH CARE SHARING INCENTIVE FUND.

(a) In General.—The Secretary of Veterans Affairs and the Secretary of Defense shall jointly take such steps as necessary to implement the proposal of the Center for the Study of Traumatic Stress at the Uniformed Services University of the Health Sciences for a Department of Veterans Affairs-Department of Defense Health Care Sharing Incentive Fund.

(b) Telecommunications Support.—As part of the implementation of the proposal referred to in subsection (a), the two Secretaries shall provide for a system of telecommunications to support the following:
(1) Continuing education and support for front-line (forward-deployed) providers of health-care services.

(2) Enhanced treatment capacity for addressing acute episodes of PTSD and other mental health disorders in combat theaters, including—

   (A) real-time access to clinical specialty support;

   (B) web-based information on state-of-the-art protocols for the treatment and diagnosis of PTSD and other mental health disorders; and

   (C) educational programs concerning PTSD and other mental health disorders commonly associated with deployment.

SEC. 132. COLLECTION OF DATA FROM PRE- AND POST-DEPLOYMENT HEALTH ASSESSMENTS.

(a) DATA COLLECTION.—The Secretary of Defense shall take appropriate steps to assist the Secretary of Veterans Affairs with the collection of data from pre- and post-deployment health assessments of members of the Armed Forces that may be relevant for identification and treatment by the Secretary of Veterans Affairs of PTSD and other post-deployment mental health issues. The Secretary of Defense may provide such information in aggregate, unidentified format and may provide such informa-
tion on a monthly basis or on such other schedule as the
two Secretaries may agree to.

(b) CONSENT FORMS.—The Secretary of Defense
shall develop forms for use in obtaining the written con-
sent of members of the Armed Forces to allow the Depart-
ment of Veterans Affairs to collect data contained on pre-
deployment and post-deployment health assessment forms
with relevant treatment information concerning PTSD
and other mental health problems that may be associated
with combat stress or readjustment to civilian life from
those members of the Armed Forces to be discharged or
demobilized within 90 days. Such consent forms shall be
developed and made available for use by members of the
Armed Forces covered by the preceding sentence not later
than 60 days after the date of the enactment of this Act.

(e) IDENTIFICATION OF SUBSTANCE USE DIS-
ORDERS.—The Secretary of Defense shall include in pre-
deployment and post-deployment health assessments ques-
tions to assist in identification of existing or potential sub-
stance use disorders among members of the Armed
Forces.

SEC. 133. PREVENTATIVE MAINTENANCE POST-DEPLOY-
MENT INTERVENTION.

(a) IN GENERAL.—The Secretary of Veterans Affairs
shall conduct routine preventative maintenance interven-
tion for all members of the Armed Forces returning from deployment in a combat theater. Such intervention shall be conducted between 90 and 180 days after such members return from such deployment.

(b) PERSONNEL.—For purposes of such intervention, the Secretary of Veterans Affairs may use—

(1) staff of the Department of Veterans Affairs, including readjustment counseling staff; and

(2) persons trained by the Department of Veterans Affairs, including volunteers from military unit associations, veteran service organizations, or other nonprofit organizations.

(c) SIZE.—Such intervention shall be conducted with no more than six returning servicemembers at a time.

(d) PURPOSE.—The purpose of such intervention shall be the following:

(1) To identify and distinguish symptoms of “common” acute stress reactions from those of chronic and severe post-traumatic stress disorder.

(2) To discuss concerns of combat personnel and those expressed by their family members.

(3) To refer returning servicemembers to appropriate services, as necessary.
(4) To disseminate educational materials about post-deployment mental health issues, including PTSD to servicemembers.

(5) To provide follow-up educational materials by mail to family members.

(6) To provide information concerning homelessness, including risk factors, awareness assessment, and contact information for preventative assistance associated with homelessness.

(e) VA Participation in Additional Demobilization Activities.—The Secretary of Defense shall provide for the Secretary of Veterans Affairs to participate in additional demobilization activities, including the Transitional Assistance Program, that are conducted within the Department of Defense for the purposes specified in subsection (d).

CHAPTER 3—PREVENTION, EARLY DETECTION, AND TREATMENT FOR RETURNING TROOPS

SEC. 141. STUDY TO IDENTIFY FACTORS THAT DECREASE THE LIKELIHOOD OF THE DEVELOPMENT OF CHRONIC PTSD DESPITE COMBAT EXPOSURE.

(a) Study.—The Secretary of Veterans Affairs shall provide for a study, to be conducted by an entity other than the Department of Veterans Affairs and the Depart-
ment of Defense, to identify factors that decrease the like-
lihood of the development of chronic post-traumatic stress
disorder (PTSD) in servicemembers and veterans who
have had combat exposure, including exposure to guerilla
warfare.

(b) REPORT.—The Secretary shall provide for the en-
tity conducting the study under subsection (a) to submit
a report on the results of the study to the Secretary and
the Congress not later than one year after the date of the
enactment of this Act.

SEC. 142. EXTENSION OF PERIOD OF ENHANCED ELIGI-
BILITY FOR VA HEALTH SERVICES FOR VET-
ERANS WHO SERVED IN COMBAT THEATERS
OF OPERATIONS.

Section 1710(e)(3)(C) of title 38, United States
Code, is amended by striking “2 years” and inserting “five
years”.

SEC. 143. DEMONSTRATION PROJECT TO STATION DEPART-
MENT OF VETERANS AFFAIRS PSYCHOLO-
GISTS AND PSYCHIATRISTS AT MAJOR Demo-
BILIZATION SITES AND MILITARY TREAT-
MENT FACILITIES.

(a) DEMONSTRATION PROJECT.—The Secretary of
Defense and the Secretary of Veterans Affairs shall jointly
provide for the conduct of a demonstration project under
which Department of Veterans Affairs psychologists and psychiatrists are stationed at major demobilization sites and military treatment facilities.

(b) PURPOSE.—The purposes of the demonstration project shall be as follows:

(1) Identify, on an aggregate level, need for mental health services among active-duty, Reserve, and National Guard members.

(2) Provide such services or refer members for necessary services.

(3) Advise servicemembers of the need for continuous services.

(4) Identify the obstacles servicemembers have in seeking appropriate mental health care.

(c) FUNDING.—There is authorized to be appropriated such sums as may be necessary for each of fiscal years 2006, 2007, and 2008 for the conduct of the demonstration project. Amounts for the conduct of the project shall be provided equally by the Secretary of Veterans Affairs and the Secretary of Defense.

(d) ELIGIBILITY CRITERIA.—Based on the results of the demonstration project, the Secretaries shall identify appropriate eligibility criteria for programs to best respond to the needs of veterans, servicemembers, and their families for post-deployment mental health services. The
criteria identified shall be included in the report under subsection (e).

(c) REPORT.—The Secretary of Veterans Affairs shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report providing the results of the demonstration project. The report shall be submitted not later than 18 months after the date of the enactment of this Act.

SEC. 144. MODEL PROGRAMS FOR POST-DEPLOYMENT MENTAL HEALTH PRACTICE.

(a) MODEL PROGRAMS.—The Secretary of Veterans Affairs, in consultation with the Secretary of Defense, shall develop model programs to respond to a variety of mental health disorders prevalent among veterans of service in Operation Iraqi Freedom and Operation Enduring Freedom. The program shall be implemented at three sites selected by the Secretary, of which—

(1) at least one site shall assign case managers to veterans receiving care under such program; and

(2) at least one site shall use an integrated mental health and primary care model for post-deployment mental health practice.

(b) PURPOSE.—The purpose of the model program shall be as follows:
(1) Development of training protocols for involved clinicians.

(2) Identification of medical conditions which may be associated with post-deployment mental health problems including PTSD.

(3) Identification of “best practices” for treatment of post-deployment mental health problems including PTSD.

(4) Dissemination of results to the Veterans Health Administration and the Veterans Benefits Administration of the Department of Veterans Affairs.

(c) AUTHORIZATION.—There is authorized to be appropriated for the purposes of subsection (a) the amount of $5,000,000 for each of fiscal years 2006, 2007, and 2008.

SEC. 145. PERFORMANCE MEASURES FOR DEPARTMENT OF VETERANS AFFAIRS HEALTH CARE ADMINISTRATORS.

(a) PERFORMANCE MEASURES.—The Secretary of Defense and the Secretary of Veterans Affairs, acting through the Department of Defense/Department of Veterans Affairs Council on Post-Deployment Mental Health established under section 151, shall develop performance measures for Department of Veterans Affairs regional
health-care directors (referred to as VISN directors) and
Department of Defense TRICARE regional managers to
ensure the appropriate deployment of resources to imple-
ment the treatment protocols referred to as “Iraq War
Clinical Practice Guidelines”.

(b) USE OF PERFORMANCE MEASURES.—The per-
formance measures under subsection (a) shall be designed
to assess—

(1) access and availability of PTSD treatment
for servicemembers returned from deployment in a
combat theater; and

(2) implementation of protocols referred to in
subsection (a).

CHAPTER 4—DEPARTMENT OF DEFENSE/
DEPARTMENT OF VETERANS AFFAIRS
COUNCIL ON POST-DEPLOYMENT
MENTAL HEALTH

SEC. 151. ESTABLISHMENT OF COUNCIL.
The Secretary of Defense and the Secretary of Vet-
erans Affairs shall jointly establish a council to be known
as the Department of Defense/Department of Veterans Af-
fairs Council on Post-Deployment Mental Health. The
council shall be composed of leadership of the two depart-
ments in the areas of mental health, PTSD, substance
abuse, and military sexual trauma. The council shall be
established not later than 120 days after the date of the
enactment of this Act.

SEC. 152. DUTIES OF COUNCIL.

(a) DUTIES.—The Department of Defense/Depart-
ment of Veterans Affairs Council on Post-Deployment
Mental Health shall have the following duties:

(1) Review of the continuum of care between
the Department of Defense and the Department of
Veterans Affairs for mental health, PTSD, sub-
stance abuse, and military sexual trauma.

(2) Identification of gaps in the treatment capa-
bility of the health-care systems of the Department
of Defense and Department of Veterans Affairs for
mental health, PTSD, substance abuse, and military
sexual trauma and expected gaps in such continuum,
with emphasis on access to services in rural areas,
to meet the expected demand from current users and
servicemembers returning from Operation Iraqi
Freedom and Operation Enduring Freedom and
other deployments.

(3) Promotion, within both systems, of an edu-
cational program to implement the jointly developed
Iraq War Clinical Practice Guidelines.

(4) Development of outcome monitors and qual-
ity improvement instruments to ensure that internal
policy regarding PTSD is implemented (including TRICARE and VISN directors’ performance measures under section 307).

(5) Recommendation of policies to reduce the stigma associated with the seeking of mental health care by active-duty, Reserve, and National Guard members.

(6) Identification of the highest post-deployment mental health research priorities for the two departments.

(7) Communications to inform active-duty servicemembers and veterans of matters relating to PTSD.

(b) ANNUAL MEETING WITH STAKEHOLDERS.—The Council shall meet at least annually with stakeholder groups comprised of veterans, veterans service organizations, and family members of veterans receiving care from the Department of Veterans Affairs mental health programs, and mental health associations.

(c) REPORT.—The Council shall prepare a report based on the reviews under paragraphs (1) and (2) of subsection (a) to identify the necessary resources to create or enhance PTSD treatment capabilities. The report shall be made available to the Secretary of both Departments for comment. The Secretaries shall indicate recommenda-
tions in which they concur or disagree and include specific plans for implementation of any recommendations accepted. The report, with the comments and recommendations of the two Secretaries shall be submitted to the Committees on Veterans’ Affairs and the Committees on Armed Services of the Senate and House of Representatives not later than one year after the date of the enactment of this Act. The report shall include priority listing of sites which require investments according to the greatest perceived need for PTSD services.

CHAPTER 5—CAPACITY BUILDING IN DEPARTMENT OF VETERANS AFFAIRS

SEC. 161. PLAN FOR EXPANSION OF DEPARTMENT OF VETERANS AFFAIRS SYSTEM TO EXPAND ACCESS TO SPECIALIZED PTSD CARE.

(a) Development of Plan.—Based upon the report under section 152(b), the Secretary of Veterans Affairs shall develop a plan for the Department of Veterans Affairs to expand access to specialized PTSD care through—

(1) Readjustment Counseling Service centers operated under section 1712A of title 38, United States Code;

(2) community-based outpatient clinics; and

(3) telemedicine.
(b) **Inspector General Investigation.**—The Inspector General of the Department of Veterans Affairs shall investigate specialized programs of the Department of Veterans Affairs for the treatment of post-traumatic stress disorder in order to determine—

(1) the current workloads of those programs;

(2) staff associated with each of those programs;

(3) funds obligated for those programs; and

(4) any waiting times associated with those programs.

(c) **Report.**—The Inspector General shall submit to the Committees on Veterans’ Affairs of the Senate and House of Representatives a report containing the Inspector General’s findings under subsection (b), together with an assessment of the ability of the Department of Veterans Affairs to address such findings, along with recommendations for accommodating—

(1) the current workload of the Department in specialized treatment program;

(2) 102 percent of the current workload of the Department; and

(3) 110 percent of the current workload of the Department.
In order to improve access to mental health services, the Secretary of Veterans Affairs shall provide the following:

1. 100 additional full-time equivalent employees to Readjustment Counseling Service outstations.
2. A PTSD clinical team at every medical center of the Veterans Health Administration.
3. A family therapist at each Vet Center under section 1712A of title 38, United States Code.
4. A PTSD coordinator in each regional network referred to as a Veterans Integrated Service Network (VISN) whose duties shall include—
   (A) development of plans for meeting PTSD and other post-deployment mental health treatment needs consistent with the report under section 152(b);
   (B) assurance of implementation of clinical practice guidelines throughout the VISN;
   (C) liaison among all health-care sites in the VISN and the Department Central Office on matters relating to PTSD.
5. A PTSD coordinator in each regional office of the Readjustment Counseling Service whose duties shall include liaison with regional office staff.
and medical centers for veterans seeking service-connection for PTSD.

CHAPTER 6—FAMILY THERAPY

SEC. 165. ELIGIBILITY FOR FAMILY COUNSELING AND BEREAVEMENT COUNSELING.

(a) Counseling for Family Members of Veterans Being Treated for Service-Connected Disabilities.—Section 1782(a) of title 38, United States Code, is amended by adding at the end the following new sentence: “In addition, the Secretary shall provide to an individual described in subsection (c) such professional counseling and mental health services as are necessary as a consequence of a disability of a veteran described in the preceding sentence. Counseling and mental health services under the preceding sentence shall be provided (if so requested by the individual) for a period of two years from the date on which the individual first receives such counseling or mental health services under the preceding sentence.”.

(b) Bereavement Counseling.—Section 1783 of such title is amended—

(1) by striking “may provide” in subsections (a) and (b) and inserting “shall, upon request, provide”; and
(2) by adding at the end the following new subsection:

“(d) DURATION OF COUNSELING.—Counseling under subsection (a) or with respect to the death of a veteran or under subsection (b) with respect to the death of a member who dies in the active military, naval, or air service shall be provided to an individual eligible for such counseling (if so requested by that individual) for a period of two years from the date on which the individual first receives counseling under this section with respect to that death.”.

CHAPTER 7—EDUCATIONAL INITIATIVES

SEC. 171. TRAINING PROGRAM FOR HEALTH-CARE PROVIDERS.

The Secretary of Veterans Affairs and the Secretary of Defense shall jointly develop a broad training program for all health-care providers in the Department of Veterans Affairs and the Department of Defense to familiarize those providers with mental health-care issues that are likely to arise among persons deployed to combat theaters during the five years after such a deployment.
SEC. 172. CURRICULUM AND PROTOCOLS FOR CROSS-TRAINING OF DEPARTMENT OF VETERANS AFFAIRS CLINICIANS.

The Secretary of Veterans Affairs shall develop a curriculum and required protocols for cross-training to allow the following clinicians of the Department of Veterans Affairs to screen for post-deployment mental health problems, including PTSD, and, as appropriate, provide information and appropriate referral to—

(1) primary care providers;

(2) practitioners assigned as Gulf War points-of-contact; and

(3) clinicians assigned as case managers.

SEC. 173. PUBLICATION OF STATE-OF-THE-ART POST-DEPLOYMENT MENTAL HEALTH PROBLEMS DIAGNOSIS AND TREATMENT.

The Secretary of Veterans Affairs and the Secretary of Defense shall jointly develop a plan for the production and dissemination of publications to advise clinicians on state-of-the-art diagnosis and treatment of PTSD and other mental health disorders experienced after deployment, including any medical conditions associated with such disorders.
SEC. 174. PROTOCOLS FOR PAIN MANAGEMENT FOR PTSD AND WAR-RELATED PAIN.

The Secretary of Veterans Affairs and the Secretary of Defense shall jointly develop protocols for pain management for PTSD and war-related pain.

SEC. 175. PROTOCOLS FOR TREATMENT OF SUBSTANCE USE DISORDERS.

The Secretary of Defense shall develop appropriate substance use disorder treatment protocols for assistance in combat areas of operations and on return to the United States.

SEC. 176. PROTOCOLS FOR DIAGNOSIS OF POST-TRAUMATIC STRESS DISORDER.

(a) FINDINGS.—The Congress finds as follows:

(1) The symptoms of post-traumatic stress disorder are often similar to those of traumatic brain injury and some neurological disorders.

(2) Some veterans with PTSD have comorbidities that may mask or compound the symptoms associated with PTSD.

(3) Correct diagnosis of PTSD and other disorders is critical to effective treatment of those disorders.

(b) CLINICAL PRACTICE GUIDELINES.—The Secretary of Veterans Affairs shall develop clinical practice guidelines to ensure that clinicians are able to effectively
distinguish between diagnoses with similar symptoms that may manifest as post-traumatic stress disorder.

CHAPTER 8—NATIONAL STEERING COMMITTEE ON PTSD EDUCATION

SEC. 181. NATIONAL STEERING COMMITTEE.

(a) ESTABLISHMENT.—There is a National Steering Committee on PTSD Education, to be appointed by the joint council established under section 151. The committee shall be comprised of mental health and other health professionals and health educators involved in the care of veterans of a deployment to a theater of combat on or after the date of the enactment of this Act.

(b) PURPOSE.—The committee shall review training protocols for health-care providers and plans for dissemination of educational materials to veterans, their families, and other relevant parties and shall identify the resources available to provide for those purposes.

(c) MEETINGS.—The committee shall meet at least once annually.

SEC. 182. FUNDING SUPPORT FOR NATIONAL CENTER FOR PTSD.

There is authorized to be appropriated to the Secretary of Veterans Affairs for the National Center for PTSD to assist in carrying out a joint educational initiative with the Uniformed Services University of the Health
Sec. 183. Continuing Education to Mental Health Providers.

The National Steering Committee established under section 181 shall provide continuing education to mental health providers in the Department of Veterans Affairs and the Department of Defense.

Sec. 184. Web-Based Curriculum to Sponsor Clinician Training Initiatives.

The National Steering Committee established under section 181 shall develop a Web-based curriculum to sponsor clinician training initiatives.

Chapter 9—Benefits

Sec. 191. Identification of Deficiencies in PTSD Disability Examinations.

(a) Evaluation of Adjudication of Claims.—

The Secretary of Veterans Affairs, in consultation with the National Center for PTSD, shall obtain an evaluation of the quality and consistency of adjudication of claims for PTSD, including the adequacy of service-connected compensation examinations for rating purposes and the extent to which veterans who are service-connected for PTSD are actually employed and employable.
(b) REPORT.—Not later than 12 months after the date of the enactment of this Act, the Secretary shall submit to the Committees on Veterans Affairs of the Senate and House of Representatives a report that includes the following information and recommendations:

(1) The types of evidence sufficient to confirm combat experience for veterans filing claims for PTSD based on combat.

(2) The policies and procedures used to obtain confirmation of a stressor, including documentation of service in combat for claims based on PTSD.

(3) Based on a representative national sample, the number and percentage of veterans for each period of war whose claims for PTSD have been denied based upon the lack of a credible stressor.

(4) Based on a representative national sample, the number and percentage of veterans for each period of war whose claims for PTSD have been denied based upon the lack of a diagnosis of PTSD.

(5) Based on a representative national sample, the number and percentage of veterans for each period of war whose claims for PTSD have been granted and the rating which was initially awarded for that claim.
(6) The number of initial and subsequent claims and average time to process claims for PTSD which have been granted (including the rating assigned and any determination as to employability) and denied for each regional office for a consecutive six month period.

(7) The number and percentage of initial claims for PTSD selected from a representative national sample during a consecutive six month period which had a compensation and pension examination conducted in compliance with best practices for PTSD examinations.

(8) The number and percentage of examinations selected from a representative national sample during a consecutive six month period in which the compensation and pension examinations for PTSD were judged to be inadequate.

(9) The number and percentage of claims for PTSD selected from a representative national sample during that consecutive six month period for which the examination was returned as inadequate.

(10) The maximum, minimum and average time based upon a representative national sample allocated for completion of an initial compensation and pension examination for PTSD.
(11) An assessment comparing the employment of veterans rated for psychiatric impairments with similar ratings based upon physical impairments including, the number of veterans in each sample who are employed on a full time or part time basis, the average time such veterans have been unemployed and a comparison of the amount of work lost from employment due to disability and the average earnings of veterans in each group.

(12) Taking into account criteria such as the information in the Dictionary of Occupational Titles (DOT), including its companion publication, the Selected Characteristics of Occupations Defined in the Revised Dictionary of Occupational Titles (SCO), published by the Department of Labor, examples of the types of employment that an average veteran rated at 30 percent, at 50 percent, and at 70 percent disabled for PTSD can be expected to obtain and retain.

(13) The number of claims for PTSD appealed to the Board of Veterans Appeals during fiscal year 2005, including the specific issue appealed (service-connection, effective date, rating) and the results of such appeals (affirmed, denied, remanded, other disposition).
(14) Recommendations for improving the accuracy and consistency of PTSD examinations, claim development and decisions.

(15) Barriers to successful employment for veterans who have been service-connected for PTSD.

(16) Recommendations for removing barriers to employment for veterans who have been service-connected for PTSD.

(17) Recommendations for legislative changes which could improve the potential for vocational rehabilitation and employment of persons service-connected for PTSD.

SEC. 192. CRITERIA FOR DETERMINING MEDICAL CONDITIONS ASSOCIATED WITH PTSD.

The Secretary of Veterans Affairs shall develop—

(1) criteria for determining those medical conditions that are as likely as not to be associated with PTSD; and

(2) standards for determining when secondary service-connection should be granted for those conditions.

CHAPTER 10—PUBLIC AWARENESS

SEC. 195. PUBLIC AWARENESS PROGRAM.

The Secretary of Veterans Affairs shall conduct an aggressive, comprehensive outreach program to enhance
the awareness of veterans, and the public in general, of
the symptoms of PTSD and of the services available for
veterans with those symptoms. The Secretary of Defense
shall provide the Secretary of Veterans Affairs with such
assistance as may be required for the purposes of such
program. To the extent practicable, the program shall be
conducted through the joint council established under sec-
tion 151.

SEC. 196. WEB SITE AND MATERIALS FOR GENERAL CAM-
PAIGN OF AWARENESS OF PTSD.

As part of the program under this title, the Secretary
of Veterans Affairs shall develop and continually update
a Web site and materials, including pamphlets, news re-
leases, fact sheets, and other materials, for the purposes
of a general campaign of awareness of post-traumatic
stress disorder.

TITLE II—DISABLED VETERANS
Subtitle A—Payment Matters
SEC. 201. ELIGIBILITY FOR PAYMENT OF BOTH RETIRED
PAY AND VETERANS' DISABILITY COMPENSA-
TION FOR CERTAIN ADDITIONAL MILITARY
RETIREES WITH COMPENSABLE SERVICE-
CONNECTED DISABILITIES.

(a) Extension of Concurrent Receipt Author-
ity to Retirees With Service-Connected Disabil-

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itiest Rated Less Than 50 Percent.—Section 1414 of title 10, United States Code, is amended by striking para-

graph (2) of subsection (a).

(b) Repeal of Phase-in of Concurrent Receipt of Retired Pay and Veterans' Disability Com-
pensation.—Such section is further amended—

(1) in subsection (a), by striking the final sen-
tence of paragraph (1);

(2) by striking subsection (c) and redesignating

subsections (d) and (e) as subsections (c) and (d),

respectively; and

(3) in subsection (d) (as so redesignated), by

striking subparagraph (4).

(c) Clerical Amendments.—

(1) The heading for section 1414 of such title

is amended to read as follows:

“§ 1414. Members eligible for retired pay who are also

eligible for veterans' disability compensa-
tion: concurrent payment of retired pay

and disability compensation”.

(2) The item relating to such section in the

table of sections at the beginning of chapter 71 of

such title is amended to read as follows:

“1414. Members eligible for retired pay who are also eligible for veterans’ disabil-
ity compensation: concurrent payment of retired pay and disabilty compensation.”.

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(d) Effective Date.—The amendments made by this section shall take effect as of January 1, 2006, and shall apply to payments for months beginning on or after that date.

SEC. 202. COORDINATION OF SERVICE ELIGIBILITY FOR COMBAT-RELATED SPECIAL COMPENSATION AND CONCURRENT RECEIPT.

(a) Eligibility for TERA Retirees.—Subsection (c) of section 1413a of title 10, United States Code, is amended by striking “entitled to retired pay who—” and all that follows and inserting “who—

“(1) is entitled to retired pay, other than a member retired under chapter 61 of this title with less than 20 years of service creditable under section 1405 of this title and less than 20 years of service computed under section 12732 of this title; and

“(2) has a combat-related disability”.

(b) Amendments to Standardize Similar Provisions.—

(1) Clerical Amendment.—The heading for paragraph (3) of section 1413a(b) of such title is amended by striking “rules” and inserting “rule”.

(2) Specification of Qualified Retirees for Concurrent Receipt Purposes.—Subsection
(a) of section 1414 of such title, as amended by section 2(a), is amended—

(A) by striking “a member or” and all that follows through “retiree”)” and inserting “an individual who is a qualified retiree for any month”;

(B) by inserting “retired pay and veterans’ disability compensation” after “both”; and

(C) by adding at the end the following new paragraph:

“(2) QUALIFIED RETIREES.—For purposes of this section, a qualified retiree, with respect to any month, is a member or former member of the uniformed services who—

“(A) is entitled to retired pay, other than in the case of a member retired under chapter 61 of this title with less than 20 years of service creditable under section 1405 of this title and less than 20 years of service computed under section 12732 of this title; and

“(B) is also entitled for that month to veterans’ disability compensation.”.

(3) STANDARDIZATION WITH CRSC RULE FOR CHAPTER 61 RETIREES.—Subsection (b) of section 1414 of such title is amended—
(A) by striking “SPECIAL RULES” in the subsection heading and all that follows through “is subject to” in paragraph (1) and inserting “SPECIAL RULE FOR CHAPTER 61 DISABILITY RETIREES.—In the case of a qualified retiree who is retired under chapter 61 of this title, the retired pay of the member is subject to”; and

(B) by striking paragraph (2).

e) EFFECTIVE DATE.—The amendments made by this section shall take effect as of January 1, 2006, and shall apply to payments for months beginning on or after that date.

SEC. 203. INTERIM PAYMENTS UNDER CERTAIN VETERANS CLAIMS WHEN DECISION IS DELAYED FOLLOWING REMAND.

(a) IN GENERAL.—(1) Chapter 53 of title 38, United States Code, is amended by adding at the end the following new section:

“SEC. 5320. INTERIM BENEFITS UNDER CERTAIN REMANDED CASES.

“(a) INTERIM BENEFITS.—When a claim for benefits under the jurisdiction of the Secretary is remanded by the United States Court of Appeals for Veterans Claims or by the Board for Veterans’ Appeals in a case involving a claim under chapters 11, 13 or 15 of this title and to
which sections 5109B or 7112 of this title applies, if the Secretary does not make a decision on the matter within 180 days of the date of the remand decision, then until such matter is finally decided, the Secretary shall pay an interim benefit in the amount of $500 per month to each claimant under the claim. Such payments shall commence as of the first month beginning after the end of such 180-day period.

“(b) Effect on interim benefit payments of final decision on claim.—When a claim with respect to which interim benefits are being paid under subsection (b) is finally decided—

“(1) if the final decision is to award benefits, the amounts paid as interim benefits shall be considered to be an advance payment of benefits owed for any period before the date of such final decision (except that if the total amount of interim benefits paid is greater than the amount of retroactive benefits, the amount of the difference shall not be considered to be an overpayment for any purpose); and

“(2) if the final decision is not to award benefits, the amounts paid as interim benefits shall not be considered to be an overpayment for any purpose.”.
(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“Sec. 5320. Interim benefits under certain remanded cases.”.

(b) EFFECTIVE DATE.—Section 5320 of title 38, United States Code, as added by subsection (a), shall apply with respect to any decision remanded by the Court of Appeals for Veterans Claims or the Board of Veterans’ Appeals on or after the date of the enactment of this Act.

(c) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to Congress a report on measures the Secretary intends to take to expedite the processing of remanded claims for veterans benefits.

Subtitle B—Outreach

SEC. 211. RESCISSION OF DEPARTMENT OF VETERANS AFFAIRS MEMORANDUM.

(a) RESCISSION OF MEMORANDUM.—The memorandum of the Department of Veterans Affairs dated July 18, 2002, from the Deputy Under Secretary for Health for Operations and Management with the subject “Status of VHA Enrollment and Associated Issues” is hereby rescinded. Marketing activities of directors of health service networks (known as “Veterans Integrated Service Networks”) of the Department of Veterans Affairs to enroll
new veterans within their respective networks shall be car-
ried out without regard to such memorandum.

(b) FUNDING LIMITATION.—No funds available to
the Department of Veterans Affairs may be used to carry
out the memorandum referred to in subsection (a) or oth-
erwise to implement the policy contained in that memo-
randum.

SEC. 212. OUTREACH ACTIVITIES.

(a) ANNUAL PLAN REQUIRED.—Subchapter II of
chapter 77 of title 38, United States Code, is amended
by adding at the end the following new sections:

“§ 7728. Annual plan on outreach activities

“(a) ANNUAL PLAN REQUIRED.—The Secretary shall
prepare each year a plan for the outreach activities of the
Department for the following year.

“(b) ELEMENTS.—Each annual plan under sub-
section (a) shall include the following:

“(1) Plans for efforts to identify veterans who
are not enrolled or registered with the Department
for benefits or services under the programs adminis-
tered by the Secretary.

“(2) Plans for informing veterans and their de-
depends of modifications of the benefits and serv-
ices under the programs administered by the Sec-
retary, including eligibility for medical and nursing care and services.

“(c) COORDINATION IN DEVELOPMENT.—In developing an annual plan under subsection (a), the Secretary shall consult with the following:

“(1) Directors or other appropriate officials of organizations recognized by the Secretary under section 5902 of this title.

“(2) Directors or other appropriate officials of State and local education and training programs.

“(3) The Administration on Aging of the Department of Health and Human Services.

“(4) Representatives of nongovernmental organizations that carry out veterans outreach programs.

“(5) Representatives of State and local veterans employment organizations.

“(6) Businesses and professional organizations.

“(7) Other individuals and organizations that assist veterans in adjusting to civilian life.

“(d) INCORPORATION OF ASSESSMENT OF PREVIOUS ANNUAL PLANS.—In developing an annual plan under subsection (a), the Secretary shall take into account the lessons learned from the implementation of previous annual plans under that subsection and program evaluations.
from the Office of Policy, Planning, and Preparedness of 
the Department.

“§ 7729. Outreach activities: coordination of activities 
within Department

“(a) The Secretary shall establish and maintain pro-
cedures for ensuring the effective coordination of the out-
reach activities of the Department between and among the 
following:

“(1) The Office of the Secretary.

“(2) The Office of Public Affairs.

“(3) The Veterans Health Administration.

“(4) The Veterans Benefits Administration.

“(5) The National Cemetery Administration.

“(b) The Secretary shall—

“(1) periodically review the procedures main-
tained under subsection (a) for the purpose of ensur-
ing that such procedures meet the requirement in 
that subsection; and

“(2) make such modifications to such proce-
dures as the Secretary considers appropriate in light 
of such review in order to better achieve that pur-
pose.”.

(b) CLERICAL AMENDMENT.—The table of sections 
at the beginning of such chapter is amended by inserting
after the item relating to section 7727 the following new
items:

“7728. Annual plan on outreach activities.
“7729. Outreach activities: coordination of activities within Department.”.

(c) INITIAL ANNUAL PLAN.—The first annual out-
reach activities plan under section 7728 of title 38, United
States Code, as added by subsection (a), shall be prepared
for the first year beginning after the date of the enactment
of this Act.

SEC. 213. REQUIREMENT FOR OUTREACH EFFORTS AND
DEDICATED STAFF AT EACH REGIONAL OFFICE.

(a) FINDINGS.—Congress and the Department of
Veterans Affairs historically have targeted certain specific
populations for outreach efforts concerning benefits under
laws administered by the Secretary of Veterans Affairs.
Groups currently targeted for such outreach efforts and
for which program outreach coordinators have been des-
ignated at each regional office of the Department of Vet-
erans Affairs are the following:

(1) Former prisoners of war.

(2) Women veterans.

(3) Minority veterans.

(4) Active duty personnel.

(5) Homeless veterans.

(6) Elderly veterans.
(7) Recently separated veterans.

(b) ELIGIBLE DEPENDENT DEFINED.—Paragraph (2) of section 7721(b) of title 38, United States Code, is amended to read as follows:

“(2) the term ‘eligible dependent’ means a spouse, surviving spouse (whether or not remarried), child (regardless of age or marital status), or parent of a person who served in the active military, naval, or air service.”.

(c) IMPROVED OUTREACH PROGRAM.—Section 7727 of title 38, United States Code, is amended to read as follows:

“§ 7727. Outreach for eligible dependents

“(a) In carrying out this subchapter, the Secretary shall ensure that the needs of eligible dependents are fully addressed.

“(b)(1) In order to carry out subsection (a), the Secretary shall assign such employees of the Veterans Benefits Administration as the Secretary considers appropriate to conduct outreach programs and provide outreach services for eligible dependents. In areas where the number of eligible dependents warrant doing so, the Secretary shall assign at least one employee in the Veterans Benefits Administration regional office to serve as a full-time coor-
ordinator of outreach programs and services for eligible dependents in that region.

“(2) Responsibilities of employees assigned to outreach functions under paragraph (1) shall include providing eligible dependents with—

“(A) information about benefits under laws administered by the Secretary; and

“(B) contacting responsible regional office employees to facilitate—

“(i) assistance in claims preparation and inquiry resolution; and

“(ii) in the case of a dependent of a deceased veteran for whom necessary records are incomplete, assistance in obtaining such records and other necessary information concerning the veteran.

“(c)(1) Information provided an eligible dependent under this section shall include information on how to apply for benefits for which the dependent may be eligible, including information about assistance available under subsection (b) and section 7722(d) of this title.

“(2) In the case of eligible dependents who are members of distinct beneficiary populations (such as survivors of deceased veterans), the Secretary shall ensure that in-
formation provided under this section includes specific in-
formation about benefits relating to that population.

“(d) For any geographic area in which there is a sig-
nificant population of eligible dependents whose primary
language is a language other than English, the Secretary
shall make information provided under this subsection
available to those dependents in the dominant language
in that area (in addition to English).

“(e) Outreach services and assistance shall be pro-
vided for eligible dependents through the same means that
are used for other specially targeted groups.

“(f) The Secretary shall ensure that the availability
of outreach services and assistance for eligible dependents
under this subchapter is made known through a variety
of means, including the Internet, correspondence of the
Department, announcements in veterans publications, an-
nouncements to the media, telephone directories, direct
correspondence to congressional offices, military bases,
public affairs offices, military retiree affairs offices, and
United States embassies.

“(g) The Secretary shall support the Department’s
periodic evaluation under section 527 of this title con-
cerning the Department’s efforts to address the needs of
eligible dependents.
“(h) The Secretary shall include in the Secretary’s annual report under section 529 of this title an assessment of the programs of the Department addressing the information and assistance needs of veterans and eligible dependents. The Secretary shall include in each such report the following:

“(1) Information about expenditures, costs, and workload under the program of the Department directed towards the information and assistance needs of veterans and eligible dependents.

“(2) Information about outreach efforts directed toward veterans and eligible dependents.

“(3) Information about emerging needs within the program that relate to other provisions of law, including section 7725 of this title with respect to language needs of veterans and eligible dependents.

“(4) Information as to the timeline for implementation of improvements to meet existing and emerging needs of veterans and eligible dependents in addition to those specified in this section.”.
TITLE III—SURVIVORS AND DEPENDENTS

SEC. 301. REPEAL OF DEPENDENCY AND INDEMNITY COMPENSAION OFFSET FROM SURVIVOR BENEFIT PLAN SURVIVING SPOUSE ANNUITIES.

(a) REPEAL.—Subsections (c), (e), and (k) of section 1450 of title 10, United States Code, and subsection (c)(2) of section 1451 of such title are repealed.

(b) EFFECTIVE DATE.—The amendments made by subsection (a)—

(1) shall take effect on the later of October 1, 2005, or the date of the enactment of this Act; and

(2) shall apply with respect to payment of annuities under subchapter II of chapter 73 of title 10, United States Code, for months beginning on or after that date.

(c) RECOUPMENT OF CERTAIN AMOUNTS PREVIOUSLY REFUNDED TO SBP RECIPIENTS.—(1) A surviving spouse who is in receipt of an SBP annuity that is in effect before the date specified in subsection (b) and that is adjusted by reason of the amendments made by subsection (a) and who had previously received an SBP retired pay refund shall repay an amount determined under paragraph (2). Any such repayment shall be made in the same manner as a repayment under subsection...
(k)(2) of section 1450 of title 10, United States Code, as in effect on the day before the date of the enactment of this Act.

(2) The amount of a repayment under paragraph (1) shall be the amount that bears the same ratio to the amount of that refund as the surviving spouse’s life expectancy (determined in accordance with standard actuarial practices) bears to the anticipated total duration of the annuity (determined as the sum of such life expectancy and the duration of the annuity already received).

(3) In this subsection:

(A) The term “SBP annuity” means an annuity under the program established under subchapter II of chapter 73 of title 10, United States Code.

(B) The term “SBP retired pay refund” means a refund under subsection (e) of section 1450 of title 10, United States Code, as in effect before the date specified in subsection (b).

SEC. 302. INCREASE IN MONTHLY DEPENDENCY AND INDEMNITY COMPENSATION PAYABLE TO A SURVIVING SPOUSE FOR SO LONG AS THERE ARE MINOR CHILDREN.

(a) INCREASE IN DIC.—Subsection (b) of section 1311 of title 38, United States Code, is amended by inserting “$250, plus” after “shall be increased by”.

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(b) Conforming Repeal of Two-Year Limitation.—Subsection (e) of such section is repealed.

(c) Effective Date.—The amendment made by subsection (a) shall take effect with respect to payments of dependency and indemnity compensation under section 1311 of title 38, United States Code, for the first month beginning on or after the date of the enactment of this Act.

TITLE IV—ADDITIONAL SUPPORT FOR ACTIVE DUTY SERVICEMEMBERS

SEC. 401. ONE-TIME BONUS FOR CERTAIN SERVICE IN CONNECTION WITH OPERATION IRAQI FREEDOM OR OPERATION ENDURING FREEDOM.

(a) Army, Navy, Air Force, and Marine Corps.—The Secretary of Defense shall provide for the payment of a bonus under this section to each member of the Army, Navy, Air Force, or Marine Corps who, at any time during the service of the member in connection with Operation Iraqi Freedom or Operation Enduring Freedom, satisfied or satisfies the eligibility criteria for receipt of special pay under section 310 of title 37, United States Code, for duty subject to hostile fire or imminent danger.
(b) COAST GUARD.—The Secretary of Homeland Security shall provide for the payment of a bonus under this section to each member of the Coast Guard who, at any time during the service of the member in connection with Operation Iraqi Freedom or Operation Enduring Freedom, satisfied or satisfies the eligibility criteria for receipt of special pay under such section.

(c) AMOUNT OF BONUS.—The amount of the bonus paid under this section shall be equal to $1,000.

(d) ENTITLEMENT LIMITED TO SINGLE BONUS PAYMENT.—A member may not receive more than one bonus under the authority of this section.

SEC. 402. INCREASE IN ACTIVE-DUTY END-STRENGTH LEVELS FOR THE ARMED FORCES.

(a) IN GENERAL.—The Armed Forces are authorized strengths for active duty personnel as of September 30, 2006, as follows:

(1) The Army, 512,400.

(2) The Navy, 365,900.

(3) The Marine Corps, 180,000.


(b) REVISION IN PERMANENT ACTIVE DUTY END STRENGTH MINIMUM LEVELS.—Section 691(b) of title 10, United States Code, is amended by striking paragraphs (1) through (4) and inserting the following:
“(1) For the Army, 512,400.
“(2) For the Navy, 365,900.
“(3) For the Marine Corps, 180,000.
“(4) For the Air Force, 359,700.”.

SEC. 403. ADDITIONAL FISCAL YEAR 2006 PAY INCREASE FOR MIDDLE- AND SENIOR-LEVEL ENLISTED MEMBERS AND WARRANT OFFICERS.

(a) TARGETED PAY INCREASE.—The Secretary of Defense shall increase the rates of monthly basic pay for enlisted members of the Armed Forces in the pay grades E–5 through E–9 and all warrant officers of the Armed Forces as necessary to ensure that, by the end of fiscal year 2006, the compensation received by such enlisted members and warrant officers is equal to not less than 80 percent of the compensation for persons in the private sector with comparable educational levels and experience, as determined by the Secretary.

(b) RELATION TO OTHER PAY INCREASES.—The pay increase required by subsection (a) shall be in addition to any other adjustment to become effective during fiscal year 2006 in the rates of monthly basic pay authorized members of the Armed Forces, whether made pursuant to section 1009 of title 37, United States Code, or a law authorizing appropriations for the Department of Defense for fiscal year 2006.
TITLE V—EDUCATION, EMPLOYMENT AND COMPENSATION

Subtitle A—Active Duty

Montgomery GI Bill

SEC. 501. ENHANCED BENEFITS UNDER THE MONTGOMERY GI BILL FOR FOUR YEARS OF ACTIVE-DUTY SERVICE.

(a) IN GENERAL.—Chapter 30 of title 38, United States Code, is amended by adding at the end the following new subchapter:

“SUBCHAPTER V—ENHANCED EDUCATIONAL ASSISTANCE

§3041. Enhanced educational assistance entitlement

“(a) ENTITLEMENT.—An eligible individual is entitled to enhanced educational assistance under this subchapter.

“(b) ELIGIBLE INDIVIDUAL DEFINED.—(1) For purposes of this subchapter, the term ‘eligible individual’ means an individual who meets the service requirement described in subsection (e) and whose status after completion of such service is described in section 3011(a)(3) of this title (relating to continuation on active duty, honorable discharge, or honorable service, as the case may be).

“(2) Such term does not include an individual described in paragraph (1) or (2) of section 3011(e) of this
title (relating to individuals not electing basic educational
assistance under subchapter II of this chapter or certain
commissioned officers, respectively).

“(c) Service Requirement.—(1) The service re-
quirement referred to in subsection (b) is as follows:

“(A) After September 30, 2005, the indi-
vidual—

“(i) first enters on active duty;

“(ii) reenlists or extends an enlistment on
active duty as a member of the Armed Forces;

or

“(iii) in the case of an officer, continues to
serve on active duty after that date.

“(B) From the date of such entry, reenlistment,
extension, or continuation, as the case may be, the
individual—

“(i) serves a continuous period of active
duty of at least four years in the Armed Forces;

or

“(ii) serves on active duty in the Armed
Forces and is discharged or released from ac-
tive duty—

“(I) as provided in subclause (I) of
section 3011(a)(1)(A)(ii) of this title (re-
lating to service-connected disabilities and other medical conditions);

“(II) for the convenience of the Government, after having completed not less than 42 months of continuous active duty; or

“(III) as provided in subclause (III) of section 3011(a)(1)(A)(ii) of this title (relating to involuntary discharge or release for the convenience of the Government as a result of a reduction in force).

“(2) In determining service under paragraph (1), the following rules apply:

“(A) Any period of service described in paragraph (2) or (3) of section 3011(d) of this title (relating to periods of service terminated because of a defective enlistment and periods of service on active duty which individuals in the Selected Reserve were ordered to perform under certain provisions of chapter 1209 of title 10, respectively) that applies to an eligible individual under this section shall not be considered a part of the individual's period of active duty.

“(B) A member described in paragraph (2) of section 3011(f) of this title (relating to certain mem-
bers discharged or released who subsequently reenlist or re-enter on a period of active duty) who serves the periods of active duty referred to in such paragraph shall be deemed to have served a continuous period of active duty the length of which is the aggregate length of the periods of active duty referred to in such paragraph.

“(C) Subsections (g) and (h) of section 3011 of this title (relating to assignment full time at a civilian institution for courses of education and to commencement of courses of education at a service academy, respectively) apply with respect to an eligible individual under this section in the same manner as they apply to an individual under section 3011 of this title.

“(d) ELECTION OF BASIC EDUCATIONAL ASSISTANCE.—(1) An eligible individual entitled to enhanced educational assistance under this subchapter may elect (in a form and manner prescribed by the Secretary) to receive basic educational assistance under subchapter II in lieu of such enhanced educational assistance for an enrollment period. Such an election shall be made by not later than 30 days before the beginning of the enrollment period.

“(2) An eligible individual may revoke an election made pursuant to paragraph (1), but in no case may such
revocation be made later than 30 days before the beginning of the enrollment period.

"§ 3042. Duration of enhanced educational assistance

"(a) In General.—Subject to section 3695 of this title and except as provided in subsection (b), each individual entitled to enhanced educational assistance under section 3041 of this title is entitled to a monthly enhanced educational assistance allowance under this subchapter for a period or periods not to exceed a total of 36 months (or the equivalent thereof in part-time enhanced educational assistance).

"(b) Special Rule for Certain Early Separations.—Subject to section 3695 of this title, in the case of an individual described in subclause (I) or (III) of section 3041(c)(1)(B)(ii) of this title (relating to individuals discharged for service-connected disabilities or medical conditions or whose service is involuntarily terminated for the convenience of the Government as a result of a reduction in force, respectively) who does not serve a continuous period of active duty of at least four years in the Armed Forces (as described in section 3041(c)(1)(B)(i) of this title), the individual is entitled to one month of enhanced educational assistance benefits under this subchapter (not to exceed a total of 36 months (or the equivalent thereof in part-time enhanced educational assistance)) for each
month of continuous active duty served by the individual beginning with the date on which the entry on active duty, reenlistment, enlistment extension, or continuation applicable to that individual under section 3041(c)(1)(A) of this title begins.

§3043. Payment of educational expenses

(a) IN GENERAL.—(1) Subject to paragraph (2), the Secretary shall pay to the educational institution providing a course under an approved program of education to an eligible individual under this subchapter who is enrolled in the course the actual cost of tuition and fees otherwise payable by the individual.

(2) Such cost may not exceed the amount charged to nonveterans in similar circumstances.

(b) STIPEND; COSTS OF BOOKS AND SUPPLIES.—The Secretary shall pay to each eligible individual under this subchapter who is pursuing an approved program of education—

(1) a stipend as provided in section 3044 of this title; and

(2) in accordance with regulations prescribed by the Secretary, an amount equal to the average cost, for the year involved, of books and supplies payable by individuals pursuing courses of education at educational institutions.
§ 3044. Amount of stipend

(a) IN GENERAL.—Except as provided in section 3042 of this title, the stipend under this subchapter shall be paid at a monthly rate (as that rate may be increased pursuant to subsection (b)) as follows:

“(1) At the monthly rate of $900 for an approved program of education pursued on a full-time basis.

“(2) At the monthly rate of $700 for an approved program of education pursued on a three-quarter-time basis.

“(3) At the monthly rate of $500 for an approved program of education pursued on a half-time basis.

“(4) At the monthly rate of $300 for an approved program of education pursued on less than a half-time basis.

(b) ADJUSTMENT FOR INFLATION.—With respect to any fiscal year beginning after fiscal year 2006, the Secretary shall provide a percentage increase (rounded to the nearest dollar) in the rates payable under subsection (a) equal to the percentage by which—

“(1) the Consumer Price Index (all items, United States city average) for the 12–month period ending on the June 30 preceding the beginning of
the fiscal year for which the increase is made, exceeds

“(2) such Consumer Price Index for the 12–month period preceding the 12-month period described in paragraph (1).”.

(b) CONFORMING AMENDMENTS.—(1) Section 3002 of such title is amended by inserting at the end the following new paragraph:

“(9) The term ‘enhanced educational assistance’ means educational assistance provided under subchapter V.”.

(2) Section 3011 of such title is amended in subsection (f)(1) and (g) by striking “chapter” each place it appears and inserting “subchapter”.

(3) Section 3018A(a) of such title is amended by striking “education assistance under this chapter” and inserting “educational assistance under this subchapter”.

(4) Section 3018B of such title is amended by striking “education assistance under this chapter” each place it appears and inserting “educational assistance under this subchapter”.

(5) Section 3018C of such title is amended by striking “educational assistance under this chapter” each place it appears and inserting “educational assistance under this subchapter”.
(6) Section 3019 of such title is amended by striking “chapter” each place it appears and inserting “sub-
chapter”.

(7) Section 3032(e)(3) of such title is amended by inserting “, or section 3044(a)(1)” after “section 3015”.

(c) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 30 of title 38, United States Code, is amended by adding at the end the following new items:

“SUBCHAPTER V—ENHANCED EDUCATIONAL ASSISTANCE

3041. Enhanced educational assistance entitlement.
3042. Duration of enhanced educational assistance.
3043. Payment of educational expenses.
3044. Amount of stipend.”.

SEC. 502. INCREASE IN RATES OF BASIC EDUCATIONAL AS-
SISTANCE UNDER THE MONTGOMERY GI BILL.

(a) RATES FOR BASIC EDUCATIONAL ASSISTANCE.—
Section 3015 of title 38, United States Code, is amend-
ed—

(1) in subsection (a)(1)—

(A) in subparagraph (C), by striking “and” at the end;

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:
“(D) for months occurring during fiscal year 2005, $1,004; “(E) for months occurring during fiscal year 2006, $1,300; and”;

(2) in subsection (b)(1)—

(A) in subparagraph (C), by striking “and” at the end;

(B) by redesignating subparagraph (D) as subparagraph (F); and

(C) by inserting after subparagraph (C) the following new subparagraphs:

“(D) for months occurring during fiscal year 2005, $816;

“(E) for months occurring during fiscal year 2006, $1,000; and”.

(b) APPLICATION OF INDEX BASED ON COSTS OF HIGHER LEARNING.—Section 3015(h) of such title is amended to read as follows:

“(h)(1) With respect to any fiscal year, the Secretary shall provide a percentage increase (rounded to the nearest dollar) in the rates payable under subsections (a)(1) and (b)(1) equal to the percentage (as determined by the Secretary) by which—

“(A) the average monthly costs of tuition and expenses for commuter students at public institu-
tions of higher learning that award baccalaureate
degrees for purposes of subsections (a)(1) and (b)(1)
for the fiscal year involved, exceeds

“(B) such average monthly costs for the pre-
ceeding fiscal year.

“(2) The Secretary shall make the determination
under paragraph (1) after consultation with the Secretary
of Education.

“(3) A determination made under paragraph (1) in
a year shall take effect on October 1 of that year and
apply with respect to basic educational assistance allow-
ances payable under this section for the fiscal year begin-
ing in that year.

“(4) Not later than September 30 each year, the Sec-
retary shall publish in the Federal Register the average
monthly costs of tuition and expenses as determined under
paragraph (1) in that year.”.

(c) EFFECTIVE DATES.—(1) The amendments made
by subsection (a) shall apply with respect to payments for
months beginning after September 30, 2005.

(2) The amendment made by subsection (b) shall
apply with respect to payments for months beginning after
September 30, 2006. No adjustment in rates of edu-
cational assistance shall be made under section 3015(h)
of title 38, United States Code, for months occurring during fiscal year 2006.

SEC. 503. REPEAL OF PAY REDUCTION AND HIGH SCHOOL GRADUATION REQUIREMENT FOR PARTICIPATION IN BASIC EDUCATIONAL ASSISTANCE UNDER THE MONTGOMERY GI BILL.

(a) Repeal of Pay Reduction and Election of Benefits.—(1) Section 3011 of title 38, United States Code, is amended—

(A) by striking subsection (b); and

(B) in subsection (c), by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(2) Section 3012 of such title is amended—

(A) by striking subsection (c); and

(B) in subsection (d), by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(3) Section 3016(a)(1) of such title is amended by striking “, and does not make an election under section 3011(c)(1) or section 3012(d)(1)”.

(4) The amendments made by this subsection shall take effect on October 1, 2005, and apply to individuals whose initial obligated period of active duty under section
3011 or 3012 of title 38, United States Code, as the case may be, begins on or after such date.

(5) Any reduction in the basic pay of an individual referred to in subsection (b) of section 3011 of title 38, United States Code, by reason of such subsection, or of any individual referred to in subsection (c) of section 3012 of such title by reason of such subsection, shall cease commencing with months beginning after September 30, 2005, and any obligation of such individual under such subsections, as the case may be, as of September 30, 2005, shall be deemed to be fully satisfied as of such date.

(b) Repeal of High School Graduation Requirement.—(1) Section 3011(a) of title 38, United States Code, is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

(2) Section 3012(a) of such title is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

(3) Section 3018(b) of such title is amended—

(A) by striking paragraph (4);

(B) by inserting “and” at the end of paragraph (3)(C); and
(C) by redesignating paragraph (5) as paragraph (4).

(4) The amendments made by this subsection shall take effect on the date of the enactment of this Act and apply with respect to individuals applying for basic educational assistance under chapter 30 of title 38, United States Code, on or after such date.

(c) EXCLUSION FROM INCOME FOR ELIGIBILITY DETERMINATIONS FOR FEDERAL EDUCATIONAL LOANS.—

Section 3015 of such title is amended—

(1) by redesignating subsection (h), as amended in section 3(b), as subsection (i); and

(2) by inserting after subsection (g) the following new subsection:

“(h) EXCLUSION FROM INCOME FOR ELIGIBILITY DETERMINATIONS FOR FEDERAL EDUCATIONAL LOANS.—Notwithstanding any other provision of law, amounts payable by the Secretary under this subchapter with respect to an eligible individual shall not be considered as income for purposes of determining eligibility of such individual for education grants or loans under any other provision of Federal law.”.
SEC. 504. REPEAL OF DELIMITING DATE FOR USE OF ENTITLEMENT TO BASIC EDUCATIONAL ASSISTANCE UNDER THE MONTGOMERY GI BILL.

(a) REPEAL.—Section 3031 of title 38, United States Code, and section 16133 of title 10, United States Code, are repealed.

(b) CONFORMING AMENDMENTS.—(1) Section 3018C(e)(3)(B) of such title is amended—

(A) by striking clause (ii); and

(B) by striking “(B)(i)” and inserting “(B)”.

(2) Section 3020 of such title is amended—

(A) in subsection (f)(1), by striking “Subject to the time limitation for use of entitlement under section 3031 of this title, an” and inserting “An”; and

(B) in subsection (h)(5), by striking “Notwithstanding section 3031 of this title, a” and inserting “A”.

(3) Section 16164 of title 10, United States Code, is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals entitled to educational assistance under chapter 30 of title 38, United States Code, on or after the date of the enactment of this Act.
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1 SEC. 505. ELIMINATION OF LIMITATION TO CRITICAL MILITARY SKILLS FOR AUTHORITY TO TRANSFER ENTITLEMENT.

2 Subsection (b) of section 3020 of title 38, United States Code, is amended—

3 (1) by striking paragraph (2);

4 (2) be redesignating paragraph (3) as paragraph (2); and

5 (3) by inserting “and” at the end of paragraph (1).

6 SEC. 506. INCREASE IN REPAYMENT AMOUNTS UNDER THE STUDENT LOAN REPAYMENT PROGRAMS FOR SERVICEMEMBERS.

7 (a) ACTIVE DUTY.—Subsection (b) of section 2171 of title 10, United States Code, is amended—

8 (1) by striking “is 33 1/3 percent or $1,500, whichever is greater,” and inserting “is $6,000”;

9 (2) by inserting “(1)” after “(b)”; and

10 (3) by adding at the end the following new paragraph:

11 “(2) The total amount that may be repaid on behalf of any person under this section may not exceed $40,000.”.

12 (b) SELECTED RESERVE.—Subsection (b) of section 16301 of title 10, United States Code, is amended—
(1) by striking “is 15 percent or $500, whichever is greater,” and inserting “is $3,000”;
(2) by inserting “(1)” after “(b)”; and
(3) by adding at the end the following new paragraph:
“(2) The total amount that may be repaid on behalf of any person under this section may not exceed $20,000.”.

SEC. 507. EXPANSION OF PROGRAMS OF EDUCATION ELIGIBLE FOR ACCELERATED PAYMENTS OF EDUCATIONAL ASSISTANCE UNDER THE MONTGOMERY GI BILL.

(a) IN GENERAL.—Subsection (b)(1) of section 3014A of title 38, United States Code, is amended by striking “that leads to employment in a high technology occupation in a high technology industry (as determined pursuant to regulations prescribed by the Secretary)”.

(b) CONFORMING AMENDMENTS.—(1) The heading of section 3014A of such title is amended to read as follows:

“SEC. 3014A. ACCELERATED PAYMENT OF BASIC EDUCATIONAL ASSISTANCE FOR CERTAIN APPROVED PROGRAMS OF EDUCATION.”.

(2) The table of sections at the beginning of chapter 30 of such title is amended by striking the item relating
to section 3014A and inserting after the item relating to section 3014 the following new item:

“3014A. Accelerated payment of basic educational assistance for certain approved programs of education.”

### Subtitle B—Reserve Montgomery GI Bill

#### SEC. 511. EDUCATIONAL ASSISTANCE UNDER MONTGOMERY GI BILL FOR MEMBERS OF THE SELECTED RESERVE WHO AGGREGATE MORE THAN 2 YEARS OF ACTIVE DUTY SERVICE DURING ANY 5-YEAR PERIOD.

(a) Entitlement.—Section 3012(a)(1) of title 38, United States Code, is amended—

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

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

(3) by inserting after subparagraph (C) the following new subparagraph (D):

“(D) while in the Selected Reserve—

“(i) is first ordered to serve on active duty in the Armed Forces under section 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10, during the period beginning on September 11, 2001, and ending December 31, 2006; and
“(ii) serves on active duty in the Armed Forces for one or more periods (whether continuous or otherwise) aggregating not less than two years of service on active duty during a five-year period beginning on the date the individual is first ordered to serve on active duty during the period referred to in clause (i);”.

(b) DURATION OF ASSISTANCE.—Section 3013(b) of such title is amended by striking “is entitled to” and all that follows and inserting the following:

“is entitled to—

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

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

“(B) in the case of an individual described in section 3012(a)(1)(B) or section 3012(a)(1)(C) of this title, for each month of continuous active duty served by such individual after June 30, 1985; or
“(C) in the case of an individual described in section 3012(a)(1)(D) of this title, for each month of active duty served by such individual after September 11, 2001, as part of the aggregate period of active duty on which such entitlement is based; and

“(2) one month of educational assistance benefits under this chapter for each four months served by such individual in the Selected Reserve after the applicable date specified in paragraph (1) (other than any month in which the individual served on active duty).”.

(e) AMOUNT OF ASSISTANCE.—Section 3015 of such title is amended—

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

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

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

“(h) In the case of an individual entitled to an educational assistance allowance under section 3012(a)(1)(D) of this title, the amount of the basic educational assistance
allowance payable under this chapter is the amount determined under subsection (b) of this section.”.

(d) CONTRIBUTION.—Paragraph (1) of section 3012(c) of such title is amended by inserting “or subsection (a)(1)(D)” after “subsection (a)(1)(A)”.

(e) ELECTION TO OPT OUT.—Subsection (d)(1) of section 3012 of such title is amended—

(1) by inserting “(A)” after “(d)(1)”;

(2) by designating the last sentence as subparagraph (C);

(3) in subparagraph (C), as so designated, by striking “such an election” and inserting “an election under this paragraph”; and

(4) by inserting before subparagraph (C), as so designated, the following new subparagraph (B):

“(B) An individual described in subsection (a)(1)(D) may make an election not to receive educational assistance under this chapter. Any such election shall be made at the time the individual completes the aggregate period of active duty service required under such subsection.”.

(f) OUTREACH.—(1) The Secretaries concerned shall take actions to inform members of the Selected Reserve who are or may become entitled to basic educational assistance benefits under chapter 30 of title 38, United States Code, as a result of section 3012(a)(1)(D) of such
title (as amended by subsection (a) of this section) of the
minimum service requirements for entitlement to such
benefits under that chapter and of the scope and nature
of such benefits.

(2) In this subsection:

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

(B) The term “Selected Reserve” has the
meaning given such term in section 3002(4) of title
38, United States Code.

Subtitle C—Employment
Assistance for Homeless Veterans

SEC. 521. REAUTHORIZATION OF APPROPRIATIONS FOR
HOMELESS VETERANS REINTEGRATION PRO-
GRAM.

Subsection (e)(1) of section 2021 of title 38, United
States Code, is amended by adding at the end the fol-
lowing new subparagraph:

“(F) $50,000,000 for each of fiscal years 2007
through 2011.”.
SEC. 522. EXPANSION OF HOMELESS VETERANS RE-
INTEGRATION PROGRAM TO INCLUDE VET-
ERANS AT IMMINENT RISK FOR HOMELESS-
NESS.

Subsection (a) of section 2021 of title 38, United
States Code, is amended by inserting “and veterans who
are at imminent risk of homelessness” after “to expedite
the reintagation of homeless veterans”.

Subtitle D—Payment Matters

SEC. 531. NO REDUCTION IN MONTHLY MILITARY PAY AND
ALLOWANCES FOR MEMBERS OF THE UNI-
FORMED SERVICES WOUNDED OR INJURED
IN COMBAT ZONES.

(a) In General.—Subsection (b) of section 310 of
title 37, United States Code, is amended to read as fol-
;
“(b) No Reduction in Monthly Military Pay
for Wounded or Injured Members.—
“(1) Effect of wound or injury in combat
zone.—For each month during the period specified
in paragraph (2), the total amount of monthly mili-
tary pay paid to a member who was wounded or oth-
erwise injured while assigned to duty in an area for
which special pay was available under this section at
the time the member was wounded or otherwise in-
jured shall not be less than the total amount of mili-
tary pay paid to the member for the month during
which the member was wounded or otherwise in-
jured.

“(2) Duration.—Paragraph (1) shall apply
with respect to a wounded or injured member until
the end of the first month during which any of the
following occurs:

“(A) The member is found to be physically
able to perform the duties of the member’s of-

“(B) The member is discharged or sepa-
rated from the uniformed services.

“(C) The member dies.

“(3) Military pay defined.—In this sub-
section, the term ‘military pay’ has the meaning
given the term ‘pay’ in section 101(21) of this title,
except that the term includes allowances under chap-

(b) Retroactive Effective Date.—Subsection
(b) of section 310 of title 37, United States Code, as
amended by this section, shall apply with respect to any
pay period ending on or after September 11, 2001, for
members of the uniformed services described in paragraph
(1) of such section who were wounded or otherwise injured
on or after that date.
SEC. 532. REPEAL OF TIME LIMITATION ON EXCLUSION OF
COMBAT ZONE COMPENSATION BY REASON
OF HOSPITALIZATION.

(a) In General.—Subsections (a)(2) and (b)(2) of
section 112 of the Internal Revenue Code of 1986 are each
amended by striking ‘‘; but this paragraph shall not apply
for any month beginning more than 2 years after the date
of the termination of combatant activities in such zone’’.

(b) Effective Date.—Subsections (a)(2) and
(b)(2) of section 112 of the Internal Revenue Code of
1986, as amended by this section, shall apply to com-
pensation received for months ending on or after Sep-
tember 11, 2001, for members of the uniformed services
described in such subsections who were wounded or other-
wise injured on or after that date.

TITLE VI—RESERVE COMPONENTS
AND RECRUITMENT
AND RETENTION INITIATIVES
Subtitle A—Health Care

SEC. 601. EXPANDED ELIGIBILITY OF SELECTED RESERVE
MEMBERS UNDER TRICARE PROGRAM.

(a) General Eligibility.—Subsection (a) of sec-
tion 1076d of title 10, United States Code, is amended—
(1) by striking ‘‘(a) Eligibility.—A member’’
and inserting ‘‘(a) Eligibility.—(1) Except as pro-
vided in paragraph (2), a member’’;
(2) by striking “after the member completes” and all that follows through “one or more whole years following such date”; and

(3) by adding at the end the following new paragraph:

“(2) Paragraph (1) does not apply to a member who is enrolled, or is eligible to enroll, in a health benefits plan under chapter 89 of title 5.”.

(b) CONDITION FOR TERMINATION OF ELIGIBILITY.—Subsection (b) of such section is amended by striking “(b) PERIOD OF COVERAGE.—(1) TRICARE Standard” and all that follows through “(3) Eligibility” and inserting “(b) TERMINATION OF ELIGIBILITY UPON TERMINATION OF SERVICE.—Eligibility”.

(c) CONFORMING AMENDMENTS.—

(1) Such section is further amended—

(A) by striking subsection (e); and

(B) by redesignating subsection (g) as subsection (e) and transferring such subsection within such section so as to appear following subsection (d).

(2) The heading for such section is amended to read as follows:
“§ 1076d. TRICARE program: TRICARE standard coverage for members of the selected reserve”.

(d) REPEAL OF OBSOLETE PROVISION.—Section 1076b of title 10, United States Code, is repealed.

(e) CLERICAL AMENDMENTS.—The table of sections at the beginning of chapter 55 of title 10, United States Code, is amended—

(1) by striking the item relating to section 1076b; and

(2) by striking the item relating to section 1076d and inserting the following:

“1076d. TRICARE program: TRICARE Standard coverage for members of the Selected Reserve.”.

(f) SAVINGS PROVISION.—Enrollments in TRICARE Standard that are in effect on the day before the date of the enactment of this Act under section 1076d of title 10, United States Code, as in effect on such day, shall be continued until terminated after such day under such section 1076d as amended by this section.
Subtitle B—Recruitment and Retention Incentives

SEC. 611. INCREASE IN AUTHORIZED MAXIMUM ANNUAL AMOUNT OF SPECIAL PAY FOR SELECTED RESERVE HEALTH CARE PROFESSIONALS IN CRITICALLY SHORT WARTIME SPECIALTIES AND AUTHORIZED DURATION OF PAY.

Section 302g of title 37, United States Code, is amended—

(1) in subsection (a)—

(A) by striking “nor more than three years”; and

(B) by striking “$10,000” and inserting “$25,000”; and

(2) in subsection (f), by striking “2005” and inserting “2006”.

SEC. 612. REENLISTMENT BONUS FOR MEMBERS OF SELECTED RESERVE.

(a) Eligibility of Senior Enlisted Members.—

Subsection (a)(1) of section 308b of title 37, United States Code, is amended by striking “16 years of total military service” and inserting “18 years of total military service”.

(b) Reenlistment Options.—Subsection (a)(2) of such section is amended by striking “three years or for
a period of six years” and inserting “one to six years, in
increments of whole years,”.

(c) BONUS AMOUNTS.—Paragraph (1) of subsection
(b) of such section is amended to read as follows
“(1) The amount of a bonus under this section may not exceed—
“(A) $15,000, in the case of a member who re-
enlists or extends an enlistment for a period of six
years;
“(B) $12,500, in the case of a member who re-
enlists or extends an enlistment for a period of five
years;
“(C) $10,000, in the case of a member who re-
enlists or extends an enlistment for a period of four
years;
“(D) $7,500, in the case of a member who, hav-
ing never received a bonus under this section, reen-
enlists or extends an enlistment for a period of three
years;
“(E) $5,000, in the case of a member who, hav-
ing never received a bonus under this section, reen-
enlists or extends an enlistment for a period of two
years;
“(F) $2,500, in the case of a member who, hav-
ing never received a bonus under this section, reen-
lists or extends an enlistment for a period of one year; and

“(G) $6,000, in the case of a member who, having received a bonus under this section for a previous one-, two-, or three-year reenlistment or extension of an enlistment, reenlists or extends the enlistment for an additional period of one, two, or three years.”.

(d) Authority to Waive Eligibility Requirements.—Subsection (c)(2) of such section is amended by striking “In the case” and all that follows through “the Secretary” and inserting “In time of war or national emergency, the Secretary”.

(e) Duration of Authority.—Subsection (g) of such section is amended by striking “2005” and inserting “2006”.

(f) Conforming Amendments.—Subsection (c)(1) of such section is amended—

(1) in the matter preceding subparagraph (A), by striking “subsection (b)(1)(C)” and inserting “subsection (b)(1)(G)”; and

(2) in subparagraph (A), by striking “three years” and inserting “one, two, or three years”.

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SEC. 613. INCREASE IN AUTHORIZED MAXIMUM AMOUNT OF SELECTED RESERVE ENLISTMENT BONUS.

Section 308c of title 37, United States Code, is amended—

(1) in subsection (b), by striking “$10,000” and inserting “$32,000”; and

(2) in subsection (e), by striking “2005” and inserting “2006”.

SEC. 614. INCREASE IN AUTHORIZED MAXIMUM AMOUNT FOR RESERVE AFFILIATION BONUS UNDER RESERVE AFFILIATION AGREEMENTS ENTERED INTO DURING FISCAL YEAR 2006.

(a) INCREASE.—Section 308e of title 37, United States Code, is amended by adding at the end the following new subsection:

“(h) Notwithstanding subsection (c), the maximum amount of the bonus that may be paid under this section pursuant to a reserve affiliation agreement entered into during fiscal year 2006 shall not exceed $15,000. The Secretary of Defense, and the Secretary of Homeland Security with respect to the Coast Guard, may amend the regulations prescribed under subsection (f) to modify the method by which bonus payments will be made under such reserve affiliation agreements.”.
(b) **CONFORMING AMENDMENT.**—Subsection (c) of such section is amended by striking “‘2005’” and inserting “‘2006’”.

**SEC. 615. INCREASE IN AUTHORIZED MAXIMUM AMOUNT OF GENERAL ENLISTMENT BONUS.**

Section 309 of title 37, United States Code, is amended—

(1) in subsection (a), by striking “‘$20,000’” and inserting “‘$50,000’”; and

(2) in subsection (e), by striking “‘2005’” and inserting “‘2006’”.

**SEC. 616. USE OF REFERRAL BONUS TO PROMOTE ENLISTMENTS IN SELECTED RESERVE.**

(a) **Bonus Authorized.**—Chapter 5 of title 37, United States Code, is amended by inserting after section 308 the following new section:

“§ 308a. Selected Reserve referral bonus

“(a) **Bonus Authorized.**—The Secretary concerned may pay a referral bonus to a member of the Selected Reserve who refers, to a member of the uniformed services assigned to recruiting duties, a person who, after such referral, enlists or is appointed, for a period of not less than two years, in the Selected Reserve of the same reserve component as the member making the referral.
“(b) AMOUNT OF BONUS.—The referral bonus may not exceed $2,500 per referral.

“(c) RELATION TO PROHIBITION ON BOUNTIES.—The referral bonus authorized by this section is not a bounty for purposes of section 514(a) of title 10.

“(d) DURATION OF AUTHORITY.—A referral bonus may not be paid under this section with respect to any referral made after December 31, 2006.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 308 the following new item:

“308a. Selected Reserve referral bonus.”.

SEC. 617. EXTENSION OF ACTIVE-DUTY RETENTION BONUSES AND SPECIAL PAYS FOR HEALTH CARE PROFESSIONALS TO RESERVE COMPONENT OFFICERS.

Section 303a of title 37, United States Code, is amended by adding at the end the following new subsection:

“(e) AVAILABILITY FOR RESERVE COMPONENT HEALTH CARE PROFESSIONALS.—The Secretary of Defense shall modify the eligibility requirements for each special pay authorized under sections 301d, 301e, 302 through 302j, and 303 of this title as necessary to ensure that commissioned officers of the reserve components who...
are not serving under a call or order to active duty, but
who otherwise satisfy the eligibility requirements for the
special pay, are eligible to receive the special pay in
amounts, and under terms and conditions, comparable to
those applicable to commissioned officers of the regular
components. The requirements of this subsection are in
addition to the policy expressed in section 302f of this title
to expand the availability of certain special pays to reserve
officers who are health care professionals. ”.

SEC. 618. CRITICAL-SKILLS ACCESSION BONUS FOR PERSONS ENROLLED IN SENIOR RESERVE OFFICERS’ TRAINING CORPS WHO ARE OBTAINING NURSING DEGREES.

(a) Provision of Bonus in Reduced Amount.—

Section 324 of title 37, United States Code, as amended
by section 614(f) of this Act, is further amended—

(1) by redesignating subsections (f) and (g) as
subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the fol-
lowing new subsection:

“(f) Nurse Candidates in Senior Reserve Officers’ Training Corps.—(1) A person enrolled in the Senior Reserve Officers’ Training Corps program of the Army for advanced training under chapter 103 of title 10, including a person receiving financial assistance under
section 2107 of such title, may receive an accession bonus
under this section if the person—

“(A) has completed the second year of an ac-
credited baccalaureate degree program in nursing;
and

“(B) executes an agreement under this section
to serve on active duty as a commissioned officer in
the Army Nurse Corps.

“(2) Notwithstanding subsection (c), the amount of
the accession bonus paid to a person described in para-
graph (1) may not exceed $5,000.”.

(b) RETROACTIVE APPLICATION TO EXISTING
AGREEMENTS.—Subsection (f) of section 324 of title 37,
United States Code, as added by subsection (a), shall
apply with respect to agreements referred to in paragraph
(1)(B) of such subsection executed on or after October 5,
2004.

Subtitle C—Payment Matters

SEC. 621. NONREDUCTION IN PAY WHILE FEDERAL EM-
PLOYEE IS SERVING ON ACTIVE DUTY IN A
RESERVE COMPONENT OF THE UNIFORMED
SERVICES.

(a) IN GENERAL.—Subchapter IV of chapter 55 of
title 5, United States Code, is amended by adding at the
end the following new section:
§ 5538. Nonreduction in pay while serving on active duty in a reserve component

“(a) An employee who is also a member of a reserve component and is absent from a position of employment with the Federal Government under a call or order to serve on active duty for a period of more than 30 days shall be entitled to receive, for each pay period described in subsection (b), an amount equal to the difference (if any) between—

“(1) the amount of civilian basic pay that would otherwise have been payable to the employee for such pay period if the employee’s civilian employment with the Government had not been interrupted by the service on active duty; and

“(2) the amount of military compensation that is payable to the employee for the service on active duty and is allocable to such pay period.

“(b)(1) Amounts under this section shall be payable with respect to each pay period (which would otherwise apply if the employee’s civilian employment had not been interrupted) that occurs—

“(A) while the employee serves on active duty for a period of more than 30 days;

“(B) while the employee is hospitalized for, or convalescing from, an illness or injury incurred in,
or aggravated during, the performance of such active
duty; or

“(C) during the 14-day period beginning at the
end of such active duty or the end of the period re-
ferred to in subparagraph (B).

“(2) Paragraph (1) shall not apply with respect to
a pay period for which the employee receives civilian basic
pay (including by taking any annual, military, or other
paid leave) to which the employee is entitled by virtue of
the employee’s civilian employment with the Government.

“(c) Any amount payable under this section to an em-
ployee shall be paid—

“(1) by the employing agency of the employee;
“(2) from the appropriations or fund that
would be used to pay the employee if the employee
were in a pay status; and

“(3) to the extent practicable, at the same time
and in the same manner as would civilian basic pay
if the employee’s civilian employment had not been
interrupted.

“(d) In consultation with Secretary of Defense, the
Office of Personnel Management shall prescribe such reg-
ulations as may be necessary to carry out this section.

“(e) In consultation with the Office of Personnel
Management, the head of each employing agency shall pre-
scribe procedures to ensure that the rights under this section apply to the employees of such agency.

“(f) In this section:

“(1) The terms ‘active duty for a period of more than 30 days’, ‘member’, and ‘reserve component’ have the meanings given such terms in section 101 of title 37.

“(2) The term ‘civilian basic pay’, with respect to an employee, includes any amount payable under section 5304 of this title or under such other law providing for the compensation of the employee by the employing agency for work performed.

“(3) The term ‘employing agency’, as used with respect to an employee entitled to any payments under this section, means the agency with respect to which the employee has reemployment rights under chapter 43 of title 38. The term ‘agency’ has the meaning given such term in subparagraph (C) of section 2302(a)(2) of this title, except that the term includes Government corporations and agencies excluded by clause (i) or (ii) of such subparagraph.

“(4) The term ‘military compensation’ has the meaning given the term ‘pay’ in section 101(21) of title 37, except that the term includes allowances under chapter 7 of such title.”.
(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55 of title 5, is amended by inserting after the item relating to section 5537 the following new item:

"5538. Nonreduction in pay while serving on active duty in a reserve component."

(c) APPLICATION OF AMENDMENT.—Section 5538 of title 5, United States Code, as added by subsection (a), shall apply with respect to pay periods (as described in subsection (b) of such section) beginning on or after the date of the enactment of this Act.

SEC. 622. ACTIVE-DUTY RESERVE COMPONENT EMPLOYEE CREDIT ADDED TO GENERAL BUSINESS CREDIT.

(a) ADDITION OF CREDIT.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business-related credits) is amended by adding at the end the following new section:

"SEC. 45J. ACTIVE-DUTY RESERVE COMPONENT EMPLOYEE CREDIT.

"(a) GENERAL RULE.—For purposes of section 38, the Ready Reserve-National Guard employee credit determined under this section for any taxable year with respect to each Ready Reserve-National Guard employee of an employer is an amount equal to the lesser of—
“(1) 50 percent of the actual compensation amount paid with respect to such Ready Reserve-National Guard employee for such taxable year while the employee is absent from employment for a reason described in subsection (b); or
“(2) $30,000.
“(b) COVERED PAY PERIODS.—Subsection (a) shall apply with respect to a Ready Reserve-National Guard employee—
“(1) while the employee serves on active duty for a period of more than 30 days;
“(2) while the employee is hospitalized for, or convalescing from, an illness or injury incurred in, or aggravated during, the performance of such active duty; or
“(3) during the 14-day period beginning at the end of such active duty or the end of the period referred to in subparagraph (B).
“(c) LIMITATION.—No credit shall be allowed under subsection (a) with respect to a Ready Reserve-National Guard employee on any day on which the employee was not scheduled to work (for a reason other than such service on active duty) and ordinarily would not have worked.
“(d) PORTION OF CREDIT REFUNDABLE.—
“(1) IN GENERAL.—In the case of an employer described in paragraph (2), the aggregate credits allow- 
ed to a taxpayer under subpart C shall be in- 
creased by the lesser of—

“(A) the credit which would be allowed 
under this section without regard to this sub-
section and the limitation under section 38(c), 
or

“(B) the amount by which the aggregate 
amount of credits allowed by this subpart (de-
termined without regard to this subsection) 
would increase if the limitation imposed by sec-
tion 38(c) for any taxable year were increased 
by the amount of employer payroll taxes im-
posed on the taxpayer during the calendar year 
in which the taxable year begins.

The amount of the credit allowed under this sub-
section shall not be treated as a credit allowed under 
this subpart and shall reduce the amount of the 
credit otherwise allowable under subsection (a) with-
out regard to section 38(c).

“(2) EMPLOYER DESCRIBED.—An employer is 
described in this paragraph if the employer is—

“(A) an organization exempt from tax 
under this chapter,
“(B) any State or political subdivision thereof, the District of Columbia, any possession of the United States, or any agency or instrumentality of any of the foregoing, or

“(C) any Indian tribal government (within the meaning of section 7871) or any agency or instrumentality thereof.

“(3) EMPLOYER PAYROLL TAXES.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘employer payroll taxes’ means the taxes imposed by—

“(i) section 3111(b), and

“(ii) sections 3211(a) and 3221(a) (determined at a rate equal to the rate under section 3111(b)).

“(B) SPECIAL RULE.—A rule similar to the rule of section 24(d)(2)(C) shall apply for purposes of subparagraph (A).

“(e) DEFINITIONS.—In this section—

“(1) The terms ‘active duty for a period of more than 30 days’, ‘member’, and ‘reserve component’ have the meanings given such terms in section 101 of title 37, United States Code.

“(2) The term ‘compensation’ means any remuneration for employment, whether in cash or in kind,
which is paid or incurred by a taxpayer and which
is deductible from the taxpayer’s gross income under
section 162(a)(1).

“(3) The term ‘Ready Reserve-National Guard
employee’ with respect to an employer, means an
employee of the employer who is also a member of
a reserve component during a taxable year.”.

(b) CREDIT TO BE PART OF GENERAL BUSINESS
CREDIT.—Subsection (b) of section 38 of such Code (re-
lating to general business credit) is amended by striking
“plus” at the end of paragraph (18), by striking the period
at the end of paragraph (19) and inserting “, plus”, and
by adding at the end the following new paragraph:

“(20) the active-duty reserve component em-
ployee credit determined under section 45J(a).”.

(e) CONFORMING AMENDMENT.—
(1) Paragraph (2) of section 1324(b) of title
31, United States Code, is amended by inserting “or
45J” after “section 35”.

(2) The table of sections for subpart D of part
IV of subchapter A of chapter 1 of the Internal Rev-
ue Code of 1986 is amended by inserting after the
item relating to section 45I the following new item:

“Sec. 45J. Active-duty reserve component employee credit.”.
(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 623. DIFFERENTIAL WAGE PAYMENTS.

(a) Income Tax Withholding.—Section 3401 of the Internal Revenue Code of 1986 (relating to definitions) is amended by adding at the end the following new subsection:

“(i) Differential Wage Payments to Active Duty Members of the Uniformed Services.—

“(1) In general.—For purposes of subsection (a), any differential wage payment shall be treated as a payment of wages by the employer to the employee.

“(2) Differential wage payment.—For purposes of paragraph (1), the term ‘differential wage payment’ means any payment which—

“(A) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days, and

“(B) represents all or a portion of the wages the individual would have received from
the employer if the individual were performing
service for the employer.”.

(b) Treatment of Differential Wage Pay-
ments for Retirement Plan Purposes.—

(1) Pension plans.—

(A) In general.—Section 414(u) of such
Code (relating to special rules relating to vet-
erans’ reemployment rights under USERRA) is
amended by adding at the end the following
new paragraph:

“(11) Treatment of differential wage
payments.—

“(A) In general.—Except as provided in
this paragraph, for purposes of applying this
title to a retirement plan to which this sub-
section applies—

“(i) an individual receiving a differen-
tial wage payment shall be treated as an
employee of the employer making the pay-
ment,

“(ii) the differential wage payment
shall be treated as compensation, and

“(iii) the plan shall not be treated as
failing to meet the requirements of any
provision described in paragraph (1)(C) by
reason of any contribution which is based on the differential wage payment.

“(B) SPECIAL RULE FOR DISTRIBUTIONS.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A)(i), for purposes of section 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services described in section 3401(i)(2)(A).

“(ii) LIMITATION.—If an individual elects to receive a distribution by reason of clause (i), the plan shall provide that the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

“(C) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A)(iii) shall apply only if all employees of an employer performing service in the uniformed services described in section 3401(i)(2)(A) are entitled to receive dif-
ferential wage payments on reasonably equiva-
 lent terms and, if eligible to participate in a re-
tirement plan maintained by the employer, to
make contributions based on the payments.
For purposes of applying this subparagraph,
the provisions of paragraphs (3), (4), and (5),
of section 410(b) shall apply.

“(D) DIFFERENTIAL WAGE PAYMENT.—
For purposes of this paragraph, the term ‘dif-
ferential wage payment’ has the meaning given
such term by section 3401(i)(2).”.

(B) CONFORMING AMENDMENT.—The
heading for section 414(u) of such Code is
amended by inserting “AND TO DIFFERENTIAL
WAGE PAYMENTS TO MEMBERS ON ACTIVE
DUTY” after “USERRA”.

(2) DIFFERENTIAL WAGE PAYMENTS TREATED
AS COMPENSATION FOR INDIVIDUAL RETIREMENT
PLANS.—Section 219(f)(1) of such Code (defining
compensation) is amended by adding at the end the
following new sentence: “The term ‘compensation’
includes any differential wage payment (as defined
in section 3401(i)(2))”.

(c) EFFECTIVE DATES.—
(1) **SUBSECTION (a).**—The amendments made by subsection (a) shall apply to remuneration paid after December 31, 2004.

(2) **SUBSECTION (b).**—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2004.

(d) **PROVISIONS RELATING TO PLAN AMENDMENTS.**—

(1) **IN GENERAL.**—If this subsection applies to any plan or annuity contract amendment—

(A) such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i), and

(B) except as provided by the Secretary of the Treasury, such plan shall not fail to meet the requirements of the Internal Revenue Code of 1986 or the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(2) **AMENDMENTS TO WHICH SECTION APPLIES.**—

(A) **IN GENERAL.**—This subsection shall apply to any amendment to any plan or annuity contract which is made—
(i) pursuant to any amendment made
by this section, and
(ii) on or before the last day of the
first plan year beginning on or after Janu-
ary 1, 2007.

(B) CONDITIONS.—This subsection shall
not apply to any plan or annuity contract
amendment unless—

(i) during the period beginning on the
date the amendment described in subpara-
graph (A)(i) takes effect and ending on the
date described in subparagraph (A)(ii) (or,
if earlier, the date the plan or contract
amendment is adopted), the plan or con-
tract is operated as if such plan or con-
tact amendment were in effect; and

(ii) such plan or contract amendment
applies retroactively for such period.

SEC. 624. CREDIT FOR INCOME DIFFERENTIAL FOR EM-
PLOYMENT OF ACTIVATED MILITARY RE-
SERVIST AND REPLACEMENT PERSONNEL.

(a) IN GENERAL.—Subpart B of part IV of sub-
chapter A of chapter 1 of the Internal Revenue Code of
1986 (relating to other credits) is amended by adding at
the end the following new section:
"SEC. 30B. EMPLOYER WAGE CREDIT FOR ACTIVATED MILITARY RESERVISTS.

“(a) GENERAL RULE.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

“(1) in the case of a small business employer, the employment credit with respect to all qualified employees and qualified replacement employees of the taxpayer, plus

“(2) the self-employment credit of a qualified self-employed taxpayer.

“(b) EMPLOYMENT CREDIT.—For purposes of this section—

“(1) QUALIFIED EMPLOYEES.—

“(A) IN GENERAL.—The employment credit with respect to a qualified employee of the taxpayer for any taxable year is equal to 50 percent of the lesser of—

“(i) the excess, if any, of—

“(I) the qualified employee’s average daily qualified compensation for the taxable year, over

“(II) the average daily military pay and allowances received by the qualified employee during the taxable year, while participating in qualified
reserve component duty to the exclusion of the qualified employee’s normal employment duties for the number of days the qualified employee participates in qualified reserve component duty during the taxable year, including time spent in a travel status, or

“(ii) $30,000.

The employment credit, with respect to all qualified employees, is equal to the sum of the employment credits for each qualified employee under this subsection.

“(B) AVERAGE DAILY QUALIFIED COMPENSATION AND AVERAGE DAILY MILITARY PAY AND ALLOWANCES.—As used with respect to a qualified employee—

“(i) the term ‘average daily qualified compensation’ means the qualified compensation of the qualified employee for the taxable year divided by the difference between—

“(I) 365, and

“(II) the number of days the qualified employee participates in
qualified reserve component duty during the taxable year, including time spent in a travel status, and

“(ii) the term ‘average daily military pay and allowances’ means—

“(I) the amount paid to the qualified employee during the taxable year as military pay and allowances on account of the qualified employee’s participation in qualified reserve component duty, divided by

“(II) the total number of days the qualified employee participates in qualified reserve component duty, including time spent in travel status.

“(C) QUALIFIED COMPENSATION.—When used with respect to the compensation paid or that would have been paid to a qualified employee for any period during which the qualified employee participates in qualified reserve component duty, the term ‘qualified compensation’ means—

“(i) compensation which is normally contingent on the qualified employee’s presence for work and which would be de-
ductible from the taxpayer’s gross income under section 162(a)(1) if the qualified employee were present and receiving such compensation,

“(ii) compensation which is not characterized by the taxpayer as vacation or holiday pay, or as sick leave or pay, or as any other form of pay for a nonspecific leave of absence, and with respect to which the number of days the qualified employee participates in qualified reserve component duty does not result in any reduction in the amount of vacation time, sick leave, or other nonspecific leave previously credited to or earned by the qualified employee, and

“(iii) group health plan costs (if any) with respect to the qualified employee.

“(D) QUALIFIED EMPLOYEE.—The term ‘qualified employee’ means a person who—

“(i) has been an employee of the taxpayer for the 31-day period immediately preceding the period during which the employee participates in qualified reserve component duty, and
“(ii) is a member of the Ready Reserve of a reserve component of an Armed Force of the United States as defined in sections 10142 and 10101 of title 10, United States Code.

“(2) QUALIFIED REPLACEMENT EMPLOYEES.—

“(A) IN GENERAL.—The employment credit with respect to a qualified replacement employee of the taxpayer for any taxable year is equal to 50 percent of the lesser of—

“(i) the individual’s qualified compensation attributable to service rendered as a qualified replacement employee, or

“(ii) $12,000.

The employment credit, with respect to all qualified replacement employees, is equal to the sum of the employment credits for each qualified replacement employee under this subsection.

“(B) QUALIFIED COMPENSATION.—When used with respect to the compensation paid to a qualified replacement employee, the term ‘qualified compensation’ means—

“(i) compensation which is normally contingent on the qualified replacement
employee’s presence for work and which is
deductible from the taxpayer’s gross in-
come under section 162(a)(1),

“(ii) compensation which is not char-
acterized by the taxpayer as vacation or
holiday pay, or as sick leave or pay, or as
any other form of pay for a nonspecific
leave of absence, and

“(iii) group health plan costs (if any)
with respect to the qualified replacement
employee.

“(C) QUALIFIED REPLACEMENT EM-
PLYEE.—The term ‘qualified replacement em-
ployee’ means an individual who is hired to re-
place a qualified employee or a qualified self-
employed taxpayer, but only with respect to the
period during which such employee or taxpayer
participates in qualified reserve component
duty, including time spent in travel status.

“(D) FAILURE TO MAKE DIFFERENTIAL
WAGE PAYMENTS.—The employment credit with
respect to a qualified replacement employee of
the taxpayer for any taxable year shall be zero
if the taxpayer does not make all differential
wage payments (as defined by section
3401(i)(2)) for the taxable year to the qualified employee or the qualified self-employed taxpayer (as the case may be) who is replaced by the qualified replacement employee.

“(c) SELF-EMPLOYMENT CREDIT.—For purposes of this section—

“(1) IN GENERAL.—The self-employment credit of a qualified self-employed taxpayer for any taxable year is equal to 50 percent of the lesser of—

“(A) the excess, if any, of—

“(i) the self-employed taxpayer’s average daily self-employment income for the taxable year over

“(ii) the average daily military pay and allowances received by the taxpayer during the taxable year, while participating in qualified reserve component duty to the exclusion of the taxpayer’s normal self-employment duties for the number of days the taxpayer participates in qualified reserve component duty during the taxable year, including time spent in a travel status, or

“(B) $30,000.

“(2) AVERAGE DAILY SELF-EMPLOYMENT INCOME AND AVERAGE DAILY MILITARY PAY AND AL-
LOWANCES.—As used with respect to a self-employed taxpayer—

“(A) the term ‘average daily self-employment income’ means the self-employment income (as defined in section 1402(b)) of the taxpayer for the taxable year plus the amount paid for insurance which constitutes medical care for the taxpayer for such year (within the meaning of section 162(l)) divided by the difference between—

“(i) 365, and

“(ii) the number of days the taxpayer participates in qualified reserve component duty during the taxable year, including time spent in a travel status, and

“(B) the term ‘average daily military pay and allowances’ means—

“(i) the amount paid to the taxpayer during the taxable year as military pay and allowances on account of the taxpayer’s participation in qualified reserve component duty, divided by

“(ii) the total number of days the taxpayer participates in qualified reserve com-
ponent duty, including time spent in travel status.

“(3) QUALIFIED SELF-EMPLOYED TAXPAYER.—
The term ‘qualified self-employed taxpayer’ means a taxpayer who—

“(A) has net earnings from self-employment (as defined in section 1402(a)) for the taxable year, and

“(B) is a member of the Ready Reserve of a reserve component of an Armed Force of the United States.

“(d) CREDIT IN ADDITION TO DEDUCTION.—The employment credit or the self-employment credit provided in this section is in addition to any deduction otherwise allowable with respect to compensation actually paid to a qualified employee, qualified replacement employee, or qualified self-employed taxpayer during any period the qualified employee or qualified self-employed taxpayer participates in qualified reserve component duty to the exclusion of normal employment duties.

“(e) COORDINATION WITH OTHER CREDITS.—The amount of credit otherwise allowable under sections 51(a) and 1396(a) with respect to any employee shall be reduced by the credit allowed by this section with respect to such employee.
“(f) Limitations.—

“(1) Application with other credits.—
The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

“(A) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

“(B) the tentative minimum tax for the taxable year.

“(2) Disallowance for failure to comply with employment or reemployment rights of members of the reserve components of the armed forces of the United States.—No credit shall be allowed under subsection (a) to a taxpayer for—

“(A) any taxable year, beginning after the date of the enactment of this section, in which the taxpayer is under a final order, judgment, or other process issued or required by a district court of the United States under section 4323 of title 38 of the United States Code with respect to a violation of chapter 43 of such title, and

“(B) the 2 succeeding taxable years.
“(3) Disallowance with respect to persons ordered to active duty for training.—
No credit shall be allowed under subsection (a) to a taxpayer with respect to any period by taking into account any person who is called or ordered to active duty for any of the following types of duty:

“(A) Active duty for training under any provision of title 10, United States Code.

“(B) Training at encampments, maneuvers, outdoor target practice, or other exercises under chapter 5 of title 32, United States Code.

“(C) Full-time National Guard duty, as defined in section 101(d)(5) of title 10, United States Code.

“(g) General Definitions and Special Rules.—For purposes of this section—

“(1) Small business employer.—

“(A) In general.—The term ‘small business employer’ means, with respect to any taxable year, any employer who employed an average of 50 or fewer employees on business days during such taxable year.

“(B) Controlled groups.—For purposes of subparagraph (A), all persons treated as a single employer under subsection (b), (c),
(m), or (o) of section 414 shall be treated as a single employer.

“(2) MILITARY PAY AND ALLOWANCES.—The term ‘military pay’ means pay as that term is defined in section 101(21) of title 37, United States Code, and the term ‘allowances’ means the allowances payable to a member of the Armed Forces of the United States under chapter 7 of that title.

“(3) QUALIFIED RESERVE COMPONENT DUTY.—The term ‘qualified reserve component duty’ includes only active duty performed, as designated in the reservist’s military orders, in support of a contingency operation as defined in section 101(a)(13) of title 10, United States Code.

“(4) SPECIAL RULE FOR CERTAIN MANUFACTURERS.—

“(A) IN GENERAL.—In the case of any qualified manufacturer, paragraph (1)(A) of this subsection shall be applied by substituting ‘100’ for ‘50’.

“(B) QUALIFIED MANUFACTURER.—For purposes of this paragraph, the term ‘qualified manufacturer’ means any person if—

“(i) the primary business of such person is classified in sector 31, 32, or 33 of
the North American Industrial Classification System, and

“(ii) all of such person’s facilities which are used for production in such business are located in the United States.

“(5) CARRYBACK AND CARRYFORWARD ALLOWED.—

“(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (f)(1) for such taxable year (in this paragraph referred to as the ‘unused credit year’), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year.

“(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

“(6) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.”. 
(b) Conforming Amendment.—Section 55(c)(2) of
the Internal Revenue Code of 1986 is amended by insert-
ing “30B(f)(1),” after “30(b)(3),”.

(c) Clerical Amendment.—The table of sections
for subpart B of part IV of subchapter A of chapter 1
of the Internal Revenue Code of 1986 is amended by add-
ing at the end of 30A the following new item:

“Sec. 30B. Employer wage credit for activated military reservists.”.

(d) Effective Date.—The amendments made by
this section shall apply to taxable years beginning after

SEC. 625. EMPLOYER CONTRIBUTIONS TO IRAS OF CERTAIN
MEMBERS OF THE UNIFORMED SERVICES.

(a) In General.—Section 3121 of the Internal Rev-
ene Code of 1986 is amended by adding at the end the
following:

“(z) Employer Contributions to IRAs of Cer-
tain Members of the Uniformed Services.—Noth-
ing in any paragraph of subsection (a) (other than para-
graphs (1) and (5)) shall exclude from the term ‘wages’
any employer payment on behalf of an individual to an
individual retirement plan if such payment is made by the
employer to such plan with respect to any period during
which the individual is performing service in the uni-
formed services while on active duty for a period of more
than 30 days.”.
(b) Railroad Retirement.—Subsection (e) of Section 3231 of such Code is amended by adding at the end the following new paragraph:

“(13) Employer Contributions to IRAs of Certain Members of the Uniformed Services.—Nothing in any paragraph of this subsection (other than paragraph (2)) shall exclude from the term ‘compensation’ any amount described in section 3121(z).”.

(c) Federal Unemployment Tax.—Section 3306 of such Code is amended by adding at the end the following:

“(v) Employer Contributions to IRAs of Certain Members of the Uniformed Services.—Nothing in any paragraph of subsection (b) (other than paragraphs (1) and (5)) shall exclude from the term ‘wages’ any employer payment on behalf of an individual to an individual retirement plan if such payment is made by the employer to such plan with respect to any period during which the individual is performing service in the uniformed services while on active duty for a period of more than 30 days.”.

(d) Withholding.—Section 3401 of such Code, as amended by this Act, is amended by adding at the end the following new subsection:
“(j) Employer Contributions to IRAs of Certain Members of the Uniformed Services.—Nothing in any paragraph of subsection (a) (other than paragraph (12)) shall exclude from the term ‘wages’ any amount described in section 3121(z).”.

(e) Effective Date.—The amendments made by this section shall apply to amounts paid after December 31, 2004.

TITLE VII—FUNDING

SEC. 701. REPEAL OF 2001 TAX CUT FOR HIGH INCOME TAXPAYERS.

(a) In General.—Section 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(j) Repeal of 2001 Tax Cut for High Income Taxpayers.—The amount determined under subsection (a), (b), (c), or (d), as the case may be, shall be increased by 4.6 percent of so much of taxable income as exceeds $1,000,000 in the case of individuals to whom subsection (a) applies ($500,000 in any other case).”.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.
SEC. 702. REPEAL OF SCHEDULED TERMINATION OF PHASEOUT OF PERSONAL EXEMPTIONS.

(a) In General.—Paragraph (3) of section 151(d) of the Internal Revenue Code of 1986 is amended by striking subparagraphs (E) and (F).

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 703. REPEAL OF SCHEDULED PHASEOUT OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) In General.—Section 68 of the Internal Revenue Code of 1986 is amended by striking subsections (f) and (g).

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.