

109TH CONGRESS
1ST SESSION

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. CARDOZA, 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. HIGGINS, Mr. HINCHEY, Mr. HINOJOSA, Mr. HOLDEN, Mr. HOLT, Mr. HONDA, Mr. HOYER, 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. MEEK of Florida, Mr. MEEKS of New York, Mr. MENENDEZ, Mr. MICHAUD, Mr. GEORGE MILLER of California, Mr. MOLLOHAN, Mr. MOORE of Kansas, Mr. MURTHA, 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. WASSERMAN

SCHULTZ, Ms. SCHWARTZ of Pennsylvania, Mr. SCOTT of Georgia, Mr. SCOTT of Virginia, Mr. SERRANO, Mr. SHERMAN, Mr. SKELTON, Ms. SLAUGHTER, Mr. SMITH of Washington, Ms. SOLIS, Mr. SPRATT, Mr. STARK, Mr. STRICKLAND, Mr. STUPAK, Mr. THOMPSON of Mississippi, Mr. TIERNEY, Mr. TOWNS, Mr. UDALL of New Mexico, Mr. VAN HOLLEN, Ms. WATERS, Ms. WATSON, Mr. WAXMAN, Mr. WEINER, Mr. WEXLER, Ms. WOOLSEY, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Veterans' Affairs, and in addition to the Committees on Ways and Means and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
 5 “New GI Bill of Rights for the 21st Century Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of
 7 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. 173. Publication of state-of-the-art post-deployment mental health problems diagnosis and treatment.
 Sec. 174. Protocols for pain management for PTSD and war-related pain.
 Sec. 175. Protocols for treatment of substance use disorders.
 Sec. 176. Protocols for diagnosis of post-traumatic stress disorder.

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. Reenlistment 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.

1 **TITLE I—VETERANS HEALTH**

2 **CARE**

3 **Subtitle A—Increase in Funding**

4 **SEC. 101. AUTHORIZATION OF ADDITIONAL FUNDING FOR**

5 **VETERANS MEDICAL CARE.**

6 (a) **AUTHORIZATION.**—There are authorized to be ap-
 7 propriated to the Department of Veterans Affairs, in addi-
 8 tion to amounts otherwise authorized to be appropriated,
 9 the amount of \$3,200,000,000 for fiscal year 2006.

10 (b) **IMPROVED ACCESS TO CARE.**—Amounts appro-
 11 priated pursuant to the authorization of appropriations in
 12 subsection (a) shall be used to ensure that veterans seek-
 13 ing healthcare from the Department of Veterans Affairs
 14 receive their initial appointment for healthcare for a date
 15 that is not later than 30 days after the date on which
 16 the request is made.

1 **Subtitle B—Equitable Medication**
2 **Copayments and Enrollment Fees**

3 **SEC. 111. PROHIBITION ON INCREASES IN MEDICATION CO-**
4 **PAYMENT FOR VETERANS AND IMPOSITION**
5 **OF HEALTHCARE ENROLLMENT FEE FOR**
6 **VETERANS.**

7 (a) **MEDICATION COPAYMENTS.**—During the period
8 beginning on the date of the enactment of this Act and
9 ending on October 1, 2007, the Secretary of Veterans Af-
10 fairs may not implement under subsection (b) of section
11 1722A of title 38, United States Code, an increase in the
12 copayment for medications required under subsection (a)
13 of that section.

14 (b) **ENROLLMENT FEE.**—During the period begin-
15 ning on the date of the enactment of this Act and ending
16 on October 1, 2007, the Secretary of Veterans Affairs may
17 not implement an enrollment fee for veterans enrolling (or
18 renewing enrollment) in the Department of Veterans Af-
19 fairs healthcare system under section 1705 of such title.

20 **Subtitle C—Mental Health Benefits**

21 **SEC. 121. DEFINITION.**

22 In this subtitle, the term “PTSD” means post-trau-
23 matic stress disorder.

1 **CHAPTER 1—VETERANS OF PAST**
2 **DEPLOYMENTS**

3 **SEC. 125. SIX-YEAR EXTENSION OF ELIGIBILITY FOR READ-**
4 **JUSTMENT COUNSELING SERVICES FOR**
5 **VIETNAM-ERA VETERANS.**

6 Section 1712A(a)(1)(B)(ii) of title 38, United States
7 Code, is amended by striking “January 1, 2004” and in-
8 serting “January 1, 2010”.

9 **CHAPTER 2—MILITARY ISSUES**

10 **SEC. 131. DEPARTMENT OF VETERANS AFFAIRS-DEPART-**
11 **MENT OF DEFENSE HEALTH CARE SHARING**
12 **INCENTIVE FUND.**

13 (a) **IN GENERAL.**—The Secretary of Veterans Affairs
14 and the Secretary of Defense shall jointly take such steps
15 as necessary to implement the proposal of the Center for
16 the Study of Traumatic Stress at the Uniformed Services
17 University of the Health Sciences for a Department of
18 Veterans Affairs-Department of Defense Health Care
19 Sharing Incentive Fund.

20 (b) **TELECOMMUNICATIONS SUPPORT.**—As part of
21 the implementation of the proposal referred to in sub-
22 section (a), the two Secretaries shall provide for a system
23 of telecommunications to support the following:

1 (1) Continuing education and support for front-
2 line (forward-deployed) providers of health-care serv-
3 ices.

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

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

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

12 (C) educational programs concerning
13 PTSD and other mental health disorders com-
14 monly associated with deployment.

15 **SEC. 132. COLLECTION OF DATA FROM PRE- AND POST-DE-**
16 **PLOYMENT HEALTH ASSESSMENTS.**

17 (a) DATA COLLECTION.—The Secretary of Defense
18 shall take appropriate steps to assist the Secretary of Vet-
19 erans Affairs with the collection of data from pre- and
20 post-deployment health assessments of members of the
21 Armed Forces that may be relevant for identification and
22 treatment by the Secretary of Veterans Affairs of PTSD
23 and other post-deployment mental health issues. The Sec-
24 retary of Defense may provide such information in aggre-
25 gate, unidentified format and may provide such informa-

1 tion on a monthly basis or on such other schedule as the
2 two Secretaries may agree to.

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

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

22 **SEC. 133. PREVENTATIVE MAINTENANCE POST-DEPLOY-**
23 **MENT INTERVENTION.**

24 (a) IN GENERAL.—The Secretary of Veterans Affairs
25 shall conduct routine preventative maintenance interven-

1 tion for all members of the Armed Forces returning from
2 deployment in a combat theater. Such intervention shall
3 be conducted between 90 and 180 days after such mem-
4 bers return from such deployment.

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

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

9 (2) persons trained by the Department of Vet-
10 erans Affairs, including volunteers from military
11 unit associations, veteran service organizations, or
12 other nonprofit organizations.

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

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

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

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

22 (3) To refer returning servicemembers to ap-
23 propriate services, as necessary.

1 (4) To disseminate educational materials about
2 post-deployment mental health issues, including
3 PTSD to servicemembers.

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

6 (6) To provide information concerning home-
7 lessness, including risk factors, awareness assess-
8 ment, and contact information for preventative as-
9 sistance associated with homelessness.

10 (e) VA PARTICIPATION IN ADDITIONAL DEMOBILIZA-
11 TION ACTIVITIES.—The Secretary of Defense shall provide
12 for the Secretary of Veterans Affairs to participate in ad-
13 ditional demobilization activities, including the Transi-
14 tional Assistance Program, that are conducted within the
15 Department of Defense for the purposes specified in sub-
16 section (d).

17 **CHAPTER 3—PREVENTION, EARLY DETEC-**
18 **TION, AND TREATMENT FOR RETURN-**
19 **ING TROOPS**

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

23 (a) STUDY.—The Secretary of Veterans Affairs shall
24 provide for a study, to be conducted by an entity other
25 than the Department of Veterans Affairs and the Depart-

1 ment of Defense, to identify factors that decrease the like-
2 lihood of the development of chronic post-traumatic stress
3 disorder (PTSD) in servicemembers and veterans who
4 have had combat exposure, including exposure to guerilla
5 warfare.

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

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

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

18 **SEC. 143. DEMONSTRATION PROJECT TO STATION DEPART-**
19 **MENT OF VETERANS AFFAIRS PSYCHOLO-**
20 **GISTS AND PSYCHIATRISTS AT MAJOR DEMO-**
21 **BILIZATION SITES AND MILITARY TREAT-**
22 **MENT FACILITIES.**

23 (a) DEMONSTRATION PROJECT.—The Secretary of
24 Defense and the Secretary of Veterans Affairs shall jointly
25 provide for the conduct of a demonstration project under

1 which Department of Veterans Affairs psychologists and
2 psychiatrists are stationed at major demobilization sites
3 and military treatment facilities.

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

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

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

11 (3) Advise servicemembers of the need for con-
12 tinuous services.

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

15 (c) FUNDING.—There is authorized to be appro-
16 priated such sums as may be necessary for each of fiscal
17 years 2006, 2007, and 2008 for the conduct of the dem-
18 onstration project. Amounts for the conduct of the project
19 shall be provided equally by the Secretary of Veterans Af-
20 fairs and the Secretary of Defense.

21 (d) ELIGIBILITY CRITERIA.—Based on the results of
22 the demonstration project, the Secretaries shall identify
23 appropriate eligibility criteria for programs to best re-
24 spond to the needs of veterans, servicemembers, and their
25 families for post-deployment mental health services. The

1 criteria identified shall be included in the report under
2 subsection (e).

3 (e) REPORT.—The Secretary of Veterans Affairs
4 shall submit to the Committees on Veterans' Affairs of
5 the Senate and House of Representatives a report pro-
6 viding the results of the demonstration project. The report
7 shall be submitted not later than 18 months after the date
8 of the enactment of this Act.

9 **SEC. 144. MODEL PROGRAMS FOR POST-DEPLOYMENT MEN-**
10 **TAL HEALTH PRACTICE.**

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

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

20 (2) at least one site shall use an integrated
21 mental health and primary care model for post-de-
22 ployment mental health practice.

23 (b) PURPOSE.—The purpose of the model program
24 shall be as follows:

1 health-care directors (referred to as VISN directors) and
2 Department of Defense TRICARE regional managers to
3 ensure the appropriate deployment of resources to imple-
4 ment the treatment protocols referred to as “Iraq War
5 Clinical Practice Guidelines”.

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

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

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

14 **CHAPTER 4—DEPARTMENT OF DEFENSE/
15 DEPARTMENT OF VETERANS AFFAIRS
16 COUNCIL ON POST-DEPLOYMENT
17 MENTAL HEALTH**

18 **SEC. 151. ESTABLISHMENT OF COUNCIL.**

19 The Secretary of Defense and the Secretary of Vet-
20 erans Affairs shall jointly establish a council to be known
21 as the Department of Defense/Department of Veterans Af-
22 fairs Council on Post-Deployment Mental Health. The
23 council shall be composed of leadership of the two depart-
24 ments in the areas of mental health, PTSD, substance
25 abuse, and military sexual trauma. The council shall be

1 established not later than 120 days after the date of the
2 enactment of this Act.

3 **SEC. 152. DUTIES OF COUNCIL.**

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

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

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

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

24 (4) Development of outcome monitors and qual-
25 ity improvement instruments to ensure that internal

1 policy regarding PTSD is implemented (including
2 TRICARE and VISN directors' performance meas-
3 ures under section 307).

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

8 (6) Identification of the highest post-deploy-
9 ment mental health research priorities for the two
10 departments.

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

14 (b) ANNUAL MEETING WITH STAKEHOLDERS.—The
15 Council shall meet at least annually with stakeholder
16 groups comprised of veterans, veterans service organiza-
17 tions, and family members of veterans receiving care from
18 the Department of Veterans Affairs mental health pro-
19 grams, and mental health associations.

20 (c) REPORT.—The Council shall prepare a report
21 based on the reviews under paragraphs (1) and (2) of sub-
22 section (a) to identify the necessary resources to create
23 or enhance PTSD treatment capabilities. The report shall
24 be made available to the Secretary of both Departments
25 for comment. The Secretaries shall indicate recommenda-

1 tions in which they concur or disagree and include specific
2 plans for implementation of any recommendations accept-
3 ed. The report, with the comments and recommendations
4 of the two Secretaries shall be submitted to the Commit-
5 tees on Veterans' Affairs and the Committees on Armed
6 Services of the Senate and House of Representatives not
7 later than one year after the date of the enactment of this
8 Act. The report shall include priority listing of sites which
9 require investments according to the greatest perceived
10 need for PTSD services.

11 **CHAPTER 5—CAPACITY BUILDING IN**
12 **DEPARTMENT OF VETERANS AFFAIRS**

13 **SEC. 161. PLAN FOR EXPANSION OF DEPARTMENT OF VET-**
14 **ERANS AFFAIRS SYSTEM TO EXPAND ACCESS**
15 **TO SPECIALIZED PTSD CARE.**

16 (a) DEVELOPMENT OF PLAN.—Based upon the re-
17 port under section 152(b), the Secretary of Veterans Af-
18 fairs shall develop a plan for the Department of Veterans
19 Affairs to expand access to specialized PTSD care
20 through—

- 21 (1) Readjustment Counseling Service centers
22 operated under section 1712A of title 38, United
23 States Code;
- 24 (2) community-based outpatient clinics; and
- 25 (3) telemedicine.

1 (b) INSPECTOR GENERAL INVESTIGATION.—The In-
2 spector General of the Department of Veterans Affairs
3 shall investigate specialized programs of the Department
4 of Veterans Affairs for the treatment of post-traumatic
5 stress disorder in order to determine—

6 (1) the current workloads of those programs;

7 (2) staff associated with each of those pro-
8 grams;

9 (3) funds obligated for those programs; and

10 (4) any waiting times associated with those pro-
11 grams.

12 (c) REPORT.—The Inspector General shall submit to
13 the Committees on Veterans' Affairs of the Senate and
14 House of Representatives a report containing the Inspec-
15 tor General's findings under subsection (b), together with
16 an assessment of the ability of the Department of Vet-
17 erans Affairs to address such findings, along with rec-
18 ommendations for accommodating—

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

21 (2) 102 percent of the current workload of the
22 Department; and

23 (3) 110 percent of the current workload of the
24 Department.

1 **SEC. 162. ADDITIONAL DEPARTMENT OF VETERANS AF-**
2 **FAIRS RESOURCES.**

3 In order to improve access to mental health services,
4 the Secretary of Veterans Affairs shall provide the fol-
5 lowing:

6 (1) 100 additional full-time equivalent employ-
7 ees to Readjustment Counseling Service outstations.

8 (2) A PTSD clinical team at every medical cen-
9 ter of the Veterans Health Administration.

10 (3) A family therapist at each Vet Center under
11 section 1712A of title 38, United States Code.

12 (4) A PTSD coordinator in each regional net-
13 work referred to as a Veterans Integrated Service
14 Network (VISN) whose duties shall include—

15 (A) development of plans for meeting
16 PTSD and other post-deployment mental health
17 treatment needs consistent with the report
18 under section 152(b);

19 (B) assurance of implementation of clinical
20 practice guidelines throughout the VISN;

21 (C) liaison among all health-care sites in
22 the VISN and the Department Central Office
23 on matters relating to PTSD.

24 (5) A PTSD coordinator in each regional office
25 of the Readjustment Counseling Service whose du-
26 ties shall include liaison with regional office staff

1 and medical centers for veterans seeking service-con-
2 nection for PTSD.

3 **CHAPTER 6—FAMILY THERAPY**

4 **SEC. 165. ELIGIBILITY FOR FAMILY COUNSELING AND BE-**
5 **REAVEMENT COUNSELING.**

6 (a) COUNSELING FOR FAMILY MEMBERS OF VET-
7 ERANS BEING TREATED FOR SERVICE-CONNECTED DIS-
8 ABILITIES.—Section 1782(a) of title 38, United States
9 Code, is amended by adding at the end the following new
10 sentence: “In addition, the Secretary shall provide to an
11 individual described in subsection (c) such professional
12 counseling and mental health services as are necessary as
13 a consequence of a disability of a veteran described in the
14 preceding sentence. Counseling and mental health services
15 under the preceding sentence shall be provided (if so re-
16 quested by the individual) for a period of two years from
17 the date on which the individual first receives such coun-
18 seling or mental health services under the preceding sen-
19 tence.”.

20 (b) BEREAVEMENT COUNSELING.—Section 1783 of
21 such title is amended—

22 (1) by striking “may provide” in subsections (a)
23 and (b) and inserting “shall, upon request, provide”;
24 and

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

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

12 **CHAPTER 7—EDUCATIONAL INITIATIVES**

13 **SEC. 171. TRAINING PROGRAM FOR HEALTH-CARE PRO-** 14 **VIDERS.**

15 The Secretary of Veterans Affairs and the Secretary
16 of Defense shall jointly develop a broad training program
17 for all health-care providers in the Department of Vet-
18 erans Affairs and the Department of Defense to famil-
19 iarize those providers with mental health-care issues that
20 are likely to arise among persons deployed to combat thea-
21 ters during the five years after such a deployment.

1 **SEC. 172. CURRICULUM AND PROTOCOLS FOR CROSS-**
2 **TRAINING OF DEPARTMENT OF VETERANS**
3 **AFFAIRS CLINICIANS.**

4 The Secretary of Veterans Affairs shall develop a cur-
5 riculum and required protocols for cross-training to allow
6 the following clinicians of the Department of Veterans Af-
7 fairs to screen for post-deployment mental health prob-
8 lems, including PTSD, and, as appropriate, provide infor-
9 mation and appropriate referral to—

- 10 (1) primary care providers;
- 11 (2) practitioners assigned as Gulf War points-
12 of-contact; and
- 13 (3) clinicians assigned as case managers.

14 **SEC. 173. PUBLICATION OF STATE-OF-THE-ART POST-DE-**
15 **PLOYMENT MENTAL HEALTH PROBLEMS DI-**
16 **AGNOSIS AND TREATMENT.**

17 The Secretary of Veterans Affairs and the Secretary
18 of Defense shall jointly develop a plan for the production
19 and dissemination of publications to advise clinicians on
20 state-of-the-art diagnosis and treatment of PTSD and
21 other mental health disorders experienced after deploy-
22 ment, including any medical conditions associated with
23 such disorders.

1 **SEC. 174. PROTOCOLS FOR PAIN MANAGEMENT FOR PTSD**
2 **AND WAR-RELATED PAIN.**

3 The Secretary of Veterans Affairs and the Secretary
4 of Defense shall jointly develop protocols for pain manage-
5 ment for PTSD and war-related pain.

6 **SEC. 175. PROTOCOLS FOR TREATMENT OF SUBSTANCE**
7 **USE DISORDERS.**

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

12 **SEC. 176. PROTOCOLS FOR DIAGNOSIS OF POST-TRAU-**
13 **MATIC STRESS DISORDER.**

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

15 (1) The symptoms of post-traumatic stress dis-
16 order are often similar to those of traumatic brain
17 injury and some neurological disorders.

18 (2) Some veterans with PTSD have co-
19 morbidities that may mask or compound the symp-
20 toms associated with PTSD.

21 (3) Correct diagnosis of PTSD and other dis-
22 orders is critical to effective treatment of those dis-
23 orders.

24 (b) CLINICAL PRACTICE GUIDELINES.—The Sec-
25 retary of Veterans Affairs shall develop clinical practice
26 guidelines to ensure that clinicians are able to effectively

1 distinguish between diagnoses with similar symptoms that
2 may manifest as post-traumatic stress disorder.

3 **CHAPTER 8—NATIONAL STEERING**

4 **COMMITTEE ON PTSD EDUCATION**

5 **SEC. 181. NATIONAL STEERING COMMITTEE.**

6 (a) ESTABLISHMENT.—There is a National Steering
7 Committee on PTSD Education, to be appointed by the
8 joint council established under section 151. The committee
9 shall be comprised of mental health and other health pro-
10 fessionals and health educators involved in the care of vet-
11 erans of a deployment to a theater of combat on or after
12 the date of the enactment of this Act.

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

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

20 **SEC. 182. FUNDING SUPPORT FOR NATIONAL CENTER FOR**
21 **PTSD.**

22 There is authorized to be appropriated to the Sec-
23 retary of Veterans Affairs for the National Center for
24 PTSD to assist in carrying out a joint educational initia-
25 tive with the Uniformed Services University of the Health

1 Sciences the amount of \$5,000,000 for each of fiscal years
2 2005 through 2014.

3 **SEC. 183. CONTINUING EDUCATION TO MENTAL HEALTH**
4 **PROVIDERS.**

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

9 **SEC. 184. WEB-BASED CURRICULUM TO SPONSOR CLINI-**
10 **CIAN TRAINING INITIATIVES.**

11 The National Steering Committee established under
12 section 181 shall develop a Web-based curriculum to spon-
13 sor clinician training initiatives.

14 **CHAPTER 9—BENEFITS**

15 **SEC. 191. IDENTIFICATION OF DEFICIENCIES IN PTSD DIS-**
16 **ABILITY EXAMINATIONS.**

17 (a) EVALUATION OF ADJUDICATION OF CLAIMS.—
18 The Secretary of Veterans Affairs, in consultation with the
19 National Center for PTSD, shall obtain an evaluation of
20 the quality and consistency of adjudication of claims for
21 PTSD, including the adequacy of service-connected com-
22 pensation examinations for rating purposes and the extent
23 to which veterans who are service-connected for PTSD are
24 actually employed and employable.

1 (b) REPORT.—Not later than 12 months after the
2 date of the enactment of this Act, the Secretary shall sub-
3 mit to the Committees on Veterans Affairs of the Senate
4 and House of Representatives a report that includes the
5 following information and recommendations:

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

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

12 (3) Based on a representative national sample,
13 the number and percentage of veterans for each pe-
14 riod of war whose claims for PTSD have been de-
15 nied based upon the lack of a credible stressor.

16 (4) Based on a representative national sample,
17 the number and percentage of veterans for each pe-
18 riod of war whose claims for PTSD have been de-
19 nied based upon the lack of a diagnosis of PTSD.

20 (5) Based on a representative national sample,
21 the number and percentage of veterans for each pe-
22 riod of war whose claims for PTSD have been grant-
23 ed and the rating which was initially awarded for
24 that claim.

1 (6) The number of initial and subsequent
2 claims and average time to process claims for PTSD
3 which have been granted (including the rating as-
4 signed and any determination as to employability)
5 and denied for each regional office for a consecutive
6 six month period.

7 (7) The number and percentage of initial claims
8 for PTSD selected from a representative national
9 sample during a consecutive six month period which
10 had a compensation and pension examination con-
11 ducted in compliance with best practices for PTSD
12 examinations.

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

18 (9) The number and percentage of claims for
19 PTSD selected from a representative national sam-
20 ple during that consecutive six month period for
21 which the examination was returned as inadequate.

22 (10) The maximum, minimum and average time
23 based upon a representative national sample allo-
24 cated for completion of an initial compensation and
25 pension examination for PTSD.

1 (11) An assessment comparing the employment
2 of veterans rated for psychiatric impairments with
3 similar ratings based upon physical impairments in-
4 cluding, the number of veterans in each sample who
5 are employed on a full time or part time basis, the
6 average time such veterans have been unemployed
7 and a comparison of the amount of work lost from
8 employment due to disability and the average earn-
9 ings of veterans in each group.

10 (12) Taking into account criteria such as the
11 information in the Dictionary of Occupational Titles
12 (DOT), including its companion publication, the Se-
13 lected Characteristics of Occupations Defined in the
14 Revised Dictionary of Occupational Titles (SCO),
15 published by the Department of Labor, examples of
16 the types of employment that an average veteran
17 rated at 30 percent, at 50 percent, and at 70 per-
18 cent disabled for PTSD can be expected to obtain
19 and retain.

20 (13) The number of claims for PTSD appealed
21 to the Board of Veterans Appeals during fiscal year
22 2005, including the specific issue appealed (service-
23 connection, effective date, rating) and the results of
24 such appeals (affirmed, denied, remanded, other dis-
25 position).

1 (14) Recommendations for improving the accu-
2 racy and consistency of PTSD examinations, claim
3 development and decisions.

4 (15) Barriers to successful employment for vet-
5 erans who have been service-connected for PTSD.

6 (16) Recommendations for removing barriers to
7 employment for veterans who have been service-con-
8 nected for PTSD.

9 (17) Recommendations for legislative changes
10 which could improve the potential for vocational re-
11 habilitation and employment of persons service-con-
12 nected for PTSD.

13 **SEC. 192. CRITERIA FOR DETERMINING MEDICAL CONDI-**
14 **TIONS ASSOCIATED WITH PTSD.**

15 The Secretary of Veterans Affairs shall develop—

16 (1) criteria for determining those medical condi-
17 tions that are as likely as not to be associated with
18 PTSD; and

19 (2) standards for determining when secondary
20 service-connection should be granted for those condi-
21 tions.

22 **CHAPTER 10—PUBLIC AWARENESS**

23 **SEC. 195. PUBLIC AWARENESS PROGRAM.**

24 The Secretary of Veterans Affairs shall conduct an
25 aggressive, comprehensive outreach program to enhance

1 the awareness of veterans, and the public in general, of
2 the symptoms of PTSD and of the services available for
3 veterans with those symptoms. The Secretary of Defense
4 shall provide the Secretary of Veterans Affairs with such
5 assistance as may be required for the purposes of such
6 program. To the extent practicable, the program shall be
7 conducted through the joint council established under sec-
8 tion 151.

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

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

17 **TITLE II—DISABLED VETERANS**
18 **Subtitle A—Payment Matters**

19 **SEC. 201. ELIGIBILITY FOR PAYMENT OF BOTH RETIRED**
20 **PAY AND VETERANS' DISABILITY COMPENSA-**
21 **TION FOR CERTAIN ADDITIONAL MILITARY**
22 **RETIREES WITH COMPENSABLE SERVICE-**
23 **CONNECTED DISABILITIES.**

24 (a) EXTENSION OF CONCURRENT RECEIPT AUTHOR-
25 ITY TO RETIREEES WITH SERVICE-CONNECTED DISABIL-

1 ITIES RATED LESS THAN 50 PERCENT.—Section 1414 of
 2 title 10, United States Code, is amended by striking para-
 3 graph (2) of subsection (a).

4 (b) REPEAL OF PHASE-IN OF CONCURRENT RECEIPT
 5 OF RETIRED PAY AND VETERANS' DISABILITY COM-
 6 PENSATION.—Such section is further amended—

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

9 (2) by striking subsection (c) and redesignating
 10 subsections (d) and (e) as subsections (c) and (d),
 11 respectively; and

12 (3) in subsection (d) (as so redesignated), by
 13 striking subparagraph (4).

14 (c) CLERICAL AMENDMENTS.—

15 (1) The heading for section 1414 of such title
 16 is amended to read as follows:

17 **“§ 1414. Members eligible for retired pay who are also**
 18 **eligible for veterans' disability compensa-**
 19 **tion: concurrent payment of retired pay**
 20 **and disability compensation”.**

21 (2) The item relating to such section in the
 22 table of sections at the beginning of chapter 71 of
 23 such title is amended to read as follows:

“1414. Members eligible for retired pay who are also eligible for veterans' dis-
 ability compensation: concurrent payment of retired pay and
 disability compensation.”.

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

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

8 (a) ELIGIBILITY FOR TERA RETIREES.—Subsection
9 (c) of section 1413a of title 10, United States Code, is
10 amended by striking “entitled to retired pay who—” and
11 all that follows and inserting “who—

12 “(1) is entitled to retired pay, other than a
13 member retired under chapter 61 of this title with
14 less than 20 years of service creditable under section
15 1405 of this title and less than 20 years of service
16 computed under section 12732 of this title; and

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

18 (b) AMENDMENTS TO STANDARDIZE SIMILAR PROVI-
19 SIONS.—

20 (1) CLERICAL AMENDMENT.—The heading for
21 paragraph (3) of section 1413a(b) of such title is
22 amended by striking “RULES” and inserting
23 “RULE”.

24 (2) SPECIFICATION OF QUALIFIED RETIREES
25 FOR CONCURRENT RECEIPT PURPOSES.—Subsection

1 (a) of section 1414 of such title, as amended by sec-
2 tion 2(a), is amended—

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

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

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

11 “(2) QUALIFIED RETIREES.—For purposes of
12 this section, a qualified retiree, with respect to any
13 month, is a member or former member of the uni-
14 formed services who—

15 “(A) is entitled to retired pay, other than
16 in the case of a member retired under chapter
17 61 of this title with less than 20 years of serv-
18 ice creditable under section 1405 of this title
19 and less than 20 years of service computed
20 under section 12732 of this title; and

21 “(B) is also entitled for that month to vet-
22 erans’ disability compensation.”.

23 (3) STANDARDIZATION WITH CRSC RULE FOR
24 CHAPTER 61 RETIREES.—Subsection (b) of section
25 1414 of such title is amended—

1 (A) by striking “SPECIAL RULES” in the
2 subsection heading and all that follows through
3 “is subject to” in paragraph (1) and inserting
4 “SPECIAL RULE FOR CHAPTER 61 DISABILITY
5 RETIREES.—In the case of a qualified retiree
6 who is retired under chapter 61 of this title, the
7 retired pay of the member is subject to”; and

8 (B) by striking paragraph (2).

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

13 **SEC. 203. INTERIM PAYMENTS UNDER CERTAIN VETERANS**
14 **CLAIMS WHEN DECISION IS DELAYED FOL-**
15 **LOWING REMAND.**

16 (a) IN GENERAL.—(1) Chapter 53 of title 38, United
17 States Code, is amended by adding at the end the fol-
18 lowing new section:

19 **“SEC. 5320. INTERIM BENEFITS UNDER CERTAIN RE-**
20 **MANDED CASES.**

21 “(a) INTERIM BENEFITS.—When a claim for benefits
22 under the jurisdiction of the Secretary is remanded by the
23 United States Court of Appeals for Veterans Claims or
24 by the Board for Veterans’ Appeals in a case involving
25 a claim under chapters 11, 13 or 15 of this title and to

1 which sections 5109B or 7112 of this title applies, if the
2 Secretary does not make a decision on the matter within
3 180 days of the date of the remand decision, then until
4 such matter is finally decided, the Secretary shall pay an
5 interim benefit in the amount of \$500 per month to each
6 claimant under the claim. Such payments shall commence
7 as of the first month beginning after the end of such 180-
8 day period.

9 “(b) EFFECT ON INTERIM BENEFIT PAYMENTS OF
10 FINAL DECISION ON CLAIM.—When a claim with respect
11 to which interim benefits are being paid under subsection
12 (b) is finally decided—

13 “(1) if the final decision is to award benefits,
14 the amounts paid as interim benefits shall be consid-
15 ered to be an advance payment of benefits owed for
16 any period before the date of such final decision (ex-
17 cept that if the total amount of interim benefits paid
18 is greater than the amount of retroactive benefits,
19 the amount of the difference shall not be considered
20 to be an overpayment for any purpose); and

21 “(2) if the final decision is not to award bene-
22 fits, the amounts paid as interim benefits shall not
23 be considered to be an overpayment for any pur-
24 pose.”.

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

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

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

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

14 **Subtitle B—Outreach**

15 **SEC. 211. RESCISSION OF DEPARTMENT OF VETERANS AF-** 16 **FAIRS MEMORANDUM.**

17 (a) RESCISSION OF MEMORANDUM.—The memo-
18 randum of the Department of Veterans Affairs dated July
19 18, 2002, from the Deputy Under Secretary for Health
20 for Operations and Management with the subject “Status
21 of VHA Enrollment and Associated Issues” is hereby re-
22 scinded. Marketing activities of directors of health service
23 networks (known as “Veterans Integrated Service Net-
24 works”) of the Department of Veterans Affairs to enroll

1 new veterans within their respective networks shall be car-
2 ried out without regard to such memorandum.

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

8 **SEC. 212. OUTREACH ACTIVITIES.**

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

12 **“§ 7728. Annual plan on outreach activities**

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

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

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

22 “(2) Plans for informing veterans and their de-
23 pendents of modifications of the benefits and serv-
24 ices under the programs administered by the Sec-

1 retary, including eligibility for medical and nursing
2 care and services.

3 “(c) COORDINATION IN DEVELOPMENT.—In devel-
4 oping an annual plan under subsection (a), the Secretary
5 shall consult with the following:

6 “(1) Directors or other appropriate officials of
7 organizations recognized by the Secretary under sec-
8 tion 5902 of this title.

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

11 “(3) The Administration on Aging of the De-
12 partment of Health and Human Services.

13 “(4) Representatives of nongovernmental orga-
14 nizations that carry out veterans outreach programs.

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

17 “(6) Businesses and professional organizations.

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

20 “(d) INCORPORATION OF ASSESSMENT OF PREVIOUS
21 ANNUAL PLANS.—In developing an annual plan under
22 subsection (a), the Secretary shall take into account the
23 lessons learned from the implementation of previous an-
24 nual plans under that subsection and program evaluations

1 from the Office of Policy, Planning, and Preparedness of
2 the Department.

3 **“§ 7729. Outreach activities: coordination of activities**
4 **within Department**

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

9 “(1) The Office of the Secretary.

10 “(2) The Office of Public Affairs.

11 “(3) The Veterans Health Administration.

12 “(4) The Veterans Benefits Administration.

13 “(5) The National Cemetery Administration.

14 “(b) The Secretary shall—

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

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

23 (b) CLERICAL AMENDMENT.—The table of sections
24 at the beginning of such chapter is amended by inserting

1 after the item relating to section 7727 the following new
2 items:

“7728. Annual plan on outreach activities.

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

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

8 **SEC. 213. REQUIREMENT FOR OUTREACH EFFORTS AND**
9 **DEDICATED STAFF AT EACH REGIONAL OF-**
10 **FICE.**

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

- 19 (1) Former prisoners of war.
20 (2) Women veterans.
21 (3) Minority veterans.
22 (4) Active duty personnel.
23 (5) Homeless veterans.
24 (6) Elderly veterans.

1 (7) Recently separated veterans.

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

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

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

13 **“§ 7727. Outreach for eligible dependents**

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

17 “(b)(1) In order to carry out subsection (a), the Sec-
18 retary shall assign such employees of the Veterans Bene-
19 fits Administration as the Secretary considers appropriate
20 to conduct outreach programs and provide outreach serv-
21 ices for eligible dependents. In areas where the number
22 of eligible dependents warrant doing so, the Secretary
23 shall assign at least one employee in the Veterans Benefits
24 Administration regional office to serve as a full-time coor-

1 dinator of outreach programs and services for eligible de-
2 pendants in that region.

3 “(2) Responsibilities of employees assigned to out-
4 reach functions under paragraph (1) shall include pro-
5 viding eligible dependents with—

6 “(A) information about benefits under laws ad-
7 ministered by the Secretary; and

8 “(B) contacting responsible regional office em-
9 ployees to facilitate—

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

12 “(ii) in the case of a dependent of a de-
13 ceased veteran for whom necessary records are
14 incomplete, assistance in obtaining such records
15 and other necessary information concerning the
16 veteran.

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

22 “(2) In the case of eligible dependents who are mem-
23 bers of distinct beneficiary populations (such as survivors
24 of deceased veterans), the Secretary shall ensure that in-

1 formation provided under this section includes specific in-
2 formation about benefits relating to that population.

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

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

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

21 “(g) The Secretary shall support the Department’s
22 periodic evaluation under section 527 of this title con-
23 cerning the Department’s efforts to address the needs of
24 eligible dependents.

1 “(h) The Secretary shall include in the Secretary’s
2 annual report under section 529 of this title an assessment
3 of the programs of the Department addressing the infor-
4 mation and assistance needs of veterans and eligible de-
5 pendants. The Secretary shall include in each such report
6 the following:

7 “(1) Information about expenditures, costs, and
8 workload under the program of the Department di-
9 rected towards the information and assistance needs
10 of veterans and eligible dependents.

11 “(2) Information about outreach efforts di-
12 rected toward veterans and eligible dependents.

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

17 “(4) Information as to the timeline for imple-
18 mentation of improvements to meet existing and
19 emerging needs of veterans and eligible dependents
20 in addition to those specified in this section.”.

1 **TITLE III—SURVIVORS AND**
2 **DEPENDENTS**

3 **SEC. 301. REPEAL OF DEPENDENCY AND INDEMNITY COM-**
4 **PENSATION OFFSET FROM SURVIVOR BEN-**
5 **EFIT PLAN SURVIVING SPOUSE ANNUITIES.**

6 (a) **REPEAL.**—Subsections (c), (e), and (k) of section
7 1450 of title 10, United States Code, and subsection (c)(2)
8 of section 1451 of such title are repealed.

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

11 (1) shall take effect on the later of October 1,
12 2005, or the date of the enactment of this Act; and

13 (2) shall apply with respect to payment of an-
14 nuities under subchapter II of chapter 73 of title 10,
15 United States Code, for months beginning on or
16 after that date.

17 (c) **RECOUPMENT OF CERTAIN AMOUNTS PRE-**
18 **VIOUSLY REFUNDED TO SBP RECIPIENTS.**—(1) A sur-
19 viving spouse who is in receipt of an SBP annuity that
20 is in effect before the date specified in subsection (b) and
21 that is adjusted by reason of the amendments made by
22 subsection (a) and who had previously received an SBP
23 retired pay refund shall repay an amount determined
24 under paragraph (2). Any such repayment shall be made
25 in the same manner as a repayment under subsection

1 (k)(2) of section 1450 of title 10, United States Code, as
 2 in effect on the day before the date of the enactment of
 3 this Act.

4 (2) The amount of a repayment under paragraph (1)
 5 shall be the amount that bears the same ratio to the
 6 amount of that refund as the surviving spouse's life ex-
 7 pectancy (determined in accordance with standard actu-
 8 arial practices) bears to the anticipated total duration of
 9 the annuity (determined as the sum of such life expectancy
 10 and the duration of the annuity already received).

11 (3) In this subsection:

12 (A) The term "SBP annuity" means an annu-
 13 ity under the program established under subchapter
 14 II of chapter 73 of title 10, United States Code.

15 (B) The term "SBP retired pay refund" means
 16 a refund under subsection (e) of section 1450 of title
 17 10, United States Code, as in effect before the date
 18 specified in subsection (b).

19 **SEC. 302. INCREASE IN MONTHLY DEPENDENCY AND IN-**
 20 **DEMNITY COMPENSATION PAYABLE TO A**
 21 **SURVIVING SPOUSE FOR SO LONG AS THERE**
 22 **ARE MINOR CHILDREN.**

23 (a) INCREASE IN DIC.—Subsection (b) of section
 24 1311 of title 38, United States Code, is amended by in-
 25 serting "\$250, plus" after "shall be increased by".

1 (b) CONFORMING REPEAL OF TWO-YEAR LIMITA-
2 TION.—Subsection (e) of such section is repealed.

3 (c) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall take effect with respect to payments
5 of dependency and indemnity compensation under section
6 1311 of title 38, United States Code, for the first month
7 beginning on or after the date of the enactment of this
8 Act.

9 **TITLE IV—ADDITIONAL SUP-**
10 **PORT FOR ACTIVE DUTY**
11 **SERVICEMEMBERS**

12 **SEC. 401. ONE-TIME BONUS FOR CERTAIN SERVICE IN CON-**
13 **NECTION WITH OPERATION IRAQI FREEDOM**
14 **OR OPERATION ENDURING FREEDOM.**

15 (a) ARMY, NAVY, AIR FORCE, AND MARINE
16 CORPS.—The Secretary of Defense shall provide for the
17 payment of a bonus under this section to each member
18 of the Army, Navy, Air Force, or Marine Corps who, at
19 any time during the service of the member in connection
20 with Operation Iraqi Freedom or Operation Enduring
21 Freedom, satisfied or satisfies the eligibility criteria for
22 receipt of special pay under section 310 of title 37, United
23 States Code, for duty subject to hostile fire or imminent
24 danger.

1 (b) COAST GUARD.—The Secretary of Homeland Se-
2 curity shall provide for the payment of a bonus under this
3 section to each member of the Coast Guard who, at any
4 time during the service of the member in connection with
5 Operation Iraqi Freedom or Operation Enduring Free-
6 dom, satisfied or satisfies the eligibility criteria for receipt
7 of special pay under such section.

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

10 (d) ENTITLEMENT LIMITED TO SINGLE BONUS PAY-
11 MENT.—A member may not receive more than one bonus
12 under the authority of this section.

13 **SEC. 402. INCREASE IN ACTIVE-DUTY END-STRENGTH LEV-**
14 **ELS FOR THE ARMED FORCES.**

15 (a) IN GENERAL.—The Armed Forces are authorized
16 strengths for active duty personnel as of September 30,
17 2006, as follows:

18 (1) The Army, 512,400.

19 (2) The Navy, 365,900.

20 (3) The Marine Corps, 180,000.

21 (4) The Air Force, 359,700.

22 (b) REVISION IN PERMANENT ACTIVE DUTY END
23 STRENGTH MINIMUM LEVELS.—Section 691(b) of title
24 10, United States Code, is amended by striking para-
25 graphs (1) through (4) and inserting the following:

1 “(1) For the Army, 512,400.

2 “(2) For the Navy, 365,900.

3 “(3) For the Marine Corps, 180,000.

4 “(4) For the Air Force, 359,700.”.

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

8 (a) **TARGETED PAY INCREASE.**—The Secretary of
9 Defense shall increase the rates of monthly basic pay for
10 enlisted members of the Armed Forces in the pay grades
11 E–5 through E–9 and all warrant officers of the Armed
12 Forces as necessary to ensure that, by the end of fiscal
13 year 2006, the compensation received by such enlisted
14 members and warrant officers is equal to not less than
15 80 percent of the compensation for persons in the private
16 sector with comparable educational levels and experience,
17 as determined by the Secretary.

18 (b) **RELATION TO OTHER PAY INCREASES.**—The pay
19 increase required by subsection (a) shall be in addition to
20 any other adjustment to become effective during fiscal
21 year 2006 in the rates of monthly basic pay authorized
22 members of the Armed Forces, whether made pursuant
23 to section 1009 of title 37, United States Code, or a law
24 authorizing appropriations for the Department of Defense
25 for fiscal year 2006.

1 **TITLE V—EDUCATION, EMPLOY-**
 2 **MENT AND COMPENSATION**
 3 **Subtitle A—Active Duty**
 4 **Montgomery GI Bill**

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

8 (a) IN GENERAL.—Chapter 30 of title 38, United
 9 States Code, is amended by adding at the end the fol-
 10 lowing new subchapter:

11 “SUBCHAPTER V—ENHANCED EDUCATIONAL
 12 ASSISTANCE

13 “§ 3041. **Enhanced educational assistance entitlement**

14 “(a) ENTITLEMENT.—An eligible individual is enti-
 15 tled to enhanced educational assistance under this sub-
 16 chapter.

17 “(b) ELIGIBLE INDIVIDUAL DEFINED.—(1) For pur-
 18 poses of this subchapter, the term ‘eligible individual’
 19 means an individual who meets the service requirement
 20 described in subsection (c) and whose status after comple-
 21 tion of such service is described in section 3011(a)(3) of
 22 this title (relating to continuation on active duty, honor-
 23 able discharge, or honorable service, as the case may be).

24 “(2) Such term does not include an individual de-
 25 scribed in paragraph (1) or (2) of section 3011(c) of this

1 title (relating to individuals not electing basic educational
2 assistance under subchapter II of this chapter or certain
3 commissioned officers, respectively).

4 “(c) SERVICE REQUIREMENT.—(1) The service re-
5 quirement referred to in subsection (b) is as follows:

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

8 “(i) first enters on active duty;

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

11 or

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

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

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

19 or

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

23 “(I) as provided in subclause (I) of
24 section 3011(a)(1)(A)(ii) of this title (re-

1 lating to service-connected disabilities and
2 other medical conditions);

3 “(II) for the convenience of the Gov-
4 ernment, after having completed not less
5 than 42 months of continuous active duty;
6 or

7 “(III) as provided in subclause (III)
8 of section 3011(a)(1)(A)(ii) of this title
9 (relating to involuntary discharge or re-
10 lease for the convenience of the Govern-
11 ment as a result of a reduction in force).

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

14 “(A) Any period of service described in para-
15 graph (2) or (3) of section 3011(d) of this title (re-
16 lating to periods of service terminated because of a
17 defective enlistment and periods of service on active
18 duty which individuals in the Selected Reserve were
19 ordered to perform under certain provisions of chap-
20 ter 1209 of title 10, respectively) that applies to an
21 eligible individual under this section shall not be
22 considered a part of the individual’s period of active
23 duty.

24 “(B) A member described in paragraph (2) of
25 section 3011(f) of this title (relating to certain mem-

1 bers discharged or released who subsequently reen-
2 list or re-enter on a period of active duty) who
3 serves the periods of active duty referred to in such
4 paragraph shall be deemed to have served a contin-
5 uous period of active duty the length of which is the
6 aggregate length of the periods of active duty re-
7 ferred to in such paragraph.

8 “(C) Subsections (g) and (h) of section 3011 of
9 this title (relating to assignment full time at a civil-
10 ian institution for courses of education and to com-
11 mencement of courses of education at a service acad-
12 emy, respectively) apply with respect to an eligible
13 individual under this section in the same manner as
14 they apply to an individual under section 3011 of
15 this title.

16 “(d) ELECTION OF BASIC EDUCATIONAL ASSIST-
17 ANCE.—(1) An eligible individual entitled to enhanced
18 educational assistance under this subchapter may elect (in
19 a form and manner prescribed by the Secretary) to receive
20 basic educational assistance under subchapter II in lieu
21 of such enhanced educational assistance for an enrollment
22 period. Such an election shall be made by not later than
23 30 days before the beginning of the enrollment period.

24 “(2) An eligible individual may revoke an election
25 made pursuant to paragraph (1), but in no case may such

1 revocation be made later than 30 days before the begin-
2 ning of the enrollment period.

3 **“§ 3042. Duration of enhanced educational assistance**

4 “(a) IN GENERAL.—Subject to section 3695 of this
5 title and except as provided in subsection (b), each indi-
6 vidual entitled to enhanced educational assistance under
7 section 3041 of this title is entitled to a monthly enhanced
8 educational assistance allowance under this subchapter for
9 a period or periods not to exceed a total of 36 months
10 (or the equivalent thereof in part-time enhanced edu-
11 cational assistance).

12 “(b) SPECIAL RULE FOR CERTAIN EARLY SEPARA-
13 TIONS.—Subject to section 3695 of this title, in the case
14 of an individual described in subclause (I) or (III) of sec-
15 tion 3041(c)(1)(B)(ii) of this title (relating to individuals
16 discharged for service-connected disabilities or medical
17 conditions or whose service is involuntarily terminated for
18 the convenience of the Government as a result of a reduc-
19 tion in force, respectively) who does not serve a continuous
20 period of active duty of at least four years in the Armed
21 Forces (as described in section 3041(c)(1)(B)(i) of this
22 title), the individual is entitled to one month of enhanced
23 educational assistance benefits under this subchapter (not
24 to exceed a total of 36 months (or the equivalent thereof
25 in part-time enhanced educational assistance)) for each

1 month of continuous active duty served by the individual
2 beginning with the date on which the entry on active duty,
3 reenlistment, enlistment extension, or continuation appli-
4 cable to that individual under section 3041(c)(1)(A) of
5 this title begins.

6 **“§ 3043. Payment of educational expenses**

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

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

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

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

21 “(2) in accordance with regulations prescribed
22 by the Secretary, an amount equal to the average
23 cost, for the year involved, of books and supplies
24 payable by individuals pursuing courses of education
25 at educational institutions.

1 **“§ 3044. Amount of stipend**

2 “(a) IN GENERAL.—Except as provided in section
3 3042 of this title, the stipend under this subchapter shall
4 be paid at a monthly rate (as that rate may be increased
5 pursuant to subsection (b)) as follows:

6 “(1) At the monthly rate of \$900 for an ap-
7 proved program of education pursued on a full-time
8 basis.

9 “(2) At the monthly rate of \$700 for an ap-
10 proved program of education pursued on a three-
11 quarter-time basis.

12 “(3) At the monthly rate of \$500 for an ap-
13 proved program of education pursued on a half-time
14 basis.

15 “(4) At the monthly rate of \$300 for an ap-
16 proved program of education pursued on less than a
17 half-time basis.

18 “(b) ADJUSTMENT FOR INFLATION.—With respect to
19 any fiscal year beginning after fiscal year 2006, the Sec-
20 retary shall provide a percentage increase (rounded to the
21 nearest dollar) in the rates payable under subsection (a)
22 equal to the percentage by which—

23 “(1) the Consumer Price Index (all items,
24 United States city average) for the 12-month period
25 ending on the June 30 preceding the beginning of

1 the fiscal year for which the increase is made, ex-
2 ceeds

3 “(2) such Consumer Price Index for the 12-
4 month period preceding the 12-month period de-
5 scribed in paragraph (1).”.

6 (b) CONFORMING AMENDMENTS.—(1) Section 3002
7 of such title is amended by inserting at the end the fol-
8 lowing new paragraph:

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

12 (2) Section 3011 of such title is amended in sub-
13 section (f)(1) and (g) by striking “chapter” each place it
14 appears and inserting “subchapter”.

15 (3) Section 3018A(a) of such title is amended by
16 striking “education assistance under this chapter” and in-
17 serting “educational assistance under this subchapter”.

18 (4) Section 3018B of such title is amended by strik-
19 ing “education assistance under this chapter” each place
20 it appears and inserting “educational assistance under
21 this subchapter”.

22 (5) Section 3018C of such title is amended by strik-
23 ing “educational assistance under this chapter” each place
24 it appears and inserting “educational assistance under
25 this subchapter”.

1 (6) Section 3019 of such title is amended by striking
 2 “chapter” each place it appears and inserting “sub-
 3 chapter”.

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

6 (c) CLERICAL AMENDMENT.—The table of sections
 7 at the beginning of chapter 30 of title 38, United States
 8 Code, is amended by adding at the end the following new
 9 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.”.

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

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

16 (1) in subsection (a)(1)—

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

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

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

1 “(D) for months occurring during fiscal year
2 2005, \$1,004;

3 “(E) for months occurring during fiscal year
4 2006, \$1,300; and”;

5 (2) in subsection (b)(1)—

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

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

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

12 “(D) for months occurring during fiscal year
13 2005, \$816;

14 “(E) for months occurring during fiscal year
15 2006, \$1,000; and”.

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

19 “(h)(1) With respect to any fiscal year, the Secretary
20 shall provide a percentage increase (rounded to the near-
21 est dollar) in the rates payable under subsections (a)(1)
22 and (b)(1) equal to the percentage (as determined by the
23 Secretary) by which—

24 “(A) the average monthly costs of tuition and
25 expenses for commuter students at public institu-

1 tions of higher learning that award baccalaureate
2 degrees for purposes of subsections (a)(1) and (b)(1)
3 for the fiscal year involved, exceeds

4 “(B) such average monthly costs for the pre-
5 ceding fiscal year.

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

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

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

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

21 (2) The amendment made by subsection (b) shall
22 apply with respect to payments for months beginning after
23 September 30, 2006. No adjustment in rates of edu-
24 cational assistance shall be made under section 3015(h)

1 of title 38, United States Code, for months occurring dur-
2 ing fiscal year 2006.

3 **SEC. 503. REPEAL OF PAY REDUCTION AND HIGH SCHOOL**
4 **GRADUATION REQUIREMENT FOR PARTICI-**
5 **PATION IN BASIC EDUCATIONAL ASSISTANCE**
6 **UNDER THE MONTGOMERY GI BILL.**

7 (a) REPEAL OF PAY REDUCTION AND ELECTION OF
8 BENEFITS.—(1) Section 3011 of title 38, United States
9 Code, is amended—

10 (A) by striking subsection (b); and

11 (B) in subsection (c), by striking paragraph (1)
12 and redesignating paragraphs (2) and (3) as para-
13 graphs (1) and (2), respectively.

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

15 (A) by striking subsection (c); and

16 (B) in subsection (d), by striking paragraph (1)
17 and redesignating paragraphs (2) and (3) as para-
18 graphs (1) and (2), respectively.

19 (3) Section 3016(a)(1) of such title is amended by
20 striking “, and does not make an election under section
21 3011(c)(1) or section 3012(d)(1)”.

22 (4) The amendments made by this subsection shall
23 take effect on October 1, 2005, and apply to individuals
24 whose initial obligated period of active duty under section

1 3011 or 3012 of title 38, United States Code, as the case
2 may be, begins on or after such date.

3 (5) Any reduction in the basic pay of an individual
4 referred to in subsection (b) of section 3011 of title 38,
5 United States Code, by reason of such subsection, or of
6 any individual referred to in subsection (c) of section 3012
7 of such title by reason of such subsection, shall cease com-
8 mencing with months beginning after September 30,
9 2005, and any obligation of such individual under such
10 subsections, as the case may be, as of September 30,
11 2005, shall be deemed to be fully satisfied as of such date.

12 (b) REPEAL OF HIGH SCHOOL GRADUATION RE-
13 QUIREMENT.—(1) Section 3011(a) of title 38, United
14 States Code, is amended—

15 (A) by striking paragraph (2); and

16 (B) by redesignating paragraph (3) as para-
17 graph (2).

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

19 (A) by striking paragraph (2); and

20 (B) by redesignating paragraph (3) as para-
21 graph (2).

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

23 (A) by striking paragraph (4);

24 (B) by inserting “and” at the end of paragraph

25 (3)(C); and

1 (C) by redesignating paragraph (5) as para-
2 graph (4).

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

8 (c) EXCLUSION FROM INCOME FOR ELIGIBILITY DE-
9 TERMINATIONS FOR FEDERAL EDUCATIONAL LOANS.—
10 Section 3015 of such title is amended—

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

13 (2) by inserting after subsection (g) the fol-
14 lowing new subsection:

15 “(h) EXCLUSION FROM INCOME FOR ELIGIBILITY
16 DETERMINATIONS FOR FEDERAL EDUCATIONAL
17 LOANS.—Notwithstanding any other provision of law,
18 amounts payable by the Secretary under this subchapter
19 with respect to an eligible individual shall not be consid-
20 ered as income for purposes of determining eligibility of
21 such individual for education grants or loans under any
22 other provision of Federal law.”.

1 **SEC. 504. REPEAL OF DELIMITING DATE FOR USE OF ENTI-**
2 **TLEMENT TO BASIC EDUCATIONAL ASSIST-**
3 **ANCE UNDER THE MONTGOMERY GI BILL.**

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

7 (b) CONFORMING AMENDMENTS.—(1) Section
8 3018C(e)(3)(B) of such title is amended—

9 (A) by striking clause (ii); and

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

11 (2) Section 3020 of such title is amended—

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

15 (B) in subsection (h)(5), by striking “Notwith-
16 standing section 3031 of this title, a” and inserting
17 “A”.

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

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to individuals entitled to edu-
22 cational assistance under chapter 30 of title 38, United
23 States Code, on or after the date of the enactment of this
24 Act.

1 **SEC. 505. ELIMINATION OF LIMITATION TO CRITICAL MILI-**
2 **TARY SKILLS FOR AUTHORITY TO TRANSFER**
3 **ENTITLEMENT.**

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

6 (1) by striking paragraph (2);

7 (2) be redesignating paragraph (3) as para-
8 graph (2); and

9 (3) by inserting “and” at the end of paragraph
10 (1).

11 **SEC. 506. INCREASE IN REPAYMENT AMOUNTS UNDER THE**
12 **STUDENT LOAN REPAYMENT PROGRAMS FOR**
13 **SERVICEMEMBERS.**

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

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

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

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

21 “(2) The total amount that may be repaid on behalf
22 of any person under this section may not exceed
23 \$40,000.”.

24 (b) SELECTED RESERVE.—Subsection (b) of section
25 16301 of title 10, United States Code, is amended—

1 (1) by striking “is 15 percent or \$500, which-
2 ever is greater,” and inserting “is \$3,000”;

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

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

6 “(2) The total amount that may be repaid on behalf
7 of any person under this section may not exceed
8 \$20,000.”.

9 **SEC. 507. EXPANSION OF PROGRAMS OF EDUCATION ELIGI-**
10 **BLE FOR ACCELERATED PAYMENTS OF EDU-**
11 **CATIONAL ASSISTANCE UNDER THE MONT-**
12 **GOMERY GI BILL.**

13 (a) IN GENERAL.—Subsection (b)(1) of section
14 3014A of title 38, United States Code, is amended by
15 striking “that leads to employment in a high technology
16 occupation in a high technology industry (as determined
17 pursuant to regulations prescribed by the Secretary)”.

18 (b) CONFORMING AMENDMENTS.—(1) The heading
19 of section 3014A of such title is amended to read as fol-
20 lows:

21 **“SEC. 3014A. ACCELERATED PAYMENT OF BASIC EDU-**
22 **CATIONAL ASSISTANCE FOR CERTAIN AP-**
23 **PROVED PROGRAMS OF EDUCATION.”.**

24 (2) The table of sections at the beginning of chapter
25 30 of such title is amended by striking the item relating

1 to section 3014A and inserting after the item relating to
 2 section 3014 the following new item:

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

3 **Subtitle B—Reserve Montgomery**
 4 **GI Bill**

5 **SEC. 511. EDUCATIONAL ASSISTANCE UNDER MONT-**
 6 **GOMERY GI BILL FOR MEMBERS OF THE SE-**
 7 **LECTED RESERVE WHO AGGREGATE MORE**
 8 **THAN 2 YEARS OF ACTIVE DUTY SERVICE**
 9 **DURING ANY 5-YEAR PERIOD.**

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

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

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

16 (3) by inserting after subparagraph (C) the fol-
 17 lowing new subparagraph (D):

18 “(D) while in the Selected Reserve—

19 “(i) is first ordered to serve on active
 20 duty in the Armed Forces under section
 21 12301(a), 12301(d), 12301(g), 12302, or
 22 12304 of title 10, during the period begin-
 23 ning on September 11, 2001, and ending
 24 December 31, 2006; and

1 “(ii) serves on active duty in the
2 Armed Forces for one or more periods
3 (whether continuous or otherwise) aggregating not less than two years of service on
4 active duty during a five-year period beginning on the date the individual is first ordered to serve on active duty during the
5 period referred to in clause (i);”.

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

12 “is entitled to—

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

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

21 “(B) in the case of an individual described
22 in section 3012(a)(1)(B) or section
23 3012(a)(1)(C) of this title, for each month of
24 continuous active duty served by such individual
25 after June 30, 1985; or

1 “(C) in the case of an individual described
2 in section 3012(a)(1)(D) of this title, for each
3 month of active duty served by such individual
4 after September 11, 2001, as part of the aggre-
5 gate period of active duty on which such entitle-
6 ment is based; and

7 “(2) one month of educational assistance bene-
8 fits under this chapter for each four months served
9 by such individual in the Selected Reserve after the
10 applicable date specified in paragraph (1) (other
11 than any month in which the individual served on
12 active duty).”.

13 (c) AMOUNT OF ASSISTANCE.—Section 3015 of such
14 title is amended—

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

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

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

22 “(h) In the case of an individual entitled to an edu-
23 cational assistance allowance under section 3012(a)(1)(D)
24 of this title, the amount of the basic educational assistance

1 allowance payable under this chapter is the amount deter-
2 mined under subsection (b) of this section.”.

3 (d) CONTRIBUTION.—Paragraph (1) of section
4 3012(c) of such title is amended by inserting “or sub-
5 section (a)(1)(D)” after “subsection (a)(1)(A)”.

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

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

9 (2) by designating the last sentence as subpara-
10 graph (C);

11 (3) in subparagraph (C), as so designated, by
12 striking “such an election” and inserting “an elec-
13 tion under this paragraph”; and

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

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

21 (f) OUTREACH.—(1) The Secretaries concerned shall
22 take actions to inform members of the Selected Reserve
23 who are or may become entitled to basic educational as-
24 sistance benefits under chapter 30 of title 38, United
25 States Code, as a result of section 3012(a)(1)(D) of such

1 title (as amended by subsection (a) of this section) of the
2 minimum service requirements for entitlement to such
3 benefits under that chapter and of the scope and nature
4 of such benefits.

5 (2) In this subsection:

6 (A) The term “Secretary concerned” has the
7 meaning given such term in section 101(25) of title
8 38, United States Code.

9 (B) The term “Selected Reserve” has the
10 meaning given such term in section 3002(4) of title
11 38, United States Code.

12 **Subtitle C—Employment**

13 **Assistance for Homeless Veterans**

14 **SEC. 521. REAUTHORIZATION OF APPROPRIATIONS FOR** 15 **HOMELESS VETERANS REINTEGRATION PRO-** 16 **GRAM.**

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

20 “(F) \$50,000,000 for each of fiscal years 2007
21 through 2011.”.

1 **SEC. 522. EXPANSION OF HOMELESS VETERANS RE-**
2 **INTEGRATION PROGRAM TO INCLUDE VET-**
3 **ERANS AT IMMINENT RISK FOR HOMELESS-**
4 **NESS.**

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

9 **Subtitle D—Payment Matters**

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

14 (a) IN GENERAL.—Subsection (b) of section 310 of
15 title 37, United States Code, is amended to read as fol-
16 lows:

17 “(b) NO REDUCTION IN MONTHLY MILITARY PAY
18 FOR WOUNDED OR INJURED MEMBERS.—

19 “(1) EFFECT OF WOUND OR INJURY IN COMBAT
20 ZONE.—For each month during the period specified
21 in paragraph (2), the total amount of monthly mili-
22 tary pay paid to a member who was wounded or oth-
23 erwise injured while assigned to duty in an area for
24 which special pay was available under this section at
25 the time the member was wounded or otherwise in-
26 jured shall not be less than the total amount of mili-

1 tary pay paid to the member for the month during
2 which the member was wounded or otherwise in-
3 jured.

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

8 “(A) The member is found to be physically
9 able to perform the duties of the member’s of-
10 fice, grade, rank, or rating.

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

13 “(C) The member dies.

14 “(3) MILITARY PAY DEFINED.—In this sub-
15 section, the term ‘military pay’ has the meaning
16 given the term ‘pay’ in section 101(21) of this title,
17 except that the term includes allowances under chap-
18 ter 7 of this title.”.

19 (b) RETROACTIVE EFFECTIVE DATE.—Subsection
20 (b) of section 310 of title 37, United States Code, as
21 amended by this section, shall apply with respect to any
22 pay period ending on or after September 11, 2001, for
23 members of the uniformed services described in paragraph
24 (1) of such section who were wounded or otherwise injured
25 on or after that date.

1 **SEC. 532. REPEAL OF TIME LIMITATION ON EXCLUSION OF**
2 **COMBAT ZONE COMPENSATION BY REASON**
3 **OF HOSPITALIZATION.**

4 (a) **IN GENERAL.**—Subsections (a)(2) and (b)(2) of
5 section 112 of the Internal Revenue Code of 1986 are each
6 amended by striking “; but this paragraph shall not apply
7 for any month beginning more than 2 years after the date
8 of the termination of combatant activities in such zone”.

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

16 **TITLE VI—RESERVE COMPO-**
17 **NENTS AND RECRUITMENT**
18 **AND RETENTION INITIATIVES**
19 **Subtitle A—Health Care**

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

22 (a) **GENERAL ELIGIBILITY.**—Subsection (a) of sec-
23 tion 1076d of title 10, United States Code, is amended—

24 (1) by striking “(a) **ELIGIBILITY.**—A member”
25 and inserting “(a) **ELIGIBILITY.**—(1) Except as pro-
26 vided in paragraph (2), a member”;

1 (2) by striking “after the member completes”
2 and all that follows through “one or more whole
3 years following such date”; and

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

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

9 (b) **CONDITION FOR TERMINATION OF ELIGI-**
10 **BILITY.**—Subsection (b) of such section is amended by
11 striking “(b) **PERIOD OF COVERAGE.—(1) TRICARE**
12 **Standard**” and all that follows through “(3) **Eligibility**”
13 and inserting “(b) **TERMINATION OF ELIGIBILITY UPON**
14 **TERMINATION OF SERVICE.—Eligibility**”.

15 (c) **CONFORMING AMENDMENTS.**—

16 (1) Such section is further amended—

17 (A) by striking subsection (e); and

18 (B) by redesignating subsection (g) as sub-
19 section (e) and transferring such subsection
20 within such section so as to appear following
21 subsection (d).

22 (2) The heading for such section is amended to
23 read as follows:

1 **“§ 1076d. TRICARE program: TRICARE standard cov-**
2 **erage for members of the selected re-**
3 **serve”.**

4 (d) REPEAL OF OBSOLETE PROVISION.—Section
5 1076b of title 10, United States Code, is repealed.

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

9 (1) by striking the item relating to section
10 1076b; and

11 (2) by striking the item relating to section
12 1076d and inserting the following:

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

13 (f) SAVINGS PROVISION.—Enrollments in TRICARE
14 Standard that are in effect on the day before the date of
15 the enactment of this Act under section 1076d of title 10,
16 United States Code, as in effect on such day, shall be con-
17 tinued until terminated after such day under such section
18 1076d as amended by this section.

1 **Subtitle B—Recruitment and**
2 **Retention Incentives**

3 **SEC. 611. INCREASE IN AUTHORIZED MAXIMUM ANNUAL**
4 **AMOUNT OF SPECIAL PAY FOR SELECTED RE-**
5 **SERVE HEALTH CARE PROFESSIONALS IN**
6 **CRITICALLY SHORT WARTIME SPECIALTIES**
7 **AND AUTHORIZED DURATION OF PAY.**

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

10 (1) in subsection (a)—

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

13 (B) by striking “\$10,000” and inserting
14 “\$25,000”; and

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

17 **SEC. 612. REENLISTMENT BONUS FOR MEMBERS OF SE-**
18 **LECTED RESERVE.**

19 (a) **ELIGIBILITY OF SENIOR ENLISTED MEMBERS.**—

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

24 (b) **REENLISTMENT OPTIONS.**—Subsection (a)(2) of
25 such section is amended by striking “three years or for

1 a period of six years” and inserting “one to six years, in
2 increments of whole years,”.

3 (c) BONUS AMOUNTS.—Paragraph (1) of subsection
4 (b) of such section is amended to read as follows

5 “(1) The amount of a bonus under this section may
6 not exceed—

7 “(A) \$15,000, in the case of a member who re-
8 enlists or extends an enlistment for a period of six
9 years;

10 “(B) \$12,500, in the case of a member who re-
11 enlists or extends an enlistment for a period of five
12 years;

13 “(C) \$10,000, in the case of a member who re-
14 enlists or extends an enlistment for a period of four
15 years;

16 “(D) \$7,500, in the case of a member who, hav-
17 ing never received a bonus under this section, reen-
18 lists or extends an enlistment for a period of three
19 years;

20 “(E) \$5,000, in the case of a member who, hav-
21 ing never received a bonus under this section, reen-
22 lists or extends an enlistment for a period of two
23 years;

24 “(F) \$2,500, in the case of a member who, hav-
25 ing never received a bonus under this section, reen-

1 lists or extends an enlistment for a period of one
2 year; and

3 “(G) \$6,000, in the case of a member who, hav-
4 ing received a bonus under this section for a pre-
5 vious one-, two-, or three-year reenlistment or exten-
6 sion of an enlistment, reenlists or extends the enlist-
7 ment for an additional period of one, two, or three
8 years.”.

9 (d) AUTHORITY TO WAIVE ELIGIBILITY REQUIRE-
10 MENTS.—Subsection (c)(2) of such section is amended by
11 striking “In the case” and all that follows through “the
12 Secretary” and inserting “In time of war or national
13 emergency, the Secretary”.

14 (e) DURATION OF AUTHORITY.—Subsection (g) of
15 such section is amended by striking “2005” and inserting
16 “2006”.

17 (f) CONFORMING AMENDMENTS.—Subsection (e)(1)
18 of such section is amended—

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

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

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

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

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

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

9 **SEC. 614. INCREASE IN AUTHORIZED MAXIMUM AMOUNT**
10 **FOR RESERVE AFFILIATION BONUS UNDER**
11 **RESERVE AFFILIATION AGREEMENTS EN-**
12 **TERED INTO DURING FISCAL YEAR 2006.**

13 (a) INCREASE.—Section 308e of title 37, United
14 States Code, is amended by adding at the end the fol-
15 lowing new subsection:

16 “(h) Notwithstanding subsection (c), the maximum
17 amount of the bonus that may be paid under this section
18 pursuant to a reserve affiliation agreement entered into
19 during fiscal year 2006 shall not exceed \$15,000. The Sec-
20 retary of Defense, and the Secretary of Homeland Secu-
21 rity with respect to the Coast Guard, may amend the regu-
22 lations prescribed under subsection (f) to modify the meth-
23 od by which bonus payments will be made under such re-
24 serve affiliation agreements.”.

1 (b) CONFORMING AMENDMENT.—Subsection (e) of
2 such section is amended by striking “2005” and inserting
3 “2006”.

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

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

8 (1) in subsection (a), by striking “\$20,000”
9 and inserting “\$50,000”; and

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

12 **SEC. 616. USE OF REFERRAL BONUS TO PROMOTE ENLIST-**
13 **MENTS IN SELECTED RESERVE.**

14 (a) BONUS AUTHORIZED.—Chapter 5 of title 37,
15 United States Code, is amended by inserting after section
16 308 the following new section:

17 **“§ 308a. Selected Reserve referral bonus**

18 “(a) BONUS AUTHORIZED.—The Secretary con-
19 cerned may pay a referral bonus to a member of the Se-
20 lected Reserve who refers, to a member of the uniformed
21 services assigned to recruiting duties, a person who, after
22 such referral, enlists or is appointed, for a period of not
23 less than two years, in the Selected Reserve of the same
24 reserve component as the member making the referral.

1 “(b) AMOUNT OF BONUS.—The referral bonus may
2 not exceed \$2,500 per referral.

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

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

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

“308a. Selected Reserve referral bonus.”.

13 **SEC. 617. EXTENSION OF ACTIVE-DUTY RETENTION BO-**
14 **NUSES AND SPECIAL PAYS FOR HEALTH**
15 **CARE PROFESSIONALS TO RESERVE COMPO-**
16 **NENT OFFICERS.**

17 Section 303a of title 37, United States Code, is
18 amended by adding at the end the following new sub-
19 section:

20 “(e) AVAILABILITY FOR RESERVE COMPONENT
21 HEALTH CARE PROFESSIONALS.—The Secretary of De-
22 fense shall modify the eligibility requirements for each spe-
23 cial pay authorized under sections 301d, 301e, 302
24 through 302j, and 303 of this title as necessary to ensure
25 that commissioned officers of the reserve components who

1 are not serving under a call or order to active duty, but
2 who otherwise satisfy the eligibility requirements for the
3 special pay, are eligible to receive the special pay in
4 amounts, and under terms and conditions, comparable to
5 those applicable to commissioned officers of the regular
6 components. The requirements of this subsection are in
7 addition to the policy expressed in section 302f of this title
8 to expand the availability of certain special pays to reserve
9 officers who are health care professionals. ”.

10 **SEC. 618. CRITICAL-SKILLS ACCESSION BONUS FOR PER-**
11 **SONS ENROLLED IN SENIOR RESERVE OFFI-**
12 **CERS’ TRAINING CORPS WHO ARE OBTAINING**
13 **NURSING DEGREES.**

14 (a) PROVISION OF BONUS IN REDUCED AMOUNT.—
15 Section 324 of title 37, United States Code, as amended
16 by section 614(f) of this Act, is further amended—

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

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

21 “(f) NURSE CANDIDATES IN SENIOR RESERVE OFFI-
22 CERS’ TRAINING CORPS.—(1) A person enrolled in the
23 Senior Reserve Officers’ Training Corps program of the
24 Army for advanced training under chapter 103 of title 10,
25 including a person receiving financial assistance under

1 section 2107 of such title, may receive an accession bonus
 2 under this section if the person—

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

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

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

12 (b) **RETROACTIVE APPLICATION TO EXISTING**
 13 **AGREEMENTS.**—Subsection (f) of section 324 of title 37,
 14 United States Code, as added by subsection (a), shall
 15 apply with respect to agreements referred to in paragraph
 16 (1)(B) of such subsection executed on or after October 5,
 17 2004.

18 **Subtitle C—Payment Matters**

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

23 (a) **IN GENERAL.**—Subchapter IV of chapter 55 of
 24 title 5, United States Code, is amended by adding at the
 25 end the following new section:

1 **“§ 5538. Nonreduction in pay while serving on active**
2 **duty in a reserve component**

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

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

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

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

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

24 “(B) while the employee is hospitalized for, or
25 convalescing from, an illness or injury incurred in,

1 or aggravated during, the performance of such active
2 duty; or

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

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

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

13 “(1) by the employing agency of the employee;

14 “(2) from the appropriations or fund that
15 would be used to pay the employee if the employee
16 were in a pay status; and

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

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

24 “(e) In consultation with the Office of Personnel
25 Management, the head of each employing agency shall pre-

1 scribe procedures to ensure that the rights under this sec-
2 tion apply to the employees of such agency.

3 “(f) In this section:

4 “(1) The terms ‘active duty for a period of
5 more than 30 days’, ‘member’, and ‘reserve compo-
6 nent’ have the meanings given such terms in section
7 101 of title 37.

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

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

22 “(4) The term ‘military compensation’ has the
23 meaning given the term ‘pay’ in section 101(21) of
24 title 37, except that the term includes allowances
25 under chapter 7 of such title.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
 2 at the beginning of chapter 55 of title 5, is amended by
 3 inserting after the item relating to section 5537 the fol-
 4 lowing new item:

“5538. Nonreduction in pay while serving on active duty in a reserve compo-
 nent.”.

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

10 **SEC. 622. ACTIVE-DUTY RESERVE COMPONENT EMPLOYEE**

11 **CREDIT ADDED TO GENERAL BUSINESS**
 12 **CREDIT.**

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

17 **“SEC. 45J. ACTIVE-DUTY RESERVE COMPONENT EMPLOYEE**
 18 **CREDIT.**

19 “(a) GENERAL RULE.—For purposes of section 38,
 20 the Ready Reserve-National Guard employee credit deter-
 21 mined under this section for any taxable year with respect
 22 to each Ready Reserve-National Guard employee of an em-
 23 ployer is an amount equal to the lesser of—

1 “(1) 50 percent of the actual compensation
2 amount paid with respect to such Ready Reserve-
3 National Guard employee for such taxable year while
4 the employee is absent from employment for a rea-
5 son described in subsection (b); or

6 “(2) \$30,000.

7 “(b) COVERED PAY PERIODS.—Subsection (a) shall
8 apply with respect to a Ready Reserve-National Guard
9 employee—

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

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

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

19 “(c) LIMITATION.—No credit shall be allowed under
20 subsection (a) with respect to a Ready Reserve-National
21 Guard employee on any day on which the employee was
22 not scheduled to work (for a reason other than such serv-
23 ice on active duty) and ordinarily would not have worked.

24 “(d) PORTION OF CREDIT REFUNDABLE.—

1 “(1) IN GENERAL.—In the case of an employer
2 described in paragraph (2), the aggregate credits al-
3 lowed to a taxpayer under subpart C shall be in-
4 creased by the lesser of—

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

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

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

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

24 “(A) an organization exempt from tax
25 under this chapter,

1 “(B) any State or political subdivision
2 thereof, the District of Columbia, any posses-
3 sion of the United States, or any agency or in-
4 strumentality of any of the foregoing, or

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

8 “(3) EMPLOYER PAYROLL TAXES.—For pur-
9 poses of this subsection—

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

12 “(i) section 3111(b), and

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

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

19 “(e) DEFINITIONS.—In this section—

20 “(1) The terms ‘active duty for a period of
21 more than 30 days’, ‘member’, and ‘reserve compo-
22 nent’ have the meanings given such terms in section
23 101 of title 37, United States Code.

24 “(2) The term ‘compensation’ means any remu-
25 neration for employment, whether in cash or in kind,

1 which is paid or incurred by a taxpayer and which
2 is deductible from the taxpayer's gross income under
3 section 162(a)(1).

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

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

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

16 (c) CONFORMING AMENDMENT.—

17 (1) Paragraph (2) of section 1324(b) of title
18 31, United States Code, is amended by inserting “or
19 45J” after “section 35”.

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

“Sec. 45J. Active-duty reserve component employee credit.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2004.

4 **SEC. 623. DIFFERENTIAL WAGE PAYMENTS.**

5 (a) INCOME TAX WITHHOLDING.—Section 3401 of
6 the Internal Revenue Code of 1986 (relating to defini-
7 tions) is amended by adding at the end the following new
8 subsection:

9 “(i) DIFFERENTIAL WAGE PAYMENTS TO ACTIVE
10 DUTY MEMBERS OF THE UNIFORMED SERVICES.—

11 “(1) IN GENERAL.—For purposes of subsection
12 (a), any differential wage payment shall be treated
13 as a payment of wages by the employer to the em-
14 ployee.

15 “(2) DIFFERENTIAL WAGE PAYMENT.—For
16 purposes of paragraph (1), the term ‘differential
17 wage payment’ means any payment which—

18 “(A) is made by an employer to an indi-
19 vidual with respect to any period during which
20 the individual is performing service in the uni-
21 formed services while on active duty for a pe-
22 riod of more than 30 days, and

23 “(B) represents all or a portion of the
24 wages the individual would have received from

1 the employer if the individual were performing
2 service for the employer.”.

3 (b) TREATMENT OF DIFFERENTIAL WAGE PAY-
4 MENTS FOR RETIREMENT PLAN PURPOSES.—

5 (1) PENSION PLANS.—

6 (A) IN GENERAL.—Section 414(u) of such
7 Code (relating to special rules relating to vet-
8 erans’ reemployment rights under USERRA) is
9 amended by adding at the end the following
10 new paragraph:

11 “(11) TREATMENT OF DIFFERENTIAL WAGE
12 PAYMENTS.—

13 “(A) IN GENERAL.—Except as provided in
14 this paragraph, for purposes of applying this
15 title to a retirement plan to which this sub-
16 section applies—

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

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

23 “(iii) the plan shall not be treated as
24 failing to meet the requirements of any
25 provision described in paragraph (1)(C) by

1 reason of any contribution which is based
2 on the differential wage payment.

3 “(B) SPECIAL RULE FOR DISTRIBUTIONS.—
4

5 “(i) IN GENERAL.—Notwithstanding
6 subparagraph (A)(i), for purposes of section
7 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii),
8 403(b)(11)(A), or 457(d)(1)(A)(ii), an individual shall be treated as having been
9 severed from employment during any period the individual is performing service in
10 the uniformed services described in section
11 3401(i)(2)(A).

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

18 “(C) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A)(iii) shall apply only
19 if all employees of an employer performing service in the uniformed services described in section
20 3401(i)(2)(A) are entitled to receive dif-
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1 ferential wage payments on reasonably equiva-
2 lent terms and, if eligible to participate in a re-
3 tirement plan maintained by the employer, to
4 make contributions based on the payments .
5 For purposes of applying this subparagraph,
6 the provisions of paragraphs (3), (4), and (5),
7 of section 410(b) shall apply.

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

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

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

24 (c) EFFECTIVE DATES.—

1 (1) SUBSECTION (a).—The amendments made
2 by subsection (a) shall apply to remuneration paid
3 after December 31, 2004.

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

7 (d) PROVISIONS RELATING TO PLAN AMEND-
8 MENTS.—

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

11 (A) such plan or contract shall be treated
12 as being operated in accordance with the terms
13 of the plan or contract during the period de-
14 scribed in paragraph (2)(B)(i), and

15 (B) except as provided by the Secretary of
16 the Treasury, such plan shall not fail to meet
17 the requirements of the Internal Revenue Code
18 of 1986 or the Employee Retirement Income
19 Security Act of 1974 by reason of such amend-
20 ment.

21 (2) AMENDMENTS TO WHICH SECTION AP-
22 PLIES.—

23 (A) IN GENERAL.—This subsection shall
24 apply to any amendment to any plan or annuity
25 contract which is made—

1 (i) pursuant to any amendment made
2 by this section, and

3 (ii) on or before the last day of the
4 first plan year beginning on or after Janu-
5 ary 1, 2007.

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

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

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

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

22 (a) IN GENERAL.—Subpart B of part IV of sub-
23 chapter A of chapter 1 of the Internal Revenue Code of
24 1986 (relating to other credits) is amended by adding at
25 the end the following new section:

1 **“SEC. 30B. EMPLOYER WAGE CREDIT FOR ACTIVATED MILI-**
2 **TARY RESERVISTS.**

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

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

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

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

14 “(1) QUALIFIED EMPLOYEES.—

15 “(A) IN GENERAL.—The employment cred-
16 it with respect to a qualified employee of the
17 taxpayer for any taxable year is equal to 50
18 percent of the lesser of—

19 “(i) the excess, if any, of—

20 “(I) the qualified employee’s av-
21 erage daily qualified compensation for
22 the taxable year, over

23 “(II) the average daily military
24 pay and allowances received by the
25 qualified employee during the taxable
26 year, while participating in qualified

1 reserve component duty to the exclu-
2 sion of the qualified employee's nor-
3 mal employment duties for the num-
4 ber of days the qualified employee
5 participates in qualified reserve com-
6 ponent duty during the taxable year,
7 including time spent in a travel sta-
8 tus, or

9 “(ii) \$30,000.

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

14 “(B) AVERAGE DAILY QUALIFIED COM-
15 PENSATION AND AVERAGE DAILY MILITARY PAY
16 AND ALLOWANCES.—As used with respect to a
17 qualified employee—

18 “(i) the term ‘average daily qualified
19 compensation’ means the qualified com-
20 pensation of the qualified employee for the
21 taxable year divided by the difference be-
22 tween—

23 “(I) 365, and

24 “(II) the number of days the
25 qualified employee participates in

1 qualified reserve component duty dur-
2 ing the taxable year, including time
3 spent in a travel status, and

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

6 “(I) the amount paid to the
7 qualified employee during the taxable
8 year as military pay and allowances
9 on account of the qualified employee’s
10 participation in qualified reserve com-
11 ponent duty, divided by

12 “(II) the total number of days
13 the qualified employee participates in
14 qualified reserve component duty, in-
15 cluding time spent in travel status.

16 “(C) QUALIFIED COMPENSATION.—When
17 used with respect to the compensation paid or
18 that would have been paid to a qualified em-
19 ployee for any period during which the qualified
20 employee participates in qualified reserve com-
21 ponent duty, the term ‘qualified compensation’
22 means—

23 “(i) compensation which is normally
24 contingent on the qualified employee’s
25 presence for work and which would be de-

1 ductible from the taxpayer's gross income
2 under section 162(a)(1) if the qualified
3 employee were present and receiving such
4 compensation,

5 “(ii) compensation which is not char-
6 acterized by the taxpayer as vacation or
7 holiday pay, or as sick leave or pay, or as
8 any other form of pay for a nonspecific
9 leave of absence, and with respect to which
10 the number of days the qualified employee
11 participates in qualified reserve component
12 duty does not result in any reduction in
13 the amount of vacation time, sick leave, or
14 other nonspecific leave previously credited
15 to or earned by the qualified employee, and

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

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

20 “(i) has been an employee of the tax-
21 payer for the 31-day period immediately
22 preceding the period during which the em-
23 ployee participates in qualified reserve
24 component duty, and

1 “(ii) is a member of the Ready Re-
2 serve of a reserve component of an Armed
3 Force of the United States as defined in
4 sections 10142 and 10101 of title 10,
5 United States Code.

6 “(2) QUALIFIED REPLACEMENT EMPLOYEES.—

7 “(A) IN GENERAL.—The employment cred-
8 it with respect to a qualified replacement em-
9 ployee of the taxpayer for any taxable year is
10 equal to 50 percent of the lesser of—

11 “(i) the individual’s qualified com-
12 pensation attributable to service rendered
13 as a qualified replacement employee, or

14 “(ii) \$12,000.

15 The employment credit, with respect to all
16 qualified replacement employees, is equal to the
17 sum of the employment credits for each quali-
18 fied replacement employee under this sub-
19 section.

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

24 “(i) compensation which is normally
25 contingent on the qualified replacement

1 employee's presence for work and which is
2 deductible from the taxpayer's gross in-
3 come under section 162(a)(1),

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

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

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

20 “(D) FAILURE TO MAKE DIFFERENTIAL
21 WAGE PAYMENTS.—The employment credit with
22 respect to a qualified replacement employee of
23 the taxpayer for any taxable year shall be zero
24 if the taxpayer does not make all differential
25 wage payments (as defined by section

1 3401(i)(2)) for the taxable year to the qualified
2 employee or the qualified self-employed tax-
3 payer (as the case may be) who is replaced by
4 the qualified replacement employee.

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

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

10 “(A) the excess, if any, of—

11 “(i) the self-employed taxpayer’s aver-
12 age daily self-employment income for the
13 taxable year over

14 “(ii) the average daily military pay
15 and allowances received by the taxpayer
16 during the taxable year, while participating
17 in qualified reserve component duty to the
18 exclusion of the taxpayer’s normal self-em-
19 ployment duties for the number of days the
20 taxpayer participates in qualified reserve
21 component duty during the taxable year,
22 including time spent in a travel status, or

23 “(B) \$30,000.

24 “(2) AVERAGE DAILY SELF-EMPLOYMENT IN-
25 COME AND AVERAGE DAILY MILITARY PAY AND AL-

1 LOWANCES.—As used with respect to a self-em-
2 ployed taxpayer—

3 “(A) the term ‘average daily self-employ-
4 ment income’ means the self-employment in-
5 come (as defined in section 1402(b)) of the tax-
6 payer for the taxable year plus the amount paid
7 for insurance which constitutes medical care for
8 the taxpayer for such year (within the meaning
9 of section 162(l)) divided by the difference be-
10 tween—

11 “(i) 365, and

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

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

18 “(i) the amount paid to the taxpayer
19 during the taxable year as military pay
20 and allowances on account of the tax-
21 payer’s participation in qualified reserve
22 component duty, divided by

23 “(ii) the total number of days the tax-
24 payer participates in qualified reserve com-

1 ponent duty, including time spent in travel
2 status.

3 “(3) QUALIFIED SELF-EMPLOYED TAXPAYER.—

4 The term ‘qualified self-employed taxpayer’ means a
5 taxpayer who—

6 “(A) has net earnings from self-employ-
7 ment (as defined in section 1402(a)) for the
8 taxable year, and

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

12 “(d) CREDIT IN ADDITION TO DEDUCTION.—The
13 employment credit or the self-employment credit provided
14 in this section is in addition to any deduction otherwise
15 allowable with respect to compensation actually paid to a
16 qualified employee, qualified replacement employee, or
17 qualified self-employed taxpayer during any period the
18 qualified employee or qualified self-employed taxpayer par-
19 ticipates in qualified reserve component duty to the exclu-
20 sion of normal employment duties.

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

1 “(f) LIMITATIONS.—

2 “(1) APPLICATION WITH OTHER CREDITS.—

3 The credit allowed under subsection (a) for any tax-
4 able year shall not exceed the excess (if any) of—

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

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

11 “(2) DISALLOWANCE FOR FAILURE TO COMPLY
12 WITH EMPLOYMENT OR REEMPLOYMENT RIGHTS OF
13 MEMBERS OF THE RESERVE COMPONENTS OF THE
14 ARMED FORCES OF THE UNITED STATES.—No credit
15 shall be allowed under subsection (a) to a taxpayer
16 for—

17 “(A) any taxable year, beginning after the
18 date of the enactment of this section, in which
19 the taxpayer is under a final order, judgment,
20 or other process issued or required by a district
21 court of the United States under section 4323
22 of title 38 of the United States Code with re-
23 spect to a violation of chapter 43 of such title,
24 and

25 “(B) the 2 succeeding taxable years.

1 “(3) DISALLOWANCE WITH RESPECT TO PER-
2 SONS ORDERED TO ACTIVE DUTY FOR TRAINING.—
3 No credit shall be allowed under subsection (a) to a
4 taxpayer with respect to any period by taking into
5 account any person who is called or ordered to active
6 duty for any of the following types of duty:

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

9 “(B) Training at encampments, maneu-
10 vers, outdoor target practice, or other exercises
11 under chapter 5 of title 32, United States Code.

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

15 “(g) GENERAL DEFINITIONS AND SPECIAL RULES.—
16 For purposes of this section—

17 “(1) SMALL BUSINESS EMPLOYER.—

18 “(A) IN GENERAL.—The term ‘small busi-
19 ness employer’ means, with respect to any tax-
20 able year, any employer who employed an aver-
21 age of 50 or fewer employees on business days
22 during such taxable year.

23 “(B) CONTROLLED GROUPS.—For pur-
24 poses of subparagraph (A), all persons treated
25 as a single employer under subsection (b), (c),

1 (m), or (o) of section 414 shall be treated as a
2 single employer.

3 “(2) MILITARY PAY AND ALLOWANCES.—The
4 term ‘military pay’ means pay as that term is de-
5 fined in section 101(21) of title 37, United States
6 Code, and the term ‘allowances’ means the allow-
7 ances payable to a member of the Armed Forces of
8 the United States under chapter 7 of that title.

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

15 “(4) SPECIAL RULE FOR CERTAIN MANUFAC-
16 TURERS.—

17 “(A) IN GENERAL.—In the case of any
18 qualified manufacturer, paragraph (1)(A) of
19 this subsection shall be applied by substituting
20 ‘100’ for ‘50’.

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

24 “(i) the primary business of such per-
25 son is classified in sector 31, 32, or 33 of

1 the North American Industrial Classifica-
2 tion System, and

3 “(ii) all of such person’s facilities
4 which are used for production in such busi-
5 ness are located in the United States.

6 “(5) CARRYBACK AND CARRYFORWARD AL-
7 LOWED.—

8 “(A) IN GENERAL.—If the credit allowable
9 under subsection (a) for a taxable year exceeds
10 the amount of the limitation under subsection
11 (f)(1) for such taxable year (in this paragraph
12 referred to as the ‘unused credit year’), such
13 excess shall be a credit carryback to each of the
14 3 taxable years preceding the unused credit
15 year and a credit carryforward to each of the
16 20 taxable years following the unused credit
17 year.

18 “(B) RULES.—Rules similar to the rules of
19 section 39 shall apply with respect to the credit
20 carryback and credit carryforward under sub-
21 paragraph (A).

22 “(6) CERTAIN RULES TO APPLY.—Rules similar
23 to the rules of subsections (c), (d), and (e) of section
24 52 shall apply.”.

1 (b) CONFORMING AMENDMENT.—Section 55(c)(2) of
2 the Internal Revenue Code of 1986 is amended by insert-
3 ing “30B(f)(1),” after “30(b)(3),”.

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

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

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2004.

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

13 (a) IN GENERAL.—Section 3121 of the Internal Rev-
14 enue Code of 1986 is amended by adding at the end the
15 following:

16 “(z) EMPLOYER CONTRIBUTIONS TO IRAS OF CER-
17 TAIN MEMBERS OF THE UNIFORMED SERVICES.—Noth-
18 ing in any paragraph of subsection (a) (other than para-
19 graphs (1) and (5)) shall exclude from the term ‘wages’
20 any employer payment on behalf of an individual to an
21 individual retirement plan if such payment is made by the
22 employer to such plan with respect to any period during
23 which the individual is performing service in the uni-
24 formed services while on active duty for a period of more
25 than 30 days.”.

1 (b) RAILROAD RETIREMENT.—Subsection (e) of Sec-
2 tion 3231 of such Code is amended by adding at the end
3 the following new paragraph:

4 “(13) EMPLOYER CONTRIBUTIONS TO IRAS OF
5 CERTAIN MEMBERS OF THE UNIFORMED SERV-
6 ICES.—Nothing in any paragraph of this subsection
7 (other than paragraph (2)) shall exclude from the
8 term ‘compensation’ any amount described in section
9 3121(z).”.

10 (c) FEDERAL UNEMPLOYMENT TAX.—Section 3306
11 of such Code is amended by adding at the end the fol-
12 lowing:

13 “(v) EMPLOYER CONTRIBUTIONS TO IRAS OF CER-
14 TAIN MEMBERS OF THE UNIFORMED SERVICES.—Noth-
15 ing in any paragraph of subsection (b) (other than para-
16 graphs (1) and (5)) shall exclude from the term ‘wages’
17 any employer payment on behalf of an individual to an
18 individual retirement plan if such payment is made by the
19 employer to such plan with respect to any period during
20 which the individual is performing service in the uni-
21 formed services while on active duty for a period of more
22 than 30 days.”.

23 (d) WITHHOLDING.—Section 3401 of such Code, as
24 amended by this Act, is amended by adding at the end
25 the following new subsection:

1 “(j) EMPLOYER CONTRIBUTIONS TO IRAS OF CER-
2 TAIN MEMBERS OF THE UNIFORMED SERVICES.—Noth-
3 ing in any paragraph of subsection (a) (other than para-
4 graph (12)) shall exclude from the term ‘wages’ any
5 amount described in section 3121(z).”.

6 (e) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to amounts paid after December
8 31, 2004.

9 **TITLE VII—FUNDING**

10 **SEC. 701. REPEAL OF 2001 TAX CUT FOR HIGH INCOME TAX-** 11 **PAYERS.**

12 (a) IN GENERAL.—Section 1 of the Internal Revenue
13 Code of 1986 is amended by adding at the end the fol-
14 lowing new subsection:

15 “(j) REPEAL OF 2001 TAX CUT FOR HIGH INCOME
16 TAXPAYERS.—The amount determined under subsection
17 (a), (b), (c), or (d), as the case may be, shall be increased
18 by 4.6 percent of so much of taxable income as exceeds
19 \$1,000,000 in the case of individuals to whom subsection
20 (a) applies (\$500,000 in any other case).”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to taxable years beginning after
23 December 31, 2005.

1 **SEC. 702. REPEAL OF SCHEDULED TERMINATION OF**
2 **PHASEOUT OF PERSONAL EXEMPTIONS.**

3 (a) **IN GENERAL.**—Paragraph (3) of section 151(d)
4 of the Internal Revenue Code of 1986 is amended by strik-
5 ing subparagraphs (E) and (F).

6 (b) **EFFECTIVE DATE.**—The amendment made by
7 this section shall apply to taxable years beginning after
8 December 31, 2005.

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

11 (a) **IN GENERAL.**—Section 68 of the Internal Rev-
12 enue Code of 1986 is amended by striking subsections (f)
13 and (g).

14 (b) **EFFECTIVE DATE.**—The amendment made by
15 this section shall apply to taxable years beginning after
16 December 31, 2005.

○