

VETERANS FAIR DEBT NOTICE ACT OF 2017

NOVEMBER 7, 2017.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROE of Tennessee, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

[To accompany H.R. 3705]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3705) to direct the Secretary of Veterans Affairs to require the use of certified mail and plain language in certain debt collection activities, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

	Page
Amendment .....	2
Purpose and Summary .....	2
Background and Need for Legislation .....	3
Hearings .....	4
Subcommittee Consideration .....	4
Committee Consideration .....	4
Committee Votes .....	5
Committee Oversight Findings .....	5
Statement of General Performance Goals and Objectives .....	5
New Budget Authority, Entitlement Authority, and Tax Expenditures .....	5
Earmarks and Tax and Tariff Benefits .....	5
Committee Cost Estimate .....	6
Congressional Budget Office Estimate .....	6
Federal Mandates Statement .....	7
Advisory Committee Statement .....	7
Constitutional Authority Statement .....	7
Applicability to Legislative Branch .....	7
Statement on Duplication of Federal Programs .....	7
Disclosure of Directed Rulemaking .....	7
Section-by-Section Analysis of the Legislation .....	7
Changes in Existing Law Made by the Bill as Reported .....	8

## AMENDMENT

The amendment is as follows:  
Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “Veterans Fair Debt Notice Act of 2017”.

**SEC. 2. DEPARTMENT OF VETERANS AFFAIRS NOTICE RELATING TO DEBT COLLECTION ACTIVITIES.**

(a) **DEBT NOTIFICATION LETTERS.**—The Secretary of Veterans Affairs shall collaborate with veterans service organizations to write a standard letter to be provided to individuals who the Secretary determines owe debts to the Department of Veterans Affairs. Such letter shall be written in plain language and shall include a notice of the debt and a clear explanation of—

- (1) why the individual owes money to the Department of Veterans Affairs; and
- (2) the options available to the individual.

(b) **DELIVERY OF LETTERS.**—The Secretary shall develop a method by which individuals may elect to receive debt notification letters by electronic means and shall ensure, to the extent practicable, that the letter developed under subsection (a) is delivered to intended recipients who have made such an election by both standard mail and by electronic means and to intended recipients who have not made such an election only by standard mail.

**(c) NOTICE TO CONGRESS.**—

(1) **NOTICE OF COMPLETION.**—Upon completion of the letter required under subsection (a), the Secretary shall submit to Congress notice of the completion of the letter.

(2) **PROGRESS REPORTS.**—If the Secretary has not submitted the notice required by paragraph (1) by the date that is 90 days after the date of the enactment of this Act, the Secretary shall—

- (A) submit to Congress a report describing the progress of the Secretary toward implementing subsection (a) and an explanation for why the letter has not been completed; and
- (B) every 30 days thereafter until the submittal of the notice required by paragraph (1), submit to Congress an update to the report under subparagraph (A) that includes an additional explanation for the failure to complete the letter.

**(d) STUDY; REPORT.**—

(1) **STUDY.**—The Secretary of Veterans Affairs shall conduct a study on the process by which the Department of Veterans Affairs notifies veterans of debt collection efforts. Such study shall include—

- (A) an analysis of the scope of the problem of veterans not receiving debt collection notices;
- (B) a description of any non-legislative actions the Secretary could take to reduce the number of incorrect or unknown addresses of veterans in the databases of the Department and a timeline for adopting such actions; and
- (C) an estimate of the costs associated with sending debt collection notices by certified mail.

(2) **REPORT.**—Not later than 12 months after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under paragraph (1).

## PURPOSE AND SUMMARY

H.R. 3705, as amended, the Veterans Fair Debt Notice Act of 2017, would help ensure that beneficiaries who may have received an overpayment from the Department of Veterans Affairs (VA), understand why VA believes the individual may owe money to the Department. Additionally, the bill would require VA to work with veterans service organizations to develop new initial demand and notification letters that describe, in plain language, why the Department believes the beneficiary owes money and the steps the beneficiary can take to dispute or mitigate the debt. H.R. 3705, as amended, would require VA to notify Congress of the completion of the development of the new debt notification letter. If the develop-

ment of such letter is not final within 90 days of the date of enactment of this Act, the bill mandates that VA submit a report describing the progress in developing this letter and an explanation as to why the letter has not been completed. VA shall also provide an update on the progress in developing this letter every 30 days thereafter until the letter is completed.

H.R. 3705, as amended, would also require VA to study the process by which the Department notifies veterans of debt collection efforts. This study would include the analysis of the scope of the problem of veterans not receiving debt collection notices, a description of any non-legislative actions VA can take to reduce the number of incorrect or unknown addresses in VA's databases, a timeline for adopting such actions, and an estimate of the costs associated with sending debt collection notices by certified mail. VA shall submit a report to Congress on such study within one year of the date of enactment.

#### BACKGROUND AND NEED FOR LEGISLATION

When VA determines that a beneficiary may owe money to the Department, VA refers the case to the Debt Management Center (DMC). The DMC is an organization within the Office of Management that provides collection services to internal VA organizations, including the Veterans Benefits Administration (VBA). After receiving notice of the alleged debt, DMC performs standard debt collection activities, including sending notification letters of indebtedness. Such letters notify alleged debtors of their rights and obligations and how the alleged debtors may establish repayment agreements.

During the September 13, 2017 Subcommittee on Disability Assistance and Memorial Affairs legislative hearing, representatives of The American Legion, the Disabled American Veterans, the Paralyzed Veterans of America, the Tragedy Assistance Program for Survivors, and the Veterans of Foreign Wars of the United States testified that veterans sometimes do not receive the debt notification because VBA does not have the correct address for the beneficiary on file.

If the veteran beneficiary does not receive the initial notice of debt, such individual may miss important deadlines. For example, VA will suspend collection actions if the beneficiary responds to VA and requests a waiver within 30 days of the date of the debt notification letter.

Furthermore, the representatives from the veterans service organizations testified during the September 13, 2017 Subcommittee on Disability Assistance and Memorial Affairs legislative hearing that VA's current debt notification letters are not clear. As a result, the veterans who receive these letters are often confused about why VA believes the individual owes the Department money. Moreover, according to the representatives from the veterans service organizations, many veteran beneficiaries do not understand the steps they can take to dispute the debt, reduce the amount of the debt, or establish a repayment plan.

H.R. 3705, as amended, would assist veterans by requiring VA to work with veterans service organizations to develop new notification letters that clearly explain why such alleged debt was created, and the steps the veteran can take to dispute or mitigate the

debt. This legislation would also require VA to research and report to Congress on the number of veterans who do not receive debt notification letters, options VA can adopt to reduce the number of notices sent to incorrect addresses, and a timeline for adopting such options. The report would require that VA provide an estimate cost involved in sending debt collection letters via certified mail.

#### HEARINGS

On September 13, 2017, the Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs held a legislative hearing on H.R. 3705.

The Honorable David Rouzer, U.S. House of Representatives; the Honorable Steve Stivers, U.S. House of Representatives; the Honorable Joyce Beatty, U.S. House of Representatives; the Honorable Matt Cartwright, U.S. House of Representatives; the Honorable Jim Banks, U.S. House of Representatives; the Honorable Chellie Pingree, U.S. House of Representatives; Mr. Matthew T. Sullivan, Deputy Under Secretary for Finance and Planning and Chief Financial Officer, National Cemetery Administration, U. S. Department of Veterans Affairs; accompanied by Ms. Roberta Lowe, Director, Office of Internal Controls, Acting Director, Debt Management Center, Office of Management, U. S. Department of Veterans Affairs; and Ms. Cheryl Rawls, Director, Pension & Fiduciary Service, Veterans Benefits Administration, U. S. Department of Veterans Affairs; Ms. Elizabeth H. Curda, Director, Education, Workforce, and Income Security Team, U.S. Government Accountability Office; Mr. Alex Zhang, Assistant Director, National Veterans Affairs and Rehabilitation Division, The American Legion; Mr. LeRoy Acosta, Assistant National Legislative Director, Disabled American Veterans; Mr. Blake Ortnor, Deputy Government Relations Director, Paralyzed Veterans of America; Ms. Kathleen Moakler, Director, Survivor Advocacy, Tragedy Assistance Program for Survivors; and, Mr. John Towles, Deputy Director, National Legislative Service, Veterans of Foreign Wars of the United States.

#### SUBCOMMITTEE CONSIDERATION

H.R. 3705 was not considered before the Subcommittee.

#### COMMITTEE CONSIDERATION

On November 2, 2017, the Full Committee met in an open markup session, a quorum being present, and ordered H.R. 3705, as amended, favorably reported to the House of Representatives by voice vote. During consideration of the bill, the following amendment to H.R. 3705, was considered and agreed to by voice vote:

An amendment in the nature of a substitute offered by Ms. Esty of Connecticut that would delete the requirement that VA use certified mail in the initial debt demand letter and that veterans use certified mail to request a waiver of the debt. The amendment in the nature of a substitute would require VA to work with veterans service organizations to develop new notification letters that, in plain language, clearly explain why such alleged debt was created, and the steps the veteran can take

to dispute or mitigate the debt. The amendment in the nature of a substitute would mandate that VA provide a report to Congress when the development of such letter is complete. If this letter is not complete within 90 days of the date of enactment, VA shall notify Congress of its progress in developing such letter and explaining why the letter is not yet complete. Furthermore, VA would be required to update Congress on its progress in completing development of such letter every 30 days until the letter is complete. The amendment in the nature of a substitute would also require VA to research the number of veterans who do not receive debt notification letters and provide a report to Congress detailing the steps VA can adopt to reduce the number of notices sent to incorrect addresses and provide a timeline for adopting such options. The report would also include an estimated cost of sending debt collection letters via certified mail.

#### COMMITTEE VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, there were no recorded votes taken on amendments or in connection with ordering H.R. 3705, as amended, reported to the House. A motion by Ranking Member Timothy J. Walz of Minnesota to favorably report H.R. 3705, as amended, to the House of Representatives was agreed to by voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

#### STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are to assist veterans who may have received an overpayment from the Department of Veterans Affairs understand why VA believes the individual may owe money to the Department.

#### NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

#### EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 3705, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

## COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 3705, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 3705, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, November 6, 2017.*

Hon. PHIL ROE, M.D.,  
*Chairman, Committee on Veterans' Affairs,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3705, the Veterans Fair Debt Notice Act of 2017.

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

Sincerely,

KEITH HALL,  
*Director.*

Enclosure.

*H.R. 3705—Veterans Fair Debt Notice Act of 2017*

H.R. 3705 would require the Department of Veterans Affairs (VA) to collaborate with veterans services organizations to develop a standard letter to send to veterans who owe debts to VA. Such letters would be delivered by standard mail unless recipients chose electronic delivery. Under the bill, VA would have one year to report to the Congress on the department's processes for notifying veterans of debt collection efforts.

Based on an analysis of information from VA and the cost of similar reporting efforts, CBO estimates that the cost of developing the standard letter and conducting the study would be insignificant; any such spending would be subject to the availability of appropriations.

Enacting H.R. 3705 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 3705 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3705 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Smith. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

## FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 3705, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

## ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 3705, as amended.

## CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Article I, section 8 of the United States Constitution, H.R. 3705, as amended, is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

## APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 3705, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

## STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 3705, as amended, establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

## DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee estimates that H.R. 3705, as amended, contains no directed rule making that would require the Secretary to prescribe regulations.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Sec. 1. Short title*

Section 1 would provide the short title of the bill.

*Sec. 2. Department of Veterans Affairs notice relating to debt collection activities*

Section 2(a) would require that VA collaborate with VSOs to establish a standard debt notification letter. Such letter shall be written in plain language and include a clear explanation of why the individual owes money to VA and the options available to the individual.

Section 2(b) would require VA to ensure, to the extent practicable, that the letter is delivered to the intended recipients by standard mail and by electronic means. However, before VA sends

a notice by electronic means, the veteran must opt-in to receiving notice by such means.

Section 2(c) would require VA to provide a notice to Congress of the completion of the development of the letter described in Section 2(a). If the revision of such letter is not completed within 90 days of the date of enactment of this Act, VA shall submit a report describing the progress in developing such letter and an explanation for why the letter has not been completed. VA shall also provide an update on the progress in developing such letter every 30 days thereafter until the development to such letter is completed.

Section 2(d) would require VA to study the process by which VA notifies veterans of debt collection efforts. Such study would include the analysis of the scope of the problem of veterans not receiving debt collection notices, a description of any non-legislative actions VA can take to reduce the number of incorrect or unknown addresses in VA's databases, a timeline for adopting such actions, and an estimate of the costs associated with sending debt collection notices by certified mail. VA shall submit a report to Congress on such study not later than 12 months after the date of enactment of this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

If enacted, this bill would make no changes in existing law.

