H.R. 801, THE VETERANS' OPPORTUNITIES ACT OF 2001, AND VA'S IMPLEMENTATION OF VETERANS' TRANSITIONAL HOUSING ASSISTANCE

HEARING

BEFORE THE

SUBCOMMITTEE BENEFITS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

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CONTENTS

Page

Hearing of March 15, 2001: H.R. 801, the Veterans' Opportunities Act of 2001, and VA's Implementation of Veterans' Transitional Housing Assistance 1

OPENING STATEMENTS

Chairman Hayworth 1
Hon. Silvestre Reyes 2
Hon. Ander Crenshaw, prepared statement of 67
Hon. Christopher H. Smith 4
Prepared statement of full Committee Chairman Smith 68

WITNESSES

Daniels, Sidney, Deputy Legislative Director, Veterans of Foreign Wars of the United States 30
Prepared statement of Mr. Daniels 114
Davis, Hon. Jo Ann, a Representative in Congress from the State of Virginia . 10
Prepared statement of Congresswoman Davis, with attachment 69
Doyle, Hon. Mike, a representative in Congress from the State of Pennsylvania 14
Gaytan, Peter, Assistant Director, National Legislative Commission, The American Legion 34
Prepared statement of Mr. Gaytan 128
Ilem, Joy J., Assistant National Legislative Director, Disabled American Veterans 31
Prepared statement of Ms. Ilem 116
Lee, Rose, Former Chairman, Gold Star Wives of America, Inc. 28
Prepared statement of Ms. Lee 110
Lunsford, Jack W., Director of Government Relations and External Affairs, Maricopa Community Colleges, Phoenix, AZ 22
Prepared statement of Mr. Lunsford 105
Ortner, Blake, Associate Legislative Director, Paralyzed Veterans of America . 33
Prepared statement of Mr. Ortner 122
Pascrell, Jr., Hon. Bill, a Representative in Congress from the State of New Jersey 17
Prepared statement of Congressman Pascrell 78
Principi, Hon. Anthony J., Secretary, Department of Veterans Affairs; accompanied by: Joseph Thompson, Under Secretary for Benefits, Veterans Benefits Administration; and Vincent Barile, Deputy Under Secretary for Management, National Cemetery Administration 5
Prepared statement of Secretary Principi 80
Stellitano, Faith, Vice President and Legislative Chair, National Association of Veterans Program Administrators 24
Prepared statement of Ms. Stellitano 108
Sutliff, Patrick A., Director of Veterans' Affairs and Campus-based Aid Administration, University of Phoenix 21
Prepared statement of Mr. Sutliff 101
Warner, Hon. John, a United States Senator from the State of Virginia 9

MATERIAL SUBMITTED FOR THE RECORD

Bill:
H.R. 801 38

Page

Statements:
Carmon, John C., President, National Funeral Directors Association 151
McGinn, Gail H., Acting Assistant Secretary of Defense 141
Written committee questions and their responses:
Congressman Evans to Department of Veterans Affairs 155

H.R. 801, THE VETERANS' OPPORTUNITIES ACT OF 2001, AND VA'S IMPLEMENTATION OF VETERANS' TRANSITIONAL HOUSING ASSISTANCE

THURSDAY, MARCH 15, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BENEFITS,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9 a.m., in room 334, Cannon House Office Building, Hon. J.D. Hayworth (chairman of the subcommittee) presiding.

Present: Representatives Hayworth, Spence, Smith, Reyes, and Brown.

OPENING STATEMENT OF CHAIRMAN HAYWORTH

Mr. HAYWORTH. And now, with gavel in hand, by striking it, good morning to you. This hearing will come to order. I would like to welcome each of you to the subcommittee's first hearing of this, the 107th Congress.

Mr. Secretary, first of all, on behalf of the subcommittee, I want to say we are honored to have you here to testify. As long as I have been a member of this committee, and I am joined by gentlemen who have served here with me in this distinction for awhile, I just do not recall a time when the Secretary himself testified before a subcommittee.

This, more than anything else I believe, signifies the type of committed individual you are, Mr. Secretary, and what Congress can expect of you and our new administration in the coming years.

Colleagues and guests, ladies and gentlemen, today we are taking testimony on H.R. 801, the Veterans' Opportunities Act of 2001, and VA's implementation of veterans' transitional housing assistance, which was signed into law back in 1998.

H.R. 801 is a good bill to launch our work this Congress. Chairman Smith and I worked closely with Ranking Member Evans and my good friend, Congressman Reyes, to craft a piece of legislation that does good for veterans and their families. Each of you has a summary of the bill, but I would like to take this opportunity to highlight a couple of the provisions.

I am pleased that for the first time since 1988, we are moving forward with increasing the burial and funeral allowances for service-connected, as well as nonservice-connected, veterans. The plot

allowance, which hasn't been increased since 1923, under H.R. 801 would also be increased.

Additionally, we are proposing to extend the Servicemembers' Group Life Insurance program to spouses and children, expand VA's outreach program to active duty service members, veterans and their survivors, and make certain Montgomery GI Bill improvements.

Mr. Secretary, if I might turn to you again, sir. In the last several months, we have lost so many of America's sons and daughters to terrorism and to accidents. Among them, the 17 sailors who died on the *U.S.S. Cole*, six soldiers who perished in a helicopter training accident in Hawaii, the 26 Marines who have died in recent Osprey V–22 accidents, and the three soldiers and 18 Virginia Air National Guard members who died in Georgia when their Sherpa transport crashed, and on Monday, five Americans in a training accident near Kuwait City.

It is an understatement to say that our hearts break for these families. Each of these Americans who perished was a volunteer. We cannot bring them back. But on behalf of Chairman Smith, Mr. Evans, and the Committee, we want you to know, Mr. Secretary, how much we value the role that dedicated VA staff across the country plays in serving on casualty assistance teams, laying the servicemember to rest, and calling upon moms and dads, wives and husbands at the appropriate time to help with the multiple benefits Congress has established to help the next-of-kin go on. I know of no more noble mission than looking after the families of the selfless men and women who have looked after us.

I turn now to my good friend from Texas, Mr. Reyes, the Ranking Member, for any remarks he would care to make this morning.

OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. Thank you, Mr. Chairman. It is a pleasure to serve with you on this very important committee that serves our Nation's veterans. And Mr. Secretary, it is good to see you again. Coming so soon from the full Committee testimony, I concur with the remarks of the Chairman, we really appreciate you being here personally because we know, obviously, of your commitment to veterans' issues.

I also would like to welcome Mr. Doyle, Mr. Pascrell, Mrs. Davis, and I believe Senator Warner is scheduled to be here as well. And I want to thank you all for being here to testify on this very important bill.

I am pleased to be an original co-sponsor and strong supporter for H.R. 801, the Veterans' Opportunities Act of 2001. I want to thank you, Mr. Chairman, Chairman Smith, and our Ranking Member, Mr. Evans, for your hard work on this bill. And I understand that we will be receiving testimony today on matters that are contained within the bill and that are vitally important. I look forward to hearing that testimony.

As you know, Mr. Chairman, I have asked for a hearing on the A76 program and, unfortunately, that hearing will start at 9:30, at the Rayburn Building. So I hope you will give me a little latitude to go over there. I need to testify on that issue, as well. It's very important and vital to my district.

And with that, I hope, Mr. Chairman, that when this bill is marked up, I will be permitted to offer an amendment. My amendment would provide an effective date earlier than April 1st of 2001 for the $250,000 increase in the Servicemembers Group Life Insurance.

This increase would be limited to those servicemembers who have died during the performance of their duties and who were insured for the maximum amount of Servicemembers' Group Life Insurance of $200,000 at the time of their deaths. This would permit increased benefits to be paid to the beneficiaries of those servicemembers who lost their lives in the Osprey aircraft crash in North Carolina, the Black Hawk crashes in Hawaii, the National Guard crash in Georgia, and the most recent accident in Kuwait.

I understand that my colleague, Mrs. Davis, introduced a bill yesterday which is similar to my proposed amendment. I appreciate her support on this matter and look forward to working with her and other members of this committee and colleagues to have this proposal enacted.

I know that this change would be appreciated by the survivors of our deceased servicemembers, such as the family of Specialist Rafael Olvera Rodriguez, an El Paso native who died in the Black Hawk helicopter accident over Hawaii.

My proposed amendment could be funded from the SGLI contingency reserve fund and would not require an appropriation from Congress. I hope that the Committee will consider my proposed amendment and I hope, as well, Mr. Secretary, that such an amendment would have your support. And it is my understanding this morning that you have seen it and you support it, as does the administration. So we really deeply appreciate that support for our veterans.

I am, however, concerned for the families who lost loved ones in the terrorist attack on the *U.S.S. Cole*, as the Chairman mentioned, and I believe should benefit from this or similar death gratuity benefit from the Department of Defense. A retroactive "death gratuity" was provided by the Department of Defense for servicemembers who lost their lives in Desert Storm and Desert Shield prior to an earlier increase in the Servicemembers Group Life Insurance.

Many of the members of the Veterans' Affairs Committee also serve on the House Armed Services Committee. And I assure you all that we will work closely with the Armed Services Committee and this committee to explore options that would best suit the brave men and women who lost their lives in the tragic terrorist bombing of the *U.S.S. Cole*. Be assured that their memory will not be forgotten here, nor in the Armed Services Committee.

Furthermore, I pledge to those families of the victims of the *U.S.S. Cole* that their deaths will not go unresponded. If a certain and expedient option to include the victims and the families of the victims of the *U.S.S. Cole* in this legislation cannot be found in the House Armed Services Committee, then I will seek the appropriate remedy from this committee, Mr. Chairman.

I would also encourage the Committee to consider adding some of the provisions that have been advanced by my colleagues, Mr. Doyle and Mr. Pascrell. In particular, I am concerned about the ge-

ographic areas where many of the dependents, and in some cases the veterans, use a language other than English.

I know that during the Vietnam War, some recruits had very limited knowledge of English and may now be residing in areas where they used primarily Spanish or another language for many, many years. As a member of this committee and the Chairman of the Congressional Hispanic Caucus, I especially commend the Department for its efforts in translating some of the VA's publications into Spanish and Tagalog.

More along these lines, however, need to be done in order to reach dependents whose primary language today is not English. As we consider this bill, we should consider some of the suggestions made by our good friends and strong veterans advocates with us this morning, Mr. Doyle and Mr. Pascrell. And I see Senator Warner, welcome to our subcommittee hearing.

Finally, Mr. Secretary, while it is not the subject of this hearing, it is my understanding that since your testimony before us just last week, the pending caseload at VBA has increased to over 481,000 claims. In your remarks last week, you indicated that this was a priority, and today I would ask you to provide us with a brief indication of the progress that the VA has made in obtaining the authority needed to hire staff or transfer funds to address this rapidly growing backlog which we all are very much concerned with. Please know that I and all of us stand ready to provide any assistance that might expedite this process.

Mr. Chairman, thank you for this opportunity. I look forward to today's testimony and yield back my time.

Mr. HAYWORTH. I thank the Ranking Member, and I looked around the desk and we are joined by the Chairman of the full Committee, a member of this subcommittee, the gentleman from New Jersey. Welcome, sir.

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH

Mr. SMITH. Thank you very much, Mr. Chairman. I want to congratulate you on your assuming the leadership of this very important committee, and to Mr. Reyes, the Ranking Member. I look forward to working with both of you. And I do thank you again for scheduling this hearing on the legislation which will substantially, modestly, but in a substantive way for those will receive it, boost a number of important provisions of, especially, adapted housing and the like, and I do thank you for that.

I want to welcome again our distinguished Secretary of Veterans Affairs, Secretary Principi, and thank him for traveling with the Chairman of the Senate Veterans' Affairs Committee, Arlen Specter, and me to a number of outpatient and medical centers in Pennsylvania and New Jersey last Friday. I think it was a very, very worthwhile trip and hopefully, the beginning of what will be a series of trips for this committee and our full Committee, field hearings and the like, to really work on the issue of oversight and accountability.

I also want to thank Senator Warner for being here, the Chairman of the Armed Services Committee—Senator, you are very welcome—and Jo Ann Davis, my good friend Mike Doyle, he and I are co-chairs of the Autism Caucus, and my friend from New Jersey,

Mr. Pascrell, for their contributions to pending legislation that hopefully will be on the floor in the very, very near future.

I am a member of the Benefits Subcommittee, Mr. Chairman, as you know, and I will have to leave. I will be chairing a hearing in 10 minutes on the issue of the Good Friday Agreement and policing in Northern Ireland. And very, very sad, 2 years ago today, our key witness of 2 years ago and 6 months, Rosemary Nelson, a human rights activist lawyer in Northern Ireland, after repeated threats from the RUC, the Royal Ulster Constabulary, was assassinated.

And unfortunately, in the years that have transpired, there has been progress there but we still have a situation where policing is rife with impunity, and we will be hearing from all the human rights groups from Northern Ireland, England, the U.K., and the Lawyers Committee for Human Rights.

So I do have to leave, but I want you to know how grateful I am for all of you being here and, again, Mr. Chairman, for you for convening this hearing.

[The prepared statement of full Committee Chairman Smith appears on p. 68.]

Mr. HAYWORTH. The Chair thanks the Chairman of the full Committee for his opening statement and as has been mentioned by the Ranking Member and the Chairman of the full Committee, I, too, join in welcoming our friend from the other body, the gentleman from Virginia, and we will look forward to hearing the Senator's testimony in just a few moments.

A word about congressional deference. This morning, because of aforementioned travel schedules and needing to be in a variety of places at certain times, travel schedule will necessitate that our friend, the Secretary, will have to leave early and accordingly, today, with the consent of my good friends in this body, the gentlemen from the other body, we will ask the Secretary to submit his testimony at this point.

Mr. Secretary, welcome, and we would like to hear your testimony.

STATEMENT OF HON. ANTHONY J. PRINCIPI, SECRETARY, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY: JOSEPH THOMPSON, UNDER SECRETARY FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION; AND VINCENT BARILE, DEPUTY UNDER SECRETARY FOR MANAGEMENT, NATIONAL CEMETERY ADMINISTRATION

Secretary PRINCIPI. Thank you very, very much, Mr. Chairman and members of the Congress, for allowing me to proceed, and I shall try to be very, very brief. It is a great opportunity to comment on H.R. 801, the Veterans' Opportunities Act of 2001, and to comment on VA's implementation of Section 601 of Public Law 105–368, which established the Pilot Program for VA Guaranteed Loans for Multifamily Transitional Housing for Homeless Veterans.

First, Mr. Chairman, our views, the VA's views on H.R. 801. Many of the bill's provisions are significant and beneficial in their purpose. I commend the Committee for your action. We support the vast majority of the provisions in this bill, and we look forward to their enactment into law.

We have not yet completed a full costing of the bill, but we are working to do so and will have that to you. We support the amendment in Section 101 of the bill that would increase from $2,000 to $3,400, the maximum allowable annual scholarship a participant in the Senior Reserve Officers' Training Corps can receive and still be eligible for benefits under the Montgomery GI Bill.

Section 102 would increase VA work-study program opportunities. We support this amendment, as well.

Section 103 amends the definition of "educational institution" to include any entity that provides directly or under agreement training required for a license or certificate in a location or profession in a technological field. The law does not now permit VA to award benefits for courses offered by commercial enterprises whose primary purposes are other than providing educational instruction.

Education in America has changed. You have recognized that in this bill. Veterans should be afforded a full opportunity to obtain training offered by the institutions defining the cutting edge of technological revolution that will define America in the 21st Century.

I strongly support this provision. I hope it is the first of many steps we will take to improve education programs for the men and women in uniform today who will one day become veterans.

Section 104 expands the special restorative training benefit. We support this provision.

Section 105 would permit eligible veterans to receive VA education benefits while pursuing non-college degree courses that are offered through independent study by institutions of higher learning, such as distance education programs. We fully support this section. We do believe that those independent study programs should be accredited, and we would like to work with you on a modification to the bill to ensure that we limit the abuses that might occur.

Section 106 would add several technical amendments. We support each one of them.

Section 201 contains three provisions that would affect VA's transition assistance program responsibility. The first would require VA to provide aid and assistance to active duty servicemembers as part of their transition assistance programs. We are concerned that the provision, as drafted, creates an independent mandate for VA that could limit our flexibility in providing those types of services.

In conjunction with our partners at DOD and Department of Labor, we support the provision, but we would like to work with you to ensure that the language protects all of us and facilitates that partnership.

The second provision requires VA to establish offices on military installations outside the United States. As our Department deems necessary, we do provide transition assistance to overseas active duty personnel. Although I support statutory authority to maintain offices on Armed Forces installations overseas, I am advised that the mandatory language of this provision does not allow us sufficient discretion to use our resources.

Again, we support the concept. We think there are some language modifications that would protect all of us and we would like to work with you on that provision.

The third provision of Section 201 would clarify VA's authority to station VA personnel on military installations to provide counseling and outreach services. We support, again, this provision; however, I have been advised that the section, as drafted, may create issues regarding funding for VA's presence on military facilities, and I request that VA and Committee staff work together to clarify the intent of this provision.

Section 202 is a matter within the purview of the Department of Defense, and we would defer to Secretary Rumsfeld on this provision.

Section 203 would require each State approving agency to conduct outreach programs and provide outreach services to veterans and eligible persons about education and training benefits. This is an important outreach effort and I fully support this provision. The commission I chaired addressed this issue, and we believe that outreach is an important component of what the SAA should do.

Section 204 would expand VA's responsibilities for outreach to potential beneficiaries who are eligible dependents of veterans and add a new section to ensure VA fully addresses the needs of eligible dependents. I fully support this section.

Section 205 would also expand VA's outreach responsibilities by requiring that whenever a veteran or dependant first applies for VA benefit, the Secretary provide to that applicant information concerning VA benefits and health care services. We agree that outreach to veterans and their dependents is an important part of our mission.

We note, however, that this section would require us to provide information to a dependant on benefits and health care services when the dependant first requests burial or burial-related benefits. We believe that because of sensitivity at the time of death, it may be more appropriate to provide that information a short time after the interment of that veteran, maybe 90 days or 180 days following the interment of the veteran.

Increasing burial benefits. We certainly support the increase from $1,500 to $2,000, for veterans who died of a service-connected cause. That has not been increased since 1988, and we support that. At this time, we do not support increasing the plot allowance to $300. We believe that the adequacy of the current rates must be judged in the context of the overall package of burial benefits available to veterans.

We have responded with Congress to ensure that national cemeteries are expanded throughout the country. We are in the process of building six new national cemeteries, developing six new cemeteries. We have expanded the State Cemetery Program. We now provide 100 percent of the cost for the construction of all State cemeteries. It is a turn-key operation.

In addition, we provide the plot allowance of $150. So we believe that although we do not support the increase in this area for nonservice-connected veterans, we have moved aggressively to address the burial needs of our Nation's veterans through the VA program, as well as through the State program.

Mr. Chairman, Mr. Reyes, I applaud you for this bill. I think it is an important bill. I am pleased to testify, and we are in just

about full support with most of the provisions of the bill. Thank you very much.

[The prepared statement of Secretary Principi appears on p. 80.]

Mr. HAYWORTH. Mr. Secretary, we thank you for your testimony. I guess to offer the synopsis now, on most provisions, we are in agreement, and there needs to be some fine-tuning where the staffs can work together and maybe one or two Philadelphia lawyers. Or since I am from Arizona, one or two Phoenix lawyers and help find the right language to use and to get that done.

So we thank you. We will pursue that, and of course, we reserve the right to get more detailed communication through writing as part of the record and subsequent communications. I know the gentleman from Texas may have a couple of points or questions for the Secretary, so I defer to my friend from Texas, right now.

Mr. REYES. Thank you, Mr. Chairman. And just following up on that one issue for not service-connected deaths, the increase from the $150, initially, I note that the current benefit level is $150. The 1973 level, when it is adjusted for inflation, is $563.

There are several issues that come to my mind. A couple of them deal with something that may not be under today's standard service-connected contributing to the death, and I'm thinking about some of the diseases that are a result of a cumulative number of causes because of their service to this country, diabetes comes to mind, and other things.

But when we talk about a time of such great surpluses, I would ask you and the administration to reconsider on those bases. When we talk about the sacrifice that our veterans have made for this country, when we talk about the fact that we are losing 1,000 veterans a day from America's greatest generation, when we talk about the specter of the unknown as the results of even, most recently, the Gulf War and the associated diseases that are still being investigated and still coming to light, I would certainly hope that you would reconsider and support that, on that basis if no other.

But certainly, when adjusted to inflation, to me, it makes great sense. And I would hope that the Chairman would advocate for it, as well.

Secretary PRINCIPI. We will certainly continue to look at that, Mr. Reyes, and I appreciate the points you have made. And I know they are different funding accounts. When you have finite resources and you have to make choices, it is sometimes difficult. I think since that was set at the $150 level, we have done a great deal, again, with the support of this committee, to expand interment cemeteries throughout the Nation and, columbariums.

And I would prefer to see those dollars moved over into the other account so that we could continue to even expand more cemeteries closer to our veterans' homes and have more grants to State cemeteries to build new cemeteries. I think we can do a great deal more for our Nation's veterans, our aging nonservice-connected veterans, if we can expand, if you will, the amount of burial space that we provide throughout the Nation. But we certainly will look at that, Mr. Reyes.

Mr. REYES. Thank you, Mr. Secretary.

Mr. HAYWORTH. I thank the gentleman from Texas, and of course, we are happy to work in the spirit of cooperation to deal with the Department and see what the best solution is. And I think it comes under the realm of fine-tuning.

I thank you for raising the issue, and thank you for your response, Mr. Secretary. We understand the demands on your time, and I would appreciate any closing statements.

Secretary PRINCIPI. I believe that there is one issue that the members are here to address regarding Servicemens Group Life Insurance, so if I might stay. I spoke with the White House about this provision this morning and last night and, certainly, after the Senator and Congresswoman have an opportunity, perhaps, if you have a question for me as we administer this program, I would be more than happy to respond.

Mr. HAYWORTH. Well, we thank you very much, not only for your presence here this morning but for your willingness to change schedules to hear what is on the minds of our friends from the Commonwealth of Virginia. And speaking of that, let me turn now to our friend who chairs the Senate Armed Services Committee, whose service to this country has taken many different forms, both in and out of uniform. A former Secretary of the Navy and, of course, now, Senator from the Commonwealth of Virginia. Mr. Chairman, welcome.

STATEMENTS OF HON. JOHN WARNER, A UNITED STATES SENATOR FROM THE STATE OF VIRGINIA; HON. JO ANN DAVIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA; HON. MIKE DOYLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA; AND HON. BILL PASCRELL, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

STATEMENT OF HON. JOHN WARNER

Senator WARNER. I thank you very much, Mr. Chairman, Mr. Reyes, and members of the Committee. I have taken a lot of turns since at 17, I was a third class petty officer. That was the best attainment I ever had.

I thank the distinguished Secretary for remaining a few minutes. He is sort of a product of the Senate. He started on the Senate Armed Services Committee, then went to the Senate Veterans Committee. And I think the President could not have chosen more wisely an individual to take on this responsibility at this time.

On last Saturday, my colleague and I and other members of the Virginia delegation gathered at a memorial service in Virginia for the 21 individuals who lost their lives. It was a reminder to the whole Nation of the risks that our men and women in uniform take every day, be they in confrontation with an enemy or, indeed, in a training mission, and the sacrifices of the families.

Within hours after that, our delegation were in contact with the Secretary. And we work as a team, a bipartisan team, in Virginia on national security matters. My colleague here, Jo Ann Davis, Mr. Sisiski, Ed Schrock, all of us down in that area, Bobby Scott, we worked very quickly. I talked to the Secretary a couple days ago and he said he would look into it.

And as a consequence, I will be introducing in the Senate this morning on behalf of myself, Bill Nelson of Florida, George Allen of Virginia, and Bob Graham of Florida, legislation which parallels in large measure that by our colleague, Congresswoman Davis.

At the moment, we are going to use the date, 1 October 2000, which parallels the beginning of the fiscal year, but I imagine that Mr. Reyes and others, and yourself, of course, Mr. Chairman, will work on a date. But so long as can embrace the tragic loss, certainly, of the Cole—*U.S.S. Cole*—these men of the Guard, and others, it would meet our requirements.

I think this is a gesture on behalf of the Congress. Really, more than a gesture, a very clear signal to the men and women of the armed service of our constant support of them and their families, and I hope to have this as a free-standing bill to move through the Senate very quickly. And I'm not certain what you and your chairman and Ranking Member of worked out on that. But this is a matter, I think, of some urgency and, therefore, we would hope to get it through on a free-standing basis.

So I thank the distinguished Chair, the ranking member, and others for the opportunity to come in and address this committee this morning. I certainly want to commend my freshman Member of Congress here for her diligence in stepping up right away and leading the effort, so to speak, on the House side. It wakes the old-timers like myself up pretty good.

Mr. HAYWORTH. Senator Warner, we thank you for your testimony and we look forward to working with the other body in a collegial fashion to move this as quick as humanly possible.

Senator WARNER. Unless there are some questions from the Chair, I have got the privilege of introducing Mr. Armitage as the Deputy Secretary of State, partner to Colin Powell, here in a few minutes, so I will absent myself. I thank the colleagues for their indulgence.

Mr. HAYWORTH. Senator, we thank you for your presence this morning and for your testimony.

Mindful of congressional protocol, but also mindful of the collegial nature of my friends from Pennsylvania and New Jersey, although they enjoy seniority over our new friend from Virginia, I hope for purposes of dealing with the matter that the Senator just raised, if there is no objection, I would ask if we could follow the admonition, ladies first, and turn to our friend from the Commonwealth of Virginia, a newcomer to Congress who is seen and heard.

And we thank her for being here today to discuss H.R. 1015, which she introduced yesterday. As the Senator spoke a minute ago, the bill would make changes to the maximum amount of SGLI available effective November 1, 2000. And we welcome you, Congresswoman Davis.

STATEMENT OF HON. JO ANN DAVIS

Mrs. DAVIS. Thank you, Mr. Chairman and Mr. Reyes, and members of the Committee. And Mr. Secretary, thank you for staying around for what I believe is a very important piece of legislation.

Mr. Chairman and members of the Committee, I come before you today to ask your consideration of H.R. 1015, a measure that I only formally introduced yesterday. I am happy to report that the Na-

tional Guard Association of the United States and the Air Force Association have already formally endorsed H.R. 1015. I fully expect that other military associations will endorse it in the very near future.

Additionally, I want to thank Senator Warner for testifying before the Subcommittee today and I look forward to working with him to ensure that this legislation is passed into law.

Mr. Chairman, as the subcommittee is aware, America has recently witnessed an extraordinary number of accidents and tragedies within our military community. A V–22 Osprey, a Black Hawk helicopter, and a C–23 airplane all recently crashed. Only a few days ago, there was the accidental bombing of our own servicemen in Kuwait.

The important thing to remember is that all of these accidents resulted in the untimely and tragic deaths of many of our servicemen in the performance of their duty. Mr. Chairman, when a serviceman dies, his bereaved family receives an outpouring of condolences and sympathy. However, the ability for a family to recover from this tragedy is often dependent on their monetary and fiscal situation, not simply the condolences of others.

America, in its good sense, realized the challenges to survivors and as a result, Congress authorized Servicemen's Group Life Insurance, also known as SGLI. This insurance policy, open to both active and reserve forces, is a type of group term life insurance. And while it is bought by the government from private insurers, it is primarily self-funded by the servicemen with some government subsidization.

Mr. Chairman, servicemen are given the opportunity to buy this insurance at .80 per a $10,000 block. Therefore, a serviceman could acquire the maximum protection of $200,000 for a cost of just $16 per month. Most do precisely this.

On November 1, 2000, President Clinton signed S. 1402 into law. Section 312 of this act authorized increasing the maximum SGLI benefit from $200,000 to $250,000. However, the law delayed the implementation of this benefit increase until April 1, 2001. As a result, many of the families and beneficiaries of the servicemen killed in these recent tragedies are unable to collect the intended maximum benefit of $250,000.

Mr. Chairman, I do not believe that the intent of Congress was to prevent numerous beneficiaries and families from collecting this maximum benefit. In fact, there was absolutely no way that Congress could predict the number of tragic accidents that would occur.

Previously, Congress has confronted similar situations and arrived at the same conclusion, that an effort should be made to retroactively extend coverage to the affected beneficiaries. In the past, this has been done in different ways. Perhaps the most prominent examples are when retroactive SGLI coverage was offered to the families and be beneficiaries of the Gander, Newfoundland crash in 1985, and the death gratuity authorized after the Persian Gulf War.

Mr. Chairman, H.R. 1015 aims toward achieving the same ends. For those servicemen who contracted for the maximum benefit and died in the performance of their duties after November 1, 2000, this legislation would authorize the maximum benefit. This time

period was specifically chosen because of legislative precedent. However, I understand that there is some discussion with regard to the time period. I look forward to working with the Committee and am open to any friendly amendments or modifications that would address this issue more comprehensively.

Mr. Chairman, I would like to comment a little more extensively from a personal perspective regarding the challenges survivors face and why SGLI is so important. On March 3, the Commonwealth of Virginia and the State of Florida lost 21 Air National Guardsmen when they were killed in the crash of a C–23 in Georgia. While this tragedy stunned our States, our National Guardsmen, and our citizens, it devastated families.

Mr. Chairman, I spoke with the next of kin of these servicemen and I attended the memorial service where I met some of their families. Let me explain some of the challenges that they now face.

Most, if not all, of these families lost their primary breadwinner. Most of these families face a monthly rent or a monthly mortgage payment. All of these families face regular monthly bills. All of these families face the cost of health care. Many of these families face present and future bills for the education of their children.

Mr. Chairman, with each of these families, there is a story, a story of fathers, volunteers, a fireman, and a civil servant. There is now a story of lives cut short. Nothing can change this ugly reality.

Mr. Chairman, I pray that our Lord will grant these families comfort and solace in their time of loss and I pray that these men who so tragically died rest in peace and may his perpetual light shine upon them.

But Mr. Chairman, in the case of grieving families, SGLI provides a critical base of financial support while they mourn and reassess their needs. This is precisely why SGLI is so important.

Mr. Chairman, the real value of the dollar changes over time and I believe that Congress and the President understood this when the maximum benefit was raised to $250,000. H.R. 1015 seeks to ensure that those who fall into the gray period between enactment of the law and its implementation are granted this benefit that Congress and the President recognized was necessary.

Mr. Chairman, I appreciate the courtesy that both you and the Subcommittee have extended to me in allowing me to testify in support of my legislation. I look forward to working with you, the Subcommittee, and Senator Warner to ensure that this legislation is passed in a way that best benefits our servicemen's beneficiaries and families.

Thank you, Mr. Chairman.

[The prepared statement of Congresswoman Davis, with attachment, appears on p. 69.]

Mr. HAYWORTH. We thank you for your testimony, Congresswoman. Let me turn to the Secretary who has graciously stayed with us to hear the testimony from the Senator and the Congresswoman from Virginia.

It has been suggested that the increase in SGLI be retroactive to October 1, 2000. We heard that from Senator Warner a few moments ago. Does the Administration support this suggestion?

Secretary PRINCIPI. Yes, the administration does. I have spoken with the White House last evening. This morning, I have spoken with the Secretary of Defense. We support the intent of Mr. Reyes, Ms. Davis, and Senator Warner are attempting to accomplish here. We think it is very important.

We believe October 1, being the first day of the fiscal year, of this fiscal year, it is an appropriate starting point, if you will. There are adequate reserves, as Mr. Reyes has pointed out, in the contingency fund to cover this period of time.

You know, when I reflect upon our mission, as embodied in the words of President Lincoln, "To care for him who shall have borne the battle, and for his widow, and for his orphan," I can think of no more responsibility than the work we do to administer this important program.

And certainly, we are prepared to fulfill the will of the Congress in making these payments expeditiously, be it October 1st or November 1st, but the President will announce that he fully supports the intent of this important legislation.

Mr. HAYWORTH. Thank you, Mr. Secretary. The Chair welcomes to the Subcommittee our friend from Florida, Ms. Brown. I believe she might have a question or two.

Ms. BROWN. I do have a question. Hello, Mr. Secretary, and good seeing you today. It was wonderful we were together yesterday at former Secretary Brown's ceremony, and that was very touching.

Secretary PRINCIPI. Thank you very much. It was a special day for all of us.

Ms. BROWN. And well-deserved. I have a question, and my question is about the burial. Last year, I was the ranking member on Oversight and we conducted a hearing on the plot allowances and the burial costs. And I am gravely concerned, coming from Florida, that we are going to have a crisis in the next 5 or so years, not only with burial spaces.

I was very happy that I was able to get the additional place in Miami in that area and I want you to let me know what is the status of that, because we have close to 1 million veterans in that area.

But I also am very concerned about the administration not supporting the modest increase for these plot allowances. You know, my position is that you cannot have a surplus until you pay your bills, and we owe the veterans. And we certainly owe them dignity at the end for them and their families.

Secretary PRINCIPI. Thank you, Congresswoman Brown. The cemetery in Florida is proceeding very well. I am very, very proud to report that to you. We set aside the money in the budget. They are going through the environmental impact statements. I am hopeful that we can begin construction on this very important cemetery.

Ms. BROWN. We have located a facility?

Secretary PRINCIPI. I believe we have the land located.

Mr. BARILE. We are doing an environmental assessment right now. We should have the results soon.

Secretary PRINCIPI. Yes, so we have, and we will proceed aggressively on that cemetery. We are also looking at building more columbariums because more veterans are wishing to be cremated

and we feel we can do that more expeditiously and certainly, in States like Florida where you have a high percentage of elderly veterans.

I think it is a just a matter of funding allocations and priorities. We support increasing the burial allowance for service-connected veterans. We believe that the work we have done to expand the State Cemetery Program, not only providing 50 percent of the cost but now, 100 percent of the cost to build these cemeteries, turn-key operations, including equipment, $150 plot allowance, we believe that the VA is doing an extraordinary amount.

So I believe that the dollars, perhaps, should be put more in building more national cemeteries and providing grants to more States to build more State cemeteries. And that was the focus I was taking on that provision.

Ms. BROWN. You know, it is not that I necessarily agree with you but, for example, the State of Florida, they are choosing to put their money into health care, in nursing homes, as opposed to the cemeteries, which we are going to have a problem.

Secretary PRINCIPI. I hear.

Ms. BROWN. So I am hoping that we can come up with some innovative ways that we can work with the local cemeteries or to have a certain section for veterans because we are going to have a crisis in the next 5 years.

Secretary PRINCIPI. I would hope that the cemetery will be open before that to start addressing those needs in Florida.

Ms. BROWN. Thank you.

Mr. HAYWORTH. The Chair thanks the lady from Florida. The Chair would also note that Secretary Principi today was accompanied by Joe Thompson, from the Veterans Benefits Administration, and Vince Barile, from the National Cemetery Administration. And we heard Vince back there, not really sotto voce, but in full, clear voice, elaborating on the environmental assessment.

Mr. Secretary, we do thank you for your attendance this morning and your patience, and we understand you must travel.

Secretary PRINCIPI. And I appreciate the indulgence of the Members of Congress. Thank you very, very much.

Mr. HAYWORTH. Thank you very much. And as if on que, the bells start to ring, reminiscent of the school house. But I think we can press on with our colleagues and we thank them, as well, for their deference.

Let me turn to a gentleman who joined me in coming to Congress following the elections of 1994, and we have served together on this committee in the past, the gentleman from Pennsylvania, Mike Doyle.

Congressman Doyle, the floor is yours, sir.

STATEMENT OF HON. MIKE DOYLE

Mr. DOYLE. Thank you, Mr. Chairman, and let me just say that it is good to be in this room with you and the members in the staff. I had the privilege of serving 6 years on the Veterans' Affairs Committee. I miss being here, and I am going to try to work my way back in the future.

I want to thank you for convening the hearing to further discuss the wide range of provisions included in the Veterans Opportunity

Act of 2001, and I want to recognize your interest in improving the quality of life for our Nation's veterans and congratulate you on your new position of leadership within the Committee.

I also want to acknowledge my good friend, Silvestre Reyes, as well as Committee Chairman Smith, Ranking Member Evans, for their steadfast commitment to fulfilling the promises we have made to our veterans and their families and extend my sincere appreciation for including portions of H.R. 336 as part of H.R. 801, the Veterans Opportunity Act.

I also want to welcome Secretary Principi here and wish him the best in his distinguished role as the primary steward of our veteran's community. Many of us were thrilled at his appointment and look forward to working with him.

Through my 6 years of service on the Veterans' Affairs Committee, you are aware of my strong support for protecting the viability and ensuring the longevity of the Department of Veterans Affairs. My primary concern has always been to improve veterans' access to quality health care services and ensure that they are delivered in a timely manner.

But my focus on the need to provide appropriate support for veterans health care programs has never clouded my awareness about the important roles that adequate support for VA construction projects and medical research play in addressing this concern in a serious, thoughtful, and effective manner.

This is to say that we should always be mindful of how the Department works as a whole and be cautious about characterizing an issue as having just one facet or affecting just one type of individual. In my view, only if we remain sensitive to, and forthcoming about, how we can best implement changes to current practices to better serve the veterans community can we truly fulfill the mission of the Department of Veterans Affairs.

I am pleased that the full Committee intends to examine tough issues such as VERA, which has had an enormous and profound impact on everyone associated with the Department. But the topics that Representative Pascrell and myself are here to voice our interest in our much more rudimentary in nature. This is the second time that I have had the pleasure to testify jointly before the Subcommittee with Representative Pascrell about the need to improve the flow of information to veterans and their loved ones.

The heart of both the Veterans' Right to Know Act and my bill, the Surviving Spouses and Dependents Outreach Enhancement and Veterans Casework Improvement Act, is a belief grounded in the idea that one of our most basic of responsibilities is to provide veterans and their family members with information about benefits to which they might be entitled.

Indeed, the success of any initiative embarked upon by the Department is predicated upon sound levels of awareness and prudent oversight measures. Through previous testimony, many of you are aware that when drafting the Veterans Right to Know Act, Representative Pascrell was responsive to my concerns regarding the informational needs of surviving spouses and dependents of deceased veterans.

Their specific informational needs were initially addressed by language which would require the Department to provide informa-

tion to dependents concerning benefits and health care services whenever a dependant first applies for any benefit under laws administered by the Secretary. This trigger mechanism is definitely a step in the right direction and I am pleased that it has been included in Section 205 of H.R. 801.

But what about the informational needs of all surviving spouses and dependents of deceased veterans who would not retroactively be affected by this effort? My bill, H.R. 336, addresses this dilemma in a very straightforward and reasonable way.

Specifically, it would—1) establish as a national goal to fully inform surviving spouses and dependents regarding their edibility for benefits and health care services under the laws administered by the Secretary of Veterans Affairs, 2) institute a legislative mandate that surviving spouses and dependents be included in the subset of populations targeted by the Department for outreach efforts, 3) require a full range of outreach efforts for surviving spouses and require dedicated staff at regional offices to assist with their needs, and finally, require periodic evaluation of the Department's efforts to address the needs of eligible dependents.

Given the concerns that spurred me to author H.R. 336, I am most appreciative that aspects of my legislation involving the expanded and clarified term of eligible dependent and the specific means by which the Department can meet their informational needs are identified in Section 204 of H.R. 801.

I would, however, have preferred to also see included the cooperative effort text of H.R. 336, which speaks to the importance of encouraging all elements within the Department to work with private and public sector entities—most notably, veterans service organizations and veteran widow organizations, to inform surviving spouses and dependents of deceased veterans regarding their eligibility.

I also would have liked to see language speaking to the need to have staff at the local level available to assist these individuals with filing a claim, reconstructing incomplete records, and bridging language barriers included. These issues represent follow-up efforts designed to ensure that individuals fully understand and properly utilize the information they receive.

I mentioned earlier that my support for maintaining the strong presence of the Department is unwavering, but my assessment of how the needs of my local vets are being served does not allow for unconditional support.

In closing, I believe that the shortcomings in the current outreach efforts conducted by the Department—that there are shortcomings in the outreach efforts conducted by the Department, and thus, I support the related improving language contained in H.R. 801. I am pleased that members of the Committee have paid attention to the need to bolster the Department's outreach efforts and I hope that H.R. 801 will move expeditiously to a vote of the full House.

Mr. Chairman, thank you very much.

Mr. HAYWORTH. I thank the gentleman from Pennsylvania and look forward to his return to our full Committee one day as a humble servant of the people.

Now, to our friend from New Jersey, Mr. Pascrell. You may proceed when ready, sir.

STATEMENT OF HON. BILL PASCRELL, JR.

Mr. PASCRELL. Good morning, Mr. Chairman and members of the Committee. This is a sacred covenant that America made with its veterans and right from the outset, Mr. Chairman, it is a covenant that says we do not do the veterans any favors. We do our job in fulfilling this covenant, this agreement, when the men and women of the Armed Forces went into the Service in the first place.

But you cannot render services if folks that you are supposed to service do not know what they are entitled to. There have been two very specific reports that I refer to in putting the legislation together, the language of which Chairman Smith has put into his own bill, and I am grateful to him and grateful to the members of this committee.

Very important that we understand that folks cannot come forward unless they are aware of what they are entitled to. So that is what we are all about. Doyle and Pascrell are trying to respond, as members of the Committee, in a bipartisan way, to an obligation we believe we have not fulfilled.

This is not to point a finger at the VA, but the two studies, one from the VA, itself, was conducted by the Department of Veterans Affairs, indicated that less than half of the veterans contacted were aware of certain benefits. We did a survey in my own district, Mr. Chairman, the 8th Congressional District of New Jersey, and it showed that over half of those answering had no understanding of the benefits they were entitled to and had no confidence that their questions could be satisfactorily answered by the Veterans Benefits Administration.

Now, we needed to address that and we did. We have had three or four huge sign-ups of veterans in our areas, with the assistance of the VA. And what is an interesting thing to watch and a hurtful thing to watch, Mr. Chairman, is veterans coming in, 70 and 80 years of age, who have lived with certain problems for 20 and 30 years, are just finding out now that they could have gotten assistance from the Veterans' Administration.

I consider that, and I can only speak for myself, I consider that very serious. I consider that a crisis. So here we are, agreeing that we are not doing favors for veterans but resolving that we are going to fulfill our commitments to the veterans who have put their lives on the line through these many years of this great Republic.

I want to thank Chairman Smith. And I know that this is not going to be the end. I want to work with the veterans until every veteran and dependent knows what benefits they are entitled to. It is the right thing to do, Mr. Chairman. It makes a few simple demands, the language that is contained in this legislation, on the Department of Veterans Affairs. And in many ways, it says that the VA will do its job.

The Veterans' Right to Know Act, which I introduced in the last Congress, appeared before this committee, seeks to improve outreach by requiring the VA to prepare an annual plan. That part of the language is not in Chairman Smith's bill, which is a comprehensive bill which we all, in this room, fully support.

The bipartisan plan would specify how the VA would identify veterans who are not enrolled, are not registered with the VA for benefits or services, and would require that the VA consult with the

veterans services organizations in developing the plan so that it comes from the bottom, up.

Who knows best but the veterans, themselves, as to what their needs are and to what really they do not know? The legislation has the strong support of the Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, the Jewish War Benefits, Vietnam Veterans of America, the Purple Hearts, the Eastern Paralyzed Veterans of America, and the Veterans' Widows International Network, 75 co-sponsors in our House.

So whether we are talking about the brave soldiers at Omaha Beach or talking about all those brave soldiers who faced up to Saddam Hussein's Guard in the Gulf War, we did not ask these selfless men and women whether they were Democrats or Republicans. All we know and care about is that they defended us in the American way.

Veterans throughout this country deserve this bill. They have earned these benefits through their patriotism, through their courage, and through their values. And I am outraged, to be very frank with you, Mr. Chairman, that the government they fought for is not doing a good enough job informing them of what they are entitled to receive.

We are not doing veterans any favors, as I have said, but this is the very least we can do, to inform them what they are entitled to. Abraham Lincoln spoke of this responsibility in his second inaugural address, saying we must "care for him who shall have borne the battle, and for his widow and his orphan."

Throughout our Nation's history, millions of men and women have served in our Armed Forces during times of peace and in times of war. The Veterans' Opportunities Act takes a positive step toward honoring our commitment and for this, I am sincerely hopeful and pleased.

But I promise you, Mr. Chairman, I am going to keep fighting to make the entire Veterans Right to Know Act part of the American way. And I thank you for your indulgence.

[The prepared statement of Congressman Pascrell appears on p. 78.]

Mr. HAYWORTH. I thank the gentleman from New Jersey. Let us turn to our friend representing the VA, the Veterans Benefits Administration, our friend, Joe Thompson. Joe, do you have any comments on the testimony of my two colleagues on what the VA has done with regard to the free flow of information and outreach?

Mr. THOMPSON. I do, Mr. Chairman, thank you. Let me say first that we do agree. Our Nation has a very strong obligation to let veterans and their family members know what they are entitled to and to make every effort we can to make that available to them. We also agree that we can do a better job of outreach and I think that was implicit in the Secretary's testimony about supporting the provisions of H.R. 801 that spoke to outreach.

We think we can do better. We are doing some things today that we think are important mechanisms for making what is a very complicated array of benefits available to the average person in a way that they can understand. For example, when we looked at State benefit programs, do you realize there are over 1,000 different veterans programs given by the 50 States?

Try to master all of that from one point and add to that all the federal programs, not just run by VA but run by DOD, run by the Office of Personnel Management, and the Department of Labor. I am happy to say that for the first time, we have managed to array all of those State-run programs on a data base that is available right now to VA employees. We are about to make it available within the next month or so to the staffs of the Members of Congress, as well as the NSOs throughout the country.

Our ultimate goal, which we hope to do with a little bit of funding this year, is to put it on the internet. So a person can go in and see on the internet everything they are entitled to, not just what VA administers, but literally link into any program anywhere in the United States.

We think that is an important first step. It is by no means the answer to all the issues but we have worked hard on this really for almost 2 years. This is the first time anybody has ever brought all this information together and had it current at the same time, and we think it will be a wonderful asset to the members, to the NSOs, and certainly, to the VA.

It goes a long way towards putting all the information in front of one person. If a veteran calls our 800 number, which is the same throughout the United States, 1–800–827–1000, they will get someone on the end of that phone who not only knows what VA does, but now has very good information about the State in which the veteran, or the family member, may be residing in. Even if they are thinking of moving to another State, we can answer questions about that, as well.

So, we are delighted to see that. We think this will be a great service, but it is not all that we can do and we agree with Congressman Doyle and Congressman Pascrell, and, I think, the members of this committee, that we can do more outreach, and we will try to do that.

Mr. HAYWORTH. I turn to my friend from Florida.

Ms. BROWN. Thank you, Mr. Chairman. I want to first of all thank my colleagues for their leadership in this matter, Congressmen Doyle and Pascrell.

It is very interesting because I had someone in my office yesterday, a young man, 25 years, retired from the Marines, really a fine—one of the great people that have served our country for 25 years. And I was listening to him talk and I wondered, did he know about the benefits for starting a small business?

And so the question is, based on your survey, 50 percent of the veterans of low income do not know about the various programs, I understand that you are going to put them on the internet and that is great if you have a computer and know how to use it—but my question to you is do you think this legislation is needed?

Mr. THOMPSON. I think H.R. 801 addresses what we think are important points, but I will talk specifically to the issue you just raised. A person getting out of the military today has transition assistance. I would say the veterans who have been discharged since Desert Storm and the creation of the Transition Assistance Program have probably been better informed about their rights and entitlements than any other generation of veterans in U.S. history.

We counseled over 200,000 veterans last year before they were separated from the military, whether they were retirees or first-termers. What we have done over the last 2 years is expand that program from simply counseling them when they get out to actually providing them the opportunity to file claims with us before they are separated.

We now can decide disability claims, for example, either right at the point that the veteran gets released from the military or within a month thereafter, which is a level of service we have never been able to provide before. So I think that with this program veterans, from this point on, will have an enormous amount of information when they are separated.

I think our most important issue, and I believe what the Congressmen had spoken to, are veterans who got out in Vietnam, Korea, World War II, and may or may not have had good information. It may be decades since they have had any contact with the Federal Government. How do we find them to let them know what is available to them? How do we find the family members of a widow who may have dependency indemnity compensation coming to her but she has no idea that the Congress changed the law a few years ago to allow her that entitlement?

Ms. BROWN. Well, they find us. They find the Members of Congress. They come into our office. And many of them have contacted the VA ten times over the last 10 years and have not gotten any results and do not get any results until our office moves in and helps to resolve it. I mean, we have hundreds of cases.

Mr. THOMPSON. That is an issue that certainly troubles me. I never like it if a veteran or a family member has to go to a Member of Congress to get what they have coming to them. And it happens and I do not like it, and we are working very hard to make sure that does not happen.

Mr. HAYWORTH. I thank the lady from Florida, and I think it underscores one of the challenges we face and one of the duties that are not really enumerated in the Constitution, but as we work with our constituents and deal with getting people together, this is one of the areas in which we work.

To my friends from New Jersey and Pennsylvania, we thank you for your efforts. We are glad to see many of the provisions you champion are included in this piece of legislation. We thank you for that support. And we will continue to exercise our oversight into what transpires, and we thank you for your vigilance and look forward to your return, whether on the Committee, or in testifying fashion, or with your votes on the House floor in subsequent debate.

So we thank you very much for your attendance this morning and your patience, as well as your testimony.

Mr. THOMPSON. Thank you.

Mr. DOYLE. Thank you.

Mr. PASCRELL. Thank you, Mr. Chairman.

Mr. HAYWORTH. Thank you very much. Well, now it is time for Panel Number 2. That sounds more like a line from a game show than from a committee hearing. We thank the indulgence of the assembly for the Chair's retreat back into broadcast life.

Our second panel has a couple of gentlemen with whom I am more than casually familiar. For purposes of full disclosure, they are from entities within the State of Arizona and within the borders of the Sixth Congressional District, give or take a couple of miles.

And we have with us representatives from the higher education community. Mr. Patrick Sutliff, from the University of Phoenix; Mr. Jack Lunsford, from Maricopa County Community College; and Ms. Faith Stellitano—I'm sorry, Faith, I thought I was going to get it right—Faith Stellitano, from the National Association of Veterans Program Administrators. We would like to welcome each of you.

And the Chair would also point out, feels constrained at this point to point out that a part and parcel of the courtesy extended our friends who serve with us is a bit of a waiver when it comes to that four-letter word of time. However mindful of the fact that we are often having to be two or three places at once and none of us being fans of vivisection and a congressional prohibition on cloning, we are going to move to a fairly straight 5-minute limit with your testimony and would ask you to please adhere to that, if at all possible.

Of course, it goes without saying, your complete statements have been submitted for the record and they are accepted without objection. So we will move forward and first, let us hear from Mr. Sutliff, welcome.

STATEMENTS OF PATRICK A. SUTLIFF, DIRECTOR OF VETERANS' AFFAIRS AND CAMPUS-BASED AID ADMINISTRATION, UNIVERSITY OF PHOENIX; JACK W. LUNSFORD, DIRECTOR OF GOVERNMENT RELATIONS AND EXTERNAL AFFAIRS, MARICOPA COMMUNITY COLLEGES, PHOENIX, AZ; AND FAITH STELLITANO, VICE PRESIDENT AND LEGISLATIVE CHAIR, NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS

STATEMENT OF PATRICK A. SUTLIFF

Mr. SUTLIFF. Good morning, Mr. Chairman and distinguished members of the House Subcommittee on Veterans Benefits. My name is Patrick Sutliff. I am the Director of Veterans Affairs and Campus Based Aid Administration for the University of Phoenix. I request permission to submit my written testimony for the record and to read a summary of that testimony and answer any questions the Committee members may have.

Mr. HAYWORTH. Without objection, please proceed.

Mr. SUTLIFF. As we have entered into this new millennium, education and how it is offered has drastically changed. Accelerated semester or academic terms, distance education and increased delivery modalities offered by educational institutions have rapidly expanded into the mainstream America learning, not only in the private institutions of learning but also the public.

However, the law and regulations governing the use of the Montgomery GI Bill for these types of educational changes have not kept pace. The University of Phoenix supports the measures proposed in H.R. 801, Section 105, to provide VA educational benefits to our

servicemembers, veterans, and eligible persons enrolled in independent study in non-college degree programs offered by institutions of higher learning. This improvement to the law will make a positive difference to many servicemembers and veterans to achieve professional and educational objectives in this kinetic time of right-sizing, re-careering, and retraining.

The University of Phoenix also supports the expansion of the work-study opportunities provision. We believe the expansion will greatly ensure that veterans and eligible persons in achieving their ultimate goals of working in the respective areas of concentration while receiving valuable work experience.

I wish to thank you for the opportunity to speak before you today. If you have any questions of me, I am happy to respond to the best of my ability. Thank you, Mr. Chairman.

[The prepared statement of Mr. Sutliff appears on p. 101.]

Mr. HAYWORTH. Mr. Sutliff, we thank you. The Chair now recognizes Mr. Lunsford.

STATEMENT OF JACK W. LUNSFORD

Mr. LUNSFORD. Good morning, Mr. Chairman, and thank you. And good morning to the members of the Committee. My name is Jack Lunsford and I am the Director of Government Relations and External Affairs for the Maricopa Community Colleges.

Mr. Chairman, as you know, the Maricopa Community Colleges is a community college district consisting of ten regionally accredited colleges currently serving nearly 220,000 credit students in the Metropolitan Phoenix area. We are the largest providers of job-training and education in Arizona, and our enrollment ranks us now as the largest community college district in the United States.

Mr. Chairman, if we were a 4-year university, we would rank as one of the top five largest higher education institutions. At any given time, one out of ten residents within Maricopa County is attending one of our colleges, receiving the highest quality education and training services available.

As one can guess, the Maricopa Community Colleges serves a significant number of veterans. Although students are not required to reveal their military status, we have served an average of 4,000 declared veterans annually for the last decade. As for active military personnel, our Rio Salado College has a branch on Luke Air Force Base, serving 600 students each semester.

Our Luke Air Force Base center not only provides full-time instruction, but it also provides on-site registration, advising, and career counseling for military personnel preparing to transition into civilian life. Rio Salado College is also one of the institutions of higher education recently selected to provide distance learning education to the Army through its Advanced Distributed Learning Technology Initiative. This portable education program allows soldiers to continue their education wherever their duty assignments take them.

Today, Mr. Chairman and members, I am here representing not only my institution but the views of the American Association of Community Colleges on H.R. 801. The AACC, as we call it, represents almost 1,100 regionally accredited public and private associate degree-granting institutions of higher education. The Associa-

tion is pleased to support this legislation although many of the bill's provisions do not touch on the community college activities.

Service to America's veterans is a central component of the community college mission. Our colleges provide a myriad of services to veterans, both as they prepare to separate from service and after they have made the transition to civilian life. The AACC testified on September 27th of last year on the assistance the community college provide to veterans seeking jobs when they have left the service. This is in addition to the long-standing support that the AACC has given to the Montgomery GI Bill.

AACC approves of the provision in H.R. 801 that substantially increases the amount of educational benefits provided under the Montgomery GI Bill for ROTC enlistees. These increased allowances are certainly well deserved by ROTC participants and take into account the reality of rising college costs.

AACC is concerned about some aspects of Section 103 of the bill. This section expands the universe of eligible education providers to provide entities that enable individuals to attain licenses or certificates necessary to obtain, maintain, or advance in a technical profession or vocation.

The goal of this change is laudable. Clearly, it is to the benefit of both veterans and our economy, alike, to expedite the ability of servicemembers to become certified in key technical fields. And many of the roots to such certification are through private providers.

However, we are concerned about the potential for fraud and abuse in this area. The student aid programs in the Higher Education Act were riddled by scam artists in the late 1980s and the early 1990s, and we do not want to see this type of abuse replicated. We heard Secretary Principi this morning ask Mr. Chairman to work with you and others to establish tight procedures to ensure that only legitimate providers are eligible for these programs. We appreciate the Secretary's support and we look forward to that tightened procedure.

AACC hardily endorses Section 106 of H.R. 801, which effectively makes distance education certificate courses eligible for GI Bill support. At this time, community colleges are offering hundreds of valuable certificate programs via the internet and other asynchronous learning modes. Distance learning is an integral segment of the Maricopa Community College course offerings, with one of our colleges offering more than 100 different courses on the internet.

These distance education certificate programs are often of an occupational or technical nature and are geared toward placing individuals into good jobs in the shortest time frame possible. AACC championed a similar change to the 1998 amendments to the Higher Ed Act, which made certificate programs of one year or longer but less than an associate degree length eligible for federal student aid.

We also believe that Section 203 of the bill, which provide greater information about education and training benefits for separating servicemembers and veterans is quite valuable. As the AACC testimony outlined last September, many community colleges play an active role in providing veterans with this information.

The number of veterans taking advantage of their educational benefits remains disturbing low, however, despite improvements. More must be done in this area, and we stand ready to serve veterans in that role.

On behalf of the Maricopa Community Colleges, the AACC, and almost 1,100 community colleges across the country, I thank you, Mr. Chairman and members, for the opportunity to provide this testimony. We look forward to working closely with the Committee as it pursues its agenda on behalf of our Nation's veterans.

Mr. Chairman, I would happy to address any questions.

[The prepared statement of Mr. Lunsford appears on p. 105.]

Mr. HAYWORTH. And we thank you, Mr. Lunsford, and the questions will come right after we hear from Ms. Stellitano.

STATEMENT OF FAITH STELLITANO

Ms. STELLITANO. Thank you and good morning, Mr. Chairman and members of the subcommittee. My name is now Faith Stellitano Des Lauriers. I am from Embry-Riddle Aeronautical University, and I am Vice President and Legislative Chair for the National Association of Veteran Program Administrators, more commonly known as NAVPA.

NAVPA supports the proposed legislation to expand the opportunity for veterans to avail themselves of Montgomery GI Bill educational opportunities that would permit them to receive these educational benefits while enrolled in independent study courses in a non-degree program.

This legislation would enhance veterans' educational opportunities, enrich their job skills, and provide them with the tools for professional development. Many veterans find the need to go from uniform to civilian work force once they separate from active military service for a myriad of reasons. Regardless of the reason, they are currently restricted from using their GI Bill for independent study when that study leads to other than a college degree.

Recently, the 106th Congress passed legislation that allows for the payment of up to $2,000 in fees for civilian occupational licensing or certification examinations for veterans, survivors, and dependents eligible for VA educational assistance. However, it should be noted here that this law will not allow for the payment of courses which prepare a student for a license or a certificate if, in fact, those courses are offered through independent study as part of a non-degree certificate program.

Under Title 38, United States Code of Federal Regulations, independent study consists of a prescribed program of study with provisions for interaction between the student and the regular employed faculty of the institution of higher learning. The interaction may be personally or through the use of communication technology, including mail, telephone, videoconferencing, computer technology (to include electronic mail) and other electronic means such as web technology.

In this, the 21st Century, the era of global electronic communications, there is a large shift in America toward what were here-tofore non-traditional modes of course delivery. We should not inhibit the ability of our veterans to participate in the pursuit of their edu-

cational plans by restricting the method by which they can receive their course of study.

Many State and private institutions of higher education have on-line campuses and are approved to train veterans and military members only at the degree-granting level. The largest part of these accredited schools offer certificate programs in residence as well as through distance education programs. These non-degree courses provide extremely valuable skills and knowledge to all students. They learn and earn the tools for career advancement and professional development. These courses are not now approvable for VA education benefits under the current law and therefore limit the veteran's ability to compete in the work force. This severely singles out and disadvantages veterans.

NAVPA recommends that Section 3680A of Title 38, United States Code, be changed to allow the receipt of VA veterans education benefits while pursuing non-college degree courses that are offered through independent study at accredited institutions of higher learning when that course of study leads to occupational licensure or certification.

Thank you very much for allowing me to testify before you this morning on behalf of our Nation's veterans.

[The prepared statement of Ms. Stellitano appears on p. 108.]

Mr. HAYWORTH. We thank you very much and the Chair wishes to congratulate you on yet another name change. And perhaps for simplicity's sake, the Chair would ask your indulgence to simply address you as "Faith?"

Ms. STELLITANO. That would be wonderful.

Mr. HAYWORTH. And also for purposes of full disclosure, the Chair would point out that another Arizona connection with Embry-Riddle and its fine campuses both in Sky Harbor Airport and up in Prescott, in the district of a former, Chairman emeritus of the Veterans' Affairs Committee, Bob Stump. So we kind of have an Arizona connection. We do not mean to lapse into parochialism but it is a presence that we very much appreciate.

The Chair would also feel compelled to note the presence of the Chairman Emeritus of the House Armed Services Committee, a gentleman from South Carolina, Mr. Spence, who joins us now. So okay, Mr. Chairman, we understand you have to be, like many of us, three places at once. And in the words of one of our friends from Georgia, that means two groups of folks are disappointed. But we thank you for gracing us with your presence.

Let me turn to Mr. Lunsford. In the testimony, you point out and echoed something that the Secretary said earlier. Section 103 concerns about fraud and abuse. You point to historical examples in other programs in the 1980s. What procedures, in your mind, should we follow to shore up our safeguards against fraud and abuse? Any specific measures that come to mind?

Mr. LUNSFORD. Yes, Mr. Chairman, and I actually had a chance before the hearing to talk about this with Mr. Thompson a little bit. Certainly, accreditation is an absolute must for all of these programs. One thing that Mr. Thompson and I talked about was the fact that Novell or some of these other programs offer their programs in their own businesses and it is the same program that you

might get in the Maricopa Community Colleges where we have contracted with them.

So it is important to make sure that you have the consistency of the curriculum and you have their programs accredited under the same kinds of guidelines that community colleges and other higher education institutions must undergo. That would go a long way towards protecting against fraud and abuse. That is just one example.

Mr. HAYWORTH. You offer that most notable example. Anything else for the record you would like to submit that we should take a look at?

Mr. LUNSFORD. I think that in the area of financial aide, just the strict review and adherence to the guidelines under Title 4 of the Higher Ed Act, making sure—we addressed a lot of those things, Mr. Chairman, in the 1998 Higher Ed Act and I think those things are in place. So any of the other providers need to make sure that they subscribe to the requirements that are in the HEA.

Mr. HAYWORTH. The Chair thanks you. Mr. Sutliff, if there is one thing this committee should keep in mind as we head into this area, it's that we make sure benefits are available to veterans—any compelling needs that we should address, in your mind, that perhaps need amplification above and beyond your testimony, what you submitted for the written record?

Mr. SUTLIFF. I am speechless at this time. I was thinking of my testimony. There are some issues regarding our tuition assistance and VA top off issues on other procedures and we, from a university standpoint of view, we are having some problems in administering that. There are several other issues and I would like to discuss that with the Chair.

Mr. HAYWORTH. What the Chair would encourage to all those who come to testify before us, regardless of other analogies to the making of sausages and the making of laws, we will just put those aside to say that it can be a very constructive collaborative process.

Hearings are important to us but we, just like everyone here, know it is not a won-and-done deal, as was suggested with the testimony of the Secretary earlier. We will be working with the VA on this, and we'll continue to work with you as items unfold that may be of concern. We are very happy to hear about that and want to take that into account, even as we move into markup with the full Committee in a matter of days. And we thank you, Mr. Sutliff, for that point.

Faith, welcome again. You mentioned a couple of concerns in your testimony and if the Chair heard you right, I just wanted to go back and retrace that. It seems to suggest that we could be doing more. You would like to see us do a little bit more. Would you care to address that or amplify that at this point?

Ms. STELLITANO. I am sorry, I am not sure which concerns you.

Mr. HAYWORTH. Toward the end of your statement. I am sorry I do not have it right here in front of me, and perhaps the Chair misunderstood. Into that, the gentlelady from Florida is here to rescue me. In the independent study realm, I think you had some statements that perhaps bear amplification or perhaps we just wanted your point of view on that.

Ms. STELLITANO. I think, sir, that it is just that the programs that are currently offered, if it is offered through the certificate programs that are offered through independent study or distance learning, that those programs should be approved for veterans to receive education benefits. They are currently prohibited from doing so.

Mr. HAYWORTH. I am happy to note that the bill does do that and look forward to seeing improvements in that regard.

Let me turn to my friend from Florida.

Ms. BROWN. I thank you, Mr. Chairman. First of all, I am a bit confused because I thought Embry-Riddle was in Florida?

Ms. STELLITANO. Yes, ma'am, it is.

Ms. BROWN. I thought the Chairman said Arizona?

Ms. STELLITANO. Yes, ma'am, Embry-Riddle is located, two residential campuses, one in Arizona, one in Daytona Beach, Florida, and 100-plus locations throughout the United States and Europe.

Ms. BROWN. Okay, that clears it up. I just want you to know it is in my district. I share that with Congressman Mica. A disclaimer, therein worked 16 years at Florida Community College in my real life.

Mr. LUNSFORD. I am aware of that.

Ms. BROWN. I understand that each of you are agreeing that we should just limit it to accredited institutions. Is that the gist of what you are saying?

Mr. SUTLIFF. I am in agreement with that.

Mr. LUNSFORD. Absolutely.

Ms. STELLITANO. That is correct.

Mr. HAYWORTH. I thank the gentlelady for her point and we will move forward to do that. And we are glad to clear up the ubiquitous nature of Embry-Riddle. The gentlelady and I, because of spring training and we have Cactus League and Grapefruit League, there are certain sensitivities between our two States that we are addressing here this morning.

The gentleman from South Carolina, any questions or comments?

Mr. SPENCE. I do not have any, thank you.

Mr. HAYWORTH. Thank you, Mr. Chairman, and we thank the panel for your constructive comments and your testimony and look forward to working with you in the future on these things. Thank you very much.

Mr. LUNSFORD. Thank you, Mr. Chairman.

Mr. HAYWORTH. Our third panel is composed of representatives of several veterans service organizations. Ms. Rose Lee, of the Gold Star Wives of America; Mr. Sid Daniels, of the Veterans of Foreign Wars of the United States; Ms. Joy Ilem, of the Disabled American Veterans; Mr. Blake Ortner, of the Paralyzed Veterans of America; and Mr. Peter Gaytan, of The American Legion. And we welcome that third panel forward at this point.

We would also note that we will hold our questions until all of you have completed your testimony. We are honored with your presence today and the unique perspective you bring to us. We would also point out to you that your full statement will be included in the record, and so please keep that in mind as we ask you to limit your remarks to around 5 minutes, as we deal with these things.

Again, the Chair would welcome you all. Ms. Rose Lee, it was so nice to have you in the office the other day at our personal visit. Many of you have taken time to stop by but I just wanted to make that point. So let us begin with your statement. Thank you very much.

STATEMENTS OF ROSE LEE, FORMER CHAIRMAN, GOLD STAR WIVES OF AMERICA, INC.; SIDNEY DANIELS, DEPUTY LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS OF THE UNITED STATES; JOY J. ILEM, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; BLAKE ORTNER, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; AND PETER GAYTAN, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

STATEMENT OF ROSE LEE

Ms. LEE. Thank you so much. It is a big honor for me to be here. And good morning to Mr. Chairman and distinguished members of the Veterans Affairs Subcommittee for Benefits. I am Rose Lee, as you said, representing Gold Star Wives. I have been a past National President and Chairman of the Board and a member of Gold Star Wives since 1972.

Gold Star Wives of America, Inc., is a congressionally chartered service organization comprised of surviving spouses of military servicemembers who died while on active duty or as a result of service-connected disabilities. Many of our membership of over 13,000 are the widows of servicemembers who were killed in combat during World War II, the Korean War, and the Vietnam War.

We thank the subcommittee for inviting Gold Star Wives to give oral testimony before you today. As you are aware, our needs and especially those of active duty widows are not always apparent to other veterans services organizations, however helpful and supportive that they have been over the years.

H.R. 801, the Veterans' Opportunities Act, is a very good starting point for improving programs that would have an impact on the lives of our members. We are very pleased that the Subcommittee has seen fit to make the necessary statutory changes to make it clear that the Secretary for Veterans Affairs has the duty to ensure that surviving spouses are provided with the information concerning all of the benefits and health care services administered by the Secretary.

While it is not clear under the current law that the widows of those servicemen who gave their lives for their country were to be served by the Secretary in this outreach program, this legislation should correct any such misunderstanding.

Gold Star Wives has had significant experience in undertaking such outreach on its own and now is pleased that it could have a true partner in ensuring that widows are informed of their rightful benefits. I surely agree with Congressman Doyle and Congressman Pascrell's testimonies this morning regarding awareness. Folks cannot come forward unless they are aware of these benefits.

However, Gold Star Wives would like to offer a special word of thanks to Veterans Affairs Under Secretary for Benefits, Joe

Thompson, and his staff, especially staff members Diane Fuller and Lynda Petty. Their outreach efforts to Gold Star Wives over the years have been exemplary. They have provided our organization with much needed information concerning benefit inquiries that our organization gets almost on a daily basis. They have always been there for us and their assistance has been exceptional.

The recent reinstatement of D.I.C. benefits for those widows of servicemembers whose remarriage has ended has been of special interest for our outreach efforts. These are women whose husbands have been killed in World War II, Korea, or Vietnam, and who remarried. Many of those remarriages have ended and those women have had no contact with the VA and are unaware that they may be eligible for D.I.C. reinstatement.

Consequently, members of Gold Star Wives wrote to Dear Abby and Dear Ann Landers to have them inform those widows of the new D.I.C. eligibility. We at Gold Star Wives were overwhelmed by the response. We received thousands of letters of inquiries and heartfelt thanks for the information that we provided through those letters to Dear Abby and Ann Landers.

Consequently, that portion of H.R. 801, calling for the requisite statutory language, directing the Secretary to use a variety of means in an outreach program is especially vital. Outreach services for separating servicemen and veterans who may be contacting the VA should be routine and accomplished with a minimum of problems in targeting these groups.

H.R. 801's new statutory language incorporating language from Congressman Doyle's bill, making that first point of contact with the VA, the springboard for outreach service is laudable. But reaching those who may be eligible for programs, who may not have had a need to contact the VA, requires the use of all forms of the media, the internet, and veterans publications.

I might add, however, that most seniors have no access to the internet and they need to learn of these various programs through other sources, other media. We would hope, though, that the Secretary's public affairs office makes full use of these resources in any outreach program it may devise. Getting out the word on who may be eligible for VA benefits should include an active program of public service announcements, advertisements that run during regular media watching and listening hours.

Even one appearance on a television program, like Oprah, by the Secretary would go a long way in reaching those widows who may not even know they are eligible for VA assistance. VA programs can make a significant difference in the life of a senior widow and just finding out about them is the first step.

Gold Star Wives again wants to commend Committee Chairman Smith and you, Mr. Chairman, for the provisions in H.R. 801 that expand the VA educational benefits to include the independent study courses and the certificate programs at institutions of higher learning. It is vital that we keep up VA assistance in this changing educational environment.

Still, I want to make it clear that any expansion of the Montgomery GI Bill should also include the same provisions in Chapter 35 for survivors. It is our understanding that this is the case, but we want reassurance for the record that it is the legislative intent of

the Subcommittee to include survivors in provisions of this bill, expanding or increasing any Montgomery GI Bill benefits.

Gold Star Wives also supports the increase in the burial and funeral allowances and we are also happy that there is more family coverage under the Servicemen Group Life Insurance benefits. This is very significant.

Thank you, sir, for inviting Gold Star Wives to appear before you today and present our views on H.R. 801.

[The prepared statement of Ms. Lee appears on p. 110.]

Mr. HAYWORTH. Ms. Lee, thank you. We are happy to offer such assurance about survivor's benefits from the Chair and as we continue to work this process. And we thank you for the unique initiative you brought for public service awareness.

One is almost tempted to offer the subtitle, the Ann, Abby, and maybe Oprah, depending on scheduling guests, by no means trivializing it but pointing out the importance of using all methods of public address and media contacts to get a point across. But those letters worked wonders and are very motivating. Thank you. We will have a chance to explore that a bit more later.

Let me call on Mr. Daniels, of the VFW, at this point. Sir, you may have the floor.

STATEMENT OF SIDNEY DANIELS

Mr. DANIELS. Thank you, sir. Mr. Chairman, we appreciate the opportunity to participate in today's hearing and to offer our views on H.R. 801, the Veterans Opportunity Act of 2001.

The VFW supports the provisions of H.R. 801 in its entirety. We, therefore, will limit our remarks to selected provisions.

The VFW strongly favors of the provisions of Section 102, which expands the work-study opportunities for veterans enrolled in courses of study in educational institutions. Expansion of work-study opportunities to include State Veterans Homes and those academic departments where the veteran has declared a major area of study is a giant step in the right direction.

We believe, however, that work-study opportunities should be expanded further to include all offices of a university community, State and local governments, and recognized and creditable non-profit agencies.

Mr. Chairman, we especially welcome your introduction of the transition and outreach provisions found in Title 2, particularly the authorizing of overseas veterans assistance offices addressed in Section 201. While outreach services have been available to servicemembers based in the United States, the same level of services have not always been available to servicemembers who serve overseas. We believe that the provisions found in Section 201 will go far toward eliminating that disparity in the services.

Section 202, which prescribes the time frames of servicemembers to receive pre-separation counseling, addresses a major concern of the VFW. Presently, far too many servicemembers leave the military without receiving this important service, either of their own accord or because they cannot get permission to take off from their job assignments. Section 202 makes a strong statement that all military members who anticipate separation or retirement should have individual pre-separation counseling made available to them.

The VFW supports the language of Section 203, which calls for the provision of outreach services through State approving agencies. In our view, State approving agencies are uniquely qualified to provide outreach services involving education and training benefits, given their familiarity with educational institutions in their respective States.

We believe, also, that the State Approving Agencies can expand on their education and outreach efforts by giving greater focus to training opportunities that are available and on-the-job training and apprenticeship training situations, particularly where educational benefits may be used.

The VFW also welcomes the increase in burial benefits addressed in Title 3, Section 301. For many families, the ability to meet the costs of a funeral is a paramount concern. According to the National Funeral Home Association, a traditional funeral, including a casket and vault, costs between $5,000 and $6,000. Section 301 proposes to increase the burial and funeral allowances from $1,500 to $2,000 for veterans who die from a service-connected condition, and from $300 to $500 for veterans who die from a nonservice-connected disability.

The VFW recommends burial and funeral allowances of $3,000 for veterans who die from service-connected conditions and $1,000 for those who die from nonservice-connected conditions.

Finally, Mr. Chairman, we will not offer remarks on the implementation of the Veterans Programs Enhancement Act of 1998. We will, however, submit additional remarks before the rest of this hearing is closed.

We thank you and will be happy to take any questions.

[The prepared statement of Mr. Daniels appears on p. 114.]

Mr. HAYWORTH. Thank you very much, Mr. Daniels. I look forward to your written remarks as they go into more detail for us. Let us turn now to Ms. Ilem, welcome.

STATEMENT OF JOY J. ILEM

Ms. ILEM. Thank you. Mr. Chairman and members of the Subcommittee, good morning. I am Joy Ilem, with the Disabled American Veterans.

I am pleased to present the views of the DAV concerning the Veterans' Opportunities Act of 2001, and to discuss the implementation of the Veterans' Transitional Housing Opportunities Act of 1998.

We are pleased to support H.R. 801. This comprehensive measure includes several provisions to improve VA benefits and services for our Nation's veterans. We fully support provisions in the bill that would increase burial and plot interment allowances. VA burial benefits have been seriously eroded by inflation over the years. The amount of burial allowance for service-connected deaths was last adjusted in 1988, and the allowance for other deaths has not been adjusted since 1978.

A mandate from our membership and *The Independent Budget* recommended that Congress adjust the burial allowances to reflect the increases in burial costs and provide for automatic annual adjustments in these allowances to make them a more meaningful contribution to the cost of burial for veterans.

We also support provisions to increase automobile and adaptive equipment grants from $8,000 to $9,000. The amount of automobile allowance has not been adjusted regularly to keep pace with increases in the cost of automobiles. This neglect has substantially eroded the value of the benefit due to inflation. In 2000, the average cost of a new automobile was nearly $25,000. Additionally, veterans eligible for this benefit often require larger and more expensive handicapped-equipped vans or larger sedans because of the serious nature of their disabilities.

While we recommend a larger increase in the automobile and adaptive equipment grants, we fully support and greatly appreciate the increases provided in H.R. 801. We also ask you to consider a mechanism for automatic and annual adjustment of the benefit.

We fully support provisions to increase the amount for specially adapted housing and in-home adaptation grants. This increase is extremely important to our most severely disabled veterans who need to make structural adaptations and modifications to their homes. Additionally, unless the amounts of grants are periodically adjusted, inflation erodes the value and effectiveness of these benefits and which are payable to a select few but among the most seriously disabled service-connected veterans.

Sections of the bill concerning transition assistance to separating servicemembers and the outreach to veterans and eligible dependents are consistent with our own organizational goals and we fully support these provisions. DAV recognizes the importance of assisting veterans at the time of separation from military service and we are proud of our ever-increasing role in that transition.

This year, we have created two new programs to expand our benefits counseling and claims representation services to veterans. The new DAV transition service program provides outreach to members of the Armed Forces at the time of their separation from active service and our nationwide fleet of mobile service offices will bring DAV's first-rate service to veterans in communities where they live.

Like the provisions in H.R. 801, these new programs will help to ensure veterans have access to important information about VA benefits and services and that separating servicemembers have every opportunity to achieve life successes beyond military service.

Finally, I would like to discuss our concerns regarding the Veterans' Transitional Housing Opportunities Act. This measure enacted in 1998 gave the VA authorization to guarantee loans to start multi-family transitional housing for once homeless veterans who are moving towards self-sufficiency.

However, nearly 3 years later, we are still awaiting its implementation. Continued delays deny these veterans an important opportunity for affordable housing. It is extremely unfortunate that only recently has VA and the Office of Management and Budget taken steps to delays on the implementation of this law. Congress recognized the needs of this veterans population and enacted the Veterans' Transitional Housing Opportunities Act to address those needs.

Veterans in need of affordable transitional housing to maintain self-sufficiency have waited far too long for the access to this benefit. We are pleased that the House Veterans Affairs Committee has intervened to help end delays and resolve this matter.

In closing, we want to thank the Subcommittee for its consideration of these important legislative matters and for the opportunity to discuss our concerns. Mr. Chairman, that concludes my statement, and I will be happy to answer any questions you or members of the Subcommittee may have. Thank you.

[The prepared statement of Ms. Ilem appears on p. 116.]

Mr. HAYWORTH. And we thank you, Ms. Ilem. Let us turn now to Mr. Ortner.

STATEMENT OF BLAKE ORTNER

Mr. ORTNER. Thank you, Mr. Chairman and the members of the subcommittee. The Paralyzed Veterans of America is honored to be invited to testify today concerning H.R. 801, the Veterans' Opportunities Act of 2001.

PVA is an organization of veterans who are catastrophically disabled by spinal cord injury or disease. Though many of the changes presented in H.R. 801 are small, taken as a whole, they provide increases in benefits received by hundreds of thousands of our fellow veterans.

However, we agree with Committee Chairman Smith's statements that these provisions are only a starting point. Let me touch on a few of them that are of most interest to PVA. Section 303 calls for an increase in the amount of assistance for automobile and adaptive equipment for certain disabled veterans. As Joy indicated, our members suffer from catastrophic injury or disease. This benefit is of major interest.

Those eligible for this benefit are among the most severely disabled service-connected veterans. Due to ongoing difficulties with accessible transportation, an adaptive automobile is often the only reliable transportation that a veteran with this level of disability may have. 38 U.S. Code Section 3902 states that "the Secretary shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance, or $8,000, whichever is less."

PVA believes that the intent of this law when enacted was to pay the total purchase price of the vehicle. This benefit was first established in 1946 at an amount of $1,600. By 1950, the average price of an automobile was $2,050, according to the National Automobile Dealers Association, the NADA.

In 1971, the average price had risen to $3,430, and the grant was increased to $2,800, approximately 80 percent of the purchase price compared to 78 percent in 1950. Between 1974 and 1981, the grant was raised three times to $4,400. Each increase kept the grant at roughly 60 percent of the average price. And increase in 1988 raised the grant to $5,500, approximately 38 percent of the price.

As Joy pointed out, according to the NADA, the average price of a new car in 2000 was almost $25,000. The current grant of $8,000, enacted in October 1998, only covers 32 percent of this amount. An increase to $9,000 will only be slightly more than 36 percent of the cost and in many cases will not pay for the extensive cost of adapting a vehicle today.

I point this out not to criticize the $1,000 increase proposed in this bill. We welcome any increase that will better allow those with severe disabilities to maintain their independence. However, we are

far from the spirit of the grant and hope you will continue to look for additional increases.

In addition, to maintain the value of this important program that has eroded so severely over time, we have recommended in *The Independent Budget* co-authored by PVA that Congress provide for automatic annual adjustments in the future.

H.R. 801 also proposes an increase in the assistance amount for specially adapted housing by $5,000, and adaptations necessary later in life by $1,000. We applaud these increases, the first since 1988. *The Independent Budget* has asked for this increase and we thank you for listening, and we would ask that future increases be adjusted automatically and indexed to the rise in the cost of living.

PVA also supports the proposals on burial allowances. Some of these benefits have not been adjusted since the 1970s. These allowances are the final measure of gratitude that our Nation shows those who have served her. As the costs of burial have skyrocketed, it is only fair that this allowance be increased.

Though we would like to see an increase that reflects the tremendous rise in burial expenses since the last adjustment, we see this as a very good starting point.

H.R. 801 includes many provisions that may not pertain to veterans PVA serves. However, we support these provisions as benefits to veterans and soon-to-be veterans. The extension of coverage under the Servicemembers Group Life Insurance Program to dependents is an excellent indication that America and this committee cares about its veterans and its families.

And enlisted soldier with a family can hardly afford this level of benefit. PVA also supports the expansion of the availability of preseparation counseling and the Transition Assistance Program. Our men and women in uniform receive some of the best preparation for war of any nation in the world. It seems only fair that they deserve the best preparation for their new lives out of uniform.

Finally, Mr. Chairman, there are many provisions in H.R. 801, all of which are beneficial to our Nation's veterans or their families. We have heard H.R. 801 referred to as the "low fruit on the tree bill." This is in no way a criticism. PVA is pleased to see these adjustments put forward so rapidly and look for an early passage.

We would hope, however, that in reaching for the easily attainable fruit, we do not lose sight of the sweeter fruit that is further up the tree. Granted, it will be more difficult to achieve and we may face risks in climbing higher, but we hope we will simply not decide that we now have something and need not to attempt to achieve more.

I thank the Subcommittee and you, Mr. Chairman, for this opportunity to present PVA's views and would be happy to answer any questions.

[The prepared statement of Mr. Ortner appears on p. 122.]

Mr. HAYWORTH. Thank you, Mr. Ortner. Now, to Mr. Gaytan.

STATEMENT OF PETER GAYTAN

Mr. GAYTAN. Thank you, sir. Mr. Chairman and members of the Subcommittee, the American Legion is pleased to appear before the Subcommittee to comment on H.R. 801, the Veterans Opportunity Act of 2001, and to provide oversight testimony on the implementa-

tion of the Veterans' Transitional Housing Opportunities Act of 1998.

Title 1 under this bill proposes a number of minor amendments to certain educational criterion under various sections of Title 38. The American Legion supports each of these provisions and we applaud the authors of the bill for including the provision that will expand the definition of educational institutes to include those providing training to obtain licensure and certification.

In today's world of advanced technology, a whole new arena of career fields exist and many of those do not require a traditional 4-year degree. This provision contained in this bill will allow veterans to use a benefit they have earned, not only through service to their country, but they have also paid $1,200 to become eligible for.

In this room, we often talk of improving the value of the GI Bill, and the American Legion believes that this provision is the first step in achieving that goal. Title 2 under this bill proposes a number of amendments to strengthen the Department of Veterans Affairs' participation in providing outreach and counseling support to members of the Armed Services as part of their transition assistance programs.

The American Legion supports the outreach efforts to servicemembers, veterans, and eligible dependents provided by the Department of Defense, Veterans Affairs, and Department of Labor. The American Legion also participates in these outreach efforts through its RECONNECT program and we recognize the value of such activities. Our RECONNECT program is an effort to reach out to younger veterans and educate them on veterans benefits and to link the experiences of younger and older veterans.

The American Legion fully concurs that transition assistance counseling should begin as early as practicable for separatees and retirees. We are also grateful that the Subcommittee recognizes the importance of these programs and included these particular provisions in H.R. 801.

The American Legion also appreciates the attention given to increasing funeral entitlements under Title 3. Section 301 would increase the burial and funeral entitlements for veterans whose death is service-connected from $1,500 to $2,000, increase burial and funeral entitlements for veterans with nonservice-connected disabilities from $300 to $500, and increase the burial plot allowance from $150 to $300.

The American Legion believes the service-connected death benefit deserves a higher increase than the proposed $500. This benefit has remained at $1,500 since the 1970s, as we have heard this morning. While an increase of $500 is indeed helpful to the families of deceased service-connected veterans, the amount of the proposed benefit does not adequately help to offset the average cost of a funeral.

The American Legion recommends the Subcommittee increase the service-connected death benefit to no less than $3,000. The American Legion supports the proposed increases in the burial and funeral expenses and the burial plot allowance and believes these benefits should apply to all honorably discharged veterans.

Prior to OBRA 1990, all honorably discharged veterans were eligible for the burial and plot allowance. These benefits were elimi-

nated in the spirit of deficit reduction. Now, with substantial budgetary surpluses, Congress should restore these benefits. The proposed increase in plot allowance will be welcome by States that currently participate in VA State Cemetery Grants Program, and these provisions will also encourage additional States to develop and operate veterans cemeteries.

H.R. 801 proposes to include coverage for dependent spouses and children for the first time under the Servicemembers Group Life Insurance Program. The American Legion believes this is a positive enhancement to the SGLI program, one that contributes to the benefit of military personnel and their families.

It is also in accordance with the long-held position of the American Legion that the Department of Veterans Affairs be a one-stop provider of veterans benefits. Most group life insurance plans, such as Federal Employees Group Life Insurance Plan, provide a rider for family coverage. This enhancement would place SGLI on an even footing with plans offered by commercial insurance firms, along with making available an additional benefit to those who serve our country and its military departments.

The proposal allows for inclusion of up to $100,000 for dependent spousal coverage on a premium paid basis, and $10,000 in coverage for dependent children, with administration procedures and spousal premium rates in keeping with the usual rules of SGLI coverage.

The American Legion supports this concept of including dependent coverage in the SGLI program as it will operate to make SGLI less vulnerable to competitive pressures arising mainly from private sector military benefit associations often operating under tax exempt Congressional charters and co-located on military bases. These organizations compete for insurance customers from the military departments but have the advantage in being able to accept only those most easily insurable and reject the rest, an option that SGLI cannot exploit and, indeed, should not.

If the SGLI programs cannot effectively complete with these associations operating from a position of privilege, it may come to experience a higher claim rate and need to increase premiums, further damaging its competitive position and come to need government subsidies, which is now not the case.

The American Legion supports to the provisions of Section 303 and 304 of H.R. 801, to increase the assistance to severely disabled veterans for automobile and adaptive equipment from $8,000 to $9,000, and for specially adapted housing grants from $43,000 to $48,000. The American Legion does not support any effort by the Veterans Benefit Administration to remotely manage the Specially Adapted Housing Program by the Loan Guaranty Division of VBA's regional offices. Veterans who are eligible for specially adapted housing grants must continue to receive the special attention they require when they need assistance in modifying their homes to be fully accessible.

The American Legion supports the revision of the net worth rules of VA's means-tested pension program to exclude the value of real property used for agriculture. This provision is long overdue and will provide a fair approach to the family farmer who becomes disabled from nonservice-connected causes.

Mr. Chairman, the American Legion is pleased to comment on the implementation of the Veterans Programs Enhancement Act of 1998. The program calls for the development of transitional housing units for once-homeless veterans who are becoming productive wage-earners and combines private sector expertise with public sector financial guarantees.

The American Legion is aware of Chairman Smith's recent efforts to expedite this much-needed program. Although there has been valuable time lost in the implementation and evaluation of this vital program, it now appears that all the technical agreements between VA and its primary contractor, OMB, are being resolved. The VA is now able to select participants for the VA Loan Guarantee Selection Committee and the Site Selection Committee. The American Legion sincerely appreciates the involvement in Chairman Smith in getting this program on track.

Mr. Chairman, this completes my testimony, and I am available for any questions.

[The prepared statement of Mr. Gaytan appears on p. 128.]

Mr. HAYWORTH. I thank you very much. Thanks to all of you. Let me turn to my colleagues. Any questions this morning? Let me turn to the lady from Florida.

Ms. BROWN. I just have one for Ms. Lee. Ms. Lee, I understand that the bill, as drafted, the expansions that we talked about in the Montgomery GI Bill program may not apply to Chapter 35 survivors. Mr. Chairman, is this something that we can correct?

Mr. HAYWORTH. We are very happy to move to correct that, and we thank the gentlelady from Florida for pointing it out, and we will move to make those corrections.

Ms. LEE. Thank you so much for bringing that up. I appreciate it, Congresswoman Brown, and we hope this will be done with expediency.

Ms. BROWN. Thank you.

Mr. HAYWORTH. It is interesting in a deliberative body that from time to time, expediency is not the hallmark. But we think perhaps this time, our deliberations will be exceeded by expediency. Let me turn to Chairman Spence. Any comments or questions?

Mr. SPENCE. Just to comment, Mr. Chairman, please. I want to thank all of you for appearing here today and representing your various groups. You do a good job and we depend on you a whole lot. Thank you for what you do.

Mr. HAYWORTH. We thank you, Mr. Chairman. And speaking of expediency, Ms. Lee and others, you should note that our full Committee will markup H.R. 801 next week. That is our expectation, our goal, our hope, and we know you will have more than a casual interest to see us adhere to such an expedient schedule.

With that, we thank you for your testimony. I thank my colleagues from Florida and from South Carolina and the various dedicated staff members who joined us this morning. And with that, the hearing is adjourned.

[Whereupon, at 11:03 a.m., the subcommittee was adjourned.]

APPENDIX

I

107TH CONGRESS
1ST SESSION

H. R. 801

To amend title 38, United States Code, to improve programs of educational assistance, to expand programs of transition assistance and outreach to departing servicemembers, veterans, and dependents, to increase burial benefits, to provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 2001

Mr. SMITH of New Jersey (for himself, Mr. EVANS, Mr. HAYWORTH, and Mr. REYES) introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to improve programs of educational assistance, to expand programs of transition assistance and outreach to departing servicemembers, veterans, and dependents, to increase burial benefits, to provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 "Veterans' Opportunities Act of 2001".

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

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

TITLE I—EDUCATIONAL ASSISTANCE PROVISIONS

Sec. 101. Increase in maximum allowable annual ROTC award for eligibility for benefits under the Montgomery GI Bill.
Sec. 102. Expansion of work-study opportunities.
Sec. 103. Inclusion of certain private technology entities in the definition of educational institution.
Sec. 104. Expansion of special restorative training benefit to certain disabled spouses or surviving spouses.
Sec. 105. Distance education.
Sec. 106. Technical amendments to the Montgomery GI Bill.

TITLE II—TRANSITION AND OUTREACH PROVISIONS

Sec. 201. Increase in transition assistance.
Sec. 202. Timing of preseparation counseling.
Sec. 203. Improvement in education and training outreach services for separating servicemembers and veterans.
Sec. 204. Expansion of outreach efforts to eligible dependents.
Sec. 205. Improvement of veterans outreach programs.

TITLE III—MEMORIAL AFFAIRS, INSURANCE, AND OTHER PROVISIONS

Sec. 301. Increase in burial benefits.
Sec. 302. Family coverage under Servicemembers' Group Life Insurance.
Sec. 303. Increase in amount of assistance for automobile and adaptive equipment for certain disabled veterans.
Sec. 304. Increase in assistance amount for specially adapted housing.
Sec. 305. Revision of rules with respect to net worth limitation for eligibility for pensions for veterans who are permanently and totally disabled from a non-service-connected disability.
Sec. 306. Technical amendments.

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

7 Except as otherwise expressly provided, whenever in
8 this Act an amendment or repeal is expressed in terms
9 of an amendment to, or repeal of, a section or other provi-

sion, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—EDUCATIONAL ASSISTANCE PROVISIONS

SEC. 101. INCREASE IN MAXIMUM ALLOWABLE ANNUAL ROTC AWARD FOR ELIGIBILITY FOR BENEFITS UNDER THE MONTGOMERY GI BILL.

(a) IN GENERAL.—Sections 3011(c)(3)(A) and 3012(d)(3)(B) are each amended by striking "$2,000" and inserting "$3,400".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, and shall apply with respect to educational assistance allowances paid under chapter 30 of title 38, United States Code, for months beginning after such date.

SEC. 102. EXPANSION OF WORK-STUDY OPPORTUNITIES.

(a) ASSISTING IN OUTREACH SERVICES.—The second sentence of section 3485(a)(1) is amended in clause (A) by inserting before the comma the following: "or outreach services to servicemembers and veterans furnished by employees of State approving agencies".

(b) WORKING IN MAJOR ACADEMIC DISCIPLINE.—Such second sentence is further amended—

1 (1) by striking "or (E)" and inserting "(E)";
2 and
3 (2) by inserting before the period the following:
4 "or (F) in the case of an individual who has de-
5 clared a major academic discipline, activities within
6 the department of that academic discipline approved
7 by the Secretary that complement and reinforce the
8 program of education pursued by the individual".
9 (c) WORKING IN STATE VETERANS HOME.—Such
10 second sentence is amended in clause (C) by inserting
11 after the comma "including the provision of such care to
12 veterans in a State home for which payment is made under
13 section 1741 of this title,".
14 (d) EFFECTIVE DATE.—The amendments made by
15 this section shall apply with respect to agreements entered
16 into under section 3485 of title 38, United States Code,
17 on or after the date of the enactment of this Act.

18 **SEC. 103. INCLUSION OF CERTAIN PRIVATE TECHNOLOGY**
19 **ENTITIES IN THE DEFINITION OF EDU-**
20 **CATIONAL INSTITUTION.**

21 (a) IN GENERAL.—Section 3452(c) is amended by
22 adding at the end the following new sentence: "Such term
23 also includes any private entity (that meets such require-
24 ments as the Secretary may establish) that offers, either
25 directly or under an agreement with another entity (that

meets such requirements), a course or courses to fulfill requirements for the attainment of a license or certificate generally recognized as necessary to obtain, maintain, or advance in employment in a profession or vocation in a technological occupation (as determined by the Secretary).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to enrollments in courses occurring on or after the date of the enactment of this Act.

SEC. 104. EXPANSION OF SPECIAL RESTORATIVE TRAINING BENEFIT TO CERTAIN DISABLED SPOUSES OR SURVIVING SPOUSES.

(a) IN GENERAL.—Section 3540 is amended by striking "section 3501(a)(1)(A) of this title" and inserting "subparagraphs (A), (B), and (D) of section 3501(a)(1) of this title)".

(b) CONFORMING AMENDMENTS.—(1) Section 3541(a) is amended in the matter preceding paragraph (1) by striking "of the parent or guardian".

(2) Section 3542(a) is amended—

(A) by striking "the parent or guardian shall be entitled to receive on behalf of such person" and inserting "the eligible person shall be entitled"; and

(B) by striking "upon election by the parent or guardian of the eligible person" and inserting "upon election by the eligible person".

(3) Section 3543(a) is amended by striking "the parent or guardian for the training provided to an eligible person" and inserting "for the training provided the eligible person".

(4) Section 3543 is amended by adding at the end the following new subsection:

"(c) In the case of an eligible person that the Secretary determines requires a parent or guardian to make a request under section 3541(a) of this title on behalf of the eligible person, the parent or guardian shall be entitled—

"(1) to receive on behalf of the eligible person the special training allowance provided for under section 3542(a) of this title;

"(2) to elect an increase in the basic monthly allowance provided for under such section; and

"(3) to agree with the Secretary on the fair and reasonable amounts which may be charged under subsection (a).".

SEC. 105. DISTANCE EDUCATION.

(a) IN GENERAL.—Subsection (a)(4) of section 3680A is amended—

(1) by inserting "(A)" after "leading"; and

(2) by inserting before the period the following: "or (B) leading to a certificate which reflects edu-

1 cational attainment offered by an institution of high-
2 er learning".
3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) shall apply to enrollments in independent
5 study courses beginning on or after the date of the enact-
6 ment of this Act.

7 **SEC. 106. TECHNICAL AMENDMENTS TO THE MONTGOMERY**
8 **GI BILL.**

9 (a) CLARIFICATION OF ELIGIBILITY REQUIREMENT
10 FOR MGIB BENEFITS.—
11 (1) IN GENERAL.—Clause (i) of section
12 3011(a)(1)(A) is amended to read as follows:
13 "(i) who (I) in the case of an indi-
14 vidual whose obligated period of active
15 duty is three years or more, serves at least
16 three years of continuous active duty in
17 the Armed Forces, or (II) in the case of an
18 individual whose obligated period of active
19 duty is less than three years, serves at
20 least two years of continuous active duty in
21 the Armed Forces; or".
22 (2) EFFECTIVE DATE.—The amendment made
23 by paragraph (1) shall take effect as if included in
24 the enactment of the Veterans Benefits and Health

1 Care Improvement Act of 2000 (Public Law 106–
2 419).
3 (b) ENTITLEMENT CHARGE FOR OFF-DUTY TRAIN-
4 ING AND EDUCATION.—
5 (1) IN GENERAL.—Section 3014(b)(2) is
6 amended—
7 (A) in subparagraph (A), by striking
8 "(without regard to" and all that follows
9 through "subsection"; and
10 (B) by adding at the end the following new
11 subparagraph:
12 "(C) The number of months of entitlement charged
13 under this chapter in the case of an individual who has
14 been paid a basic educational assistance allowance under
15 this subsection shall be equal to the number (including any
16 fraction) determined by dividing the total amount of such
17 educational assistance allowance paid the individual by the
18 full-time monthly institutional rate of educational assist-
19 ance which such individual would otherwise be paid under
20 subsection (a)(1), (b)(1), (c)(1), or (e)(1) of section 3015
21 of this title, as the case may be.".
22 (2) CONFORMING AMENDMENTS.—(A) Section
23 3015 is amended—

(i) in subsections (a)(1) and (b)(1), by inserting "subsection (g)" after "from time to time under";

(ii) by striking subsection (g), as inserted by section 1602(b)(3)(C) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106–398); and

(iii) by redesignating subsection (h) as subsection (g).

(B) Section 3032(b) is amended by inserting before the period at the end the following: ", or (3) the amount of the charges of the educational institution elected by the individual under section 3014(b)(1) of this title".

(c) INCREMENTAL MGIB INCREASES FOR CONTRIBUTING ACTIVE DUTY MEMBERS.—

(1) IN GENERAL.—Section 3011(e), as added by section 105(a)(1) of the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106–419; 114 Stat. 1828), is amended—

(A) in paragraph (2), by inserting ", but not more frequently than monthly" before the period;

(B) in paragraph (3), by striking "$4" and inserting "$20"; and

(C) in paragraph (4)—

(i) by striking "Secretary. The" and inserting "Secretary of the military department concerned. That"; and

(ii) by striking "by the Secretary".

(2) CONFORMING AMENDMENTS.—(A) Section 3012(f), as added by section 105(a)(2) of such Act, is amended—

(i) in paragraph (2), by inserting ", but not more frequently than monthly" before the period;

(ii) in paragraph (3), by striking "$4" and inserting "$20"; and

(iii) in paragraph (4)—

(I) by striking "Secretary. The" and inserting "Secretary of the military department concerned. That"; and

(II) by striking "by the Secretary".

(B) Section 3015(g), as added by section 105(b)(3) of such Act, is amended—

(i) in the matter preceding paragraph (1), by inserting "effective as of the first day of the enrollment period following receipt of such contribution by the Secretary concerned," after "by section 3011(e) or 3012(f) of this title,"; and

1 (ii) in paragraph (1)—

2 (I) by striking "$1" and inserting

3 "$5";

4 (II) by striking "$4" and inserting

5 "$20"; and

6 (III) by inserting "of this title" after

7 "section 3011(e) or 3012(f)".

8 (3) EFFECTIVE DATE.—The amendments made

9 by this subsection shall take effect as if included in

10 the enactment of section 105 of the Veterans Bene-

11 fits and Health Care Improvement Act of 2000

12 (Public Law 106–419; 114 Stat. 1828).

13 (d) CONFORMING AMENDMENT FOR DEATH BEN-

14 EFIT.—

15 (1) IN GENERAL.—Paragraph (1) of section

16 3017(b) is amended to read as follows:

17 "(1) the sum of (A) the total amount reduced

18 from the individual's basic pay under section

19 3011(b), 3012(c), or 3018(c) of this title, and (B)

20 the total amount of any contributions made by the

21 individual under section 3011(e) or 3012(f) of this

22 title, less".

23 (2) EFFECTIVE DATE.—The amendment made

24 by paragraph (1) shall take effect on May 1, 2001.

1 (e) CLARIFICATION OF TIME PERIOD FOR ELECTION
2 OF BEGINNING OF CHAPTER 35 ELIGIBILITY FOR DE-
3 PENDENTS.—
4 (1) IN GENERAL.—(A) Section 3512(a)(3)(B),
5 as amended by section 112 of the Veterans Benefits
6 and Health Care Improvement Act of 2000 (Public
7 Law 106–419), is amended to read as follows:
8 "(B) the eligible person elects that begin-
9 ning date by not later than the end of the 60-
10 day period beginning on the date on which the
11 Secretary provides written notice to that person
12 of that person's opportunity to make such elec-
13 tion, such notice including a statement of the
14 deadline for the election imposed under this
15 subparagraph; and".
16 (B) Section 3512(a)(3)(C), as so amended, is
17 amended by striking "between the dates described
18 in" and inserting "the date determined pursuant
19 to".
20 (2) EFFECTIVE DATE.—The amendments made
21 by paragraph (1) shall take effect as if enacted on
22 November 1, 2000.

TITLE II—TRANSITION AND OUTREACH PROVISIONS

SEC. 201. INCREASE IN TRANSITION ASSISTANCE.

(a) OUTREACH SERVICES.—Section 7722(d) is amended by inserting at the end the following new sentence: "The Secretary shall provide such aid and assistance to members of the Armed Forces as part of their transition assistance programs under section 1144 of title 10.".

(b) OVERSEAS VETERANS ASSISTANCE OFFICES.—Section 7723(a) is amended by inserting after the first sentence the following new sentence: "The Secretary shall also maintain such offices on such Armed Forces installations located elsewhere as the Secretary, after consultation with the Secretary of Defense, determines to be necessary to carry out such purposes.".

(c) OUTSTATIONING OF COUNSELING AND OUTREACH PERSONNEL.—Section 7724 is amended by inserting "and military installations" after "including educational institutions".

SEC. 202. TIMING OF PRESEPARATION COUNSELING.

(a) IN GENERAL.—(1) The first sentence of section 1142(a)(1) of title 10, United States Code, is amended to read as follows: "Within the time periods specified in paragraph (3), the Secretary concerned shall (except as

1 provided in paragraph (4)) provide for individual
2 preseparation counseling of each member of the armed
3 forces whose discharge or release from active duty is an-
4 ticipated.".

5 (2) Such section is further amended by adding at the
6 end the following new paragraphs:

7 "(3)(A) Preseparation counseling shall commence as
8 soon as possible during the 18-month period preceding an
9 anticipated retirement and as soon as possible during the
10 9-month period preceding other separations, but, except
11 as provided in subparagraph (B), in no event later than
12 90 days before the date of discharge or release.

13 "(B) In the event that a retirement or other separa-
14 tion is unanticipated until there are 90 or fewer days re-
15 maining in the member's service, preseparation counseling
16 shall begin as soon as possible within the remaining period
17 of service.

18 "(4) Except in the case of a member who is being
19 retired or separated for disability, a member who is being
20 discharged or released before the completion of that mem-
21 ber's first 180 days of active duty may elect not to receive
22 preseparation counseling. A notation of an election by the
23 member not to receive preseparation counseling shall be
24 placed in the service record of that member.".

1 (b) CONFORMING AMENDMENT.—The second sen-
2 tence of section 1144 of title 10, United States Code, is
3 amended by striking "during the 180-day period" and all
4 that follows and inserting "within the time periods pro-
5 vided under paragraph (3) of section 1142(a) of this title,
6 except that a member may elect, in the manner provided
7 under paragraph (4) of such section, not to receive
8 preseparation counseling under this section.".

9 **SEC. 203. IMPROVEMENT IN EDUCATION AND TRAINING**
10 **OUTREACH SERVICES FOR SEPARATING**
11 **SERVICEMEMBERS AND VETERANS.**

12 (a) PROVIDING OUTREACH THROUGH STATE AP-
13 PROVING AGENCIES.—Section 3672(d) is amended by in-
14 serting "and State approving agencies" before "shall ac-
15 tively promote the development of programs of training
16 on the job".

17 (b) ADDITIONAL DUTY.—Such section is further
18 amended—

19 (1) by inserting "(1)" after "(d)"; and

20 (2) by adding at the end the following new
21 paragraph:

22 "(2) In conjunction with outreach services furnished
23 by the Secretary for education and training benefits under
24 chapter 77 of this title, each State approving agency shall
25 conduct outreach programs and provide outreach services

1 to eligible persons and veterans about education and train-
2 ing benefits available under applicable Federal and State
3 law.".

4 **SEC. 204. EXPANSION OF OUTREACH EFFORTS TO ELIGIBLE**
5 **DEPENDENTS.**

6 (a) AVAILABILITY OF OUTREACH SERVICES FOR
7 CHILDREN, SPOUSES, SURVIVING SPOUSES, AND DE-
8 PENDENT PARENTS.—Paragraph (2) of section 7721(b)
9 is amended to read as follows:

10 "(2) the term 'eligible dependent' means a
11 spouse, surviving spouse, child, or dependent parent
12 of a person who served in the active military, naval,
13 or air service.".

14 (b) IMPROVED OUTREACH PROGRAM.—(1) Sub-
15 chapter II of chapter 77 is amended by adding at the end
16 the following new section:

17 **"§ 7727. Outreach for eligible dependents**

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

21 "(b) The Secretary shall ensure that the availability
22 of outreach services and assistance for eligible dependents
23 under this subchapter is made known through a variety
24 of means, including the Internet, announcements in vet-
25 erans publications, and announcements to the media.".

1 (2) The table of sections at the beginning of such
2 chapter is amended by inserting after the item relating
3 to section 7726 the following new item:

"7727. Outreach for eligible dependents.".

4 **SEC. 205. IMPROVEMENT OF VETERANS OUTREACH PRO-**
5 **GRAMS.**

6 Section 7722(c) is amended—
7 (1) by inserting "(1)" after "(c)"; and
8 (2) by adding at the end the following:
9 "(2) Whenever a veteran or dependent first applies
10 for any benefit under laws administered by the Secretary
11 (including a request for burial or related benefits, or an
12 application for life insurance proceeds), the Secretary shall
13 provide to the veteran or dependent information con-
14 cerning benefits and health care services under programs
15 administered by the Secretary.".

16 TITLE III—MEMORIAL AFFAIRS, 17 INSURANCE, AND OTHER 18 PROVISIONS

19 **SEC. 301. INCREASE IN BURIAL BENEFITS.**

20 (a) BURIAL AND FUNERAL EXPENSES.—(1) Section
21 2307 is amended by striking "$1,500" and inserting
22 "$2,000 (as increased from time to time under section
23 5312 of this title)".

1 (2) Section 2302(a) is amended by striking "$300"
2 and inserting "$500 (as increased from time to time under
3 section 5312 of this title)".
4 (3) Section 2303(a)(1)(A) is amended by striking
5 "$300" and inserting "$500 (as increased from time to
6 time under section 5312 of this title)".
7 (b) PLOT ALLOWANCE.—Section 2303(b) is amended
8 by striking "150" each place it appears and inserting
9 "$300 (as increased from time to time under section 5312
10 of this title)".
11 (c) INDEXING PAYMENT AMOUNTS.—Section
12 5312(a) is amended—
13 (1) by striking "and each rate of monthly allow-
14 ance" and inserting "each rate of monthly allow-
15 ance"; and
16 (2) by inserting "and each rate of allowance
17 paid under sections 2302, 2303, and 2307 of this
18 title," after "under section 1805 of this title,".
19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to deaths occurring on or after the
21 date of the enactment of this Act.

1 **SEC. 302. FAMILY COVERAGE UNDER SERVICEMEMBERS'**
2 **GROUP LIFE INSURANCE.**

3 (a) INSURABLE DEPENDENTS.—(1) Section 1965 is
4 amended by adding at the end the following new para-
5 graph:

6 "(10) The term 'insurable dependent', with re-
7 spect to a member, means the following:

8 "(A) The member's spouse.

9 "(B) The member's child, as defined in the
10 first sentence of section 101(4)(A) of this
11 title.".

12 (2) Section 101(4)(A) is amended in the matter pre-
13 ceding clause (i) by inserting "(other than with respect
14 to a child who is an insurable dependent under section
15 1965(10)(B) of such chapter)" after "except for purposes
16 of chapter 19 of this title".

17 (b) INSURANCE COVERAGE.—(1) Subsection (a) of
18 section 1967 is amended to read as follows:

19 "(a)(1) Subject to an election under paragraph (2),
20 any policy of insurance purchased by the Secretary under
21 section 1966 of this title shall automatically insure the fol-
22 lowing persons against death:

23 "(A) In the case of any member of a uniformed
24 service on active duty (other than active duty for
25 training)—

26 "(i) the member; and

1 "(ii) each insurable dependent of the mem-
2 ber.
3 "(B) Any member of a uniformed service on ac-
4 tive duty for training or inactive duty training
5 scheduled in advance by competent authority.
6 "(C) Any member of the Ready Reserve of a
7 uniformed service who meets the qualifications set
8 forth in section 1965(5)(B) of this title.
9 "(2)(A) A member may elect in writing not to be in-
10 sured under this subchapter.
11 "(B) A member referred to in subparagraph (A) may
12 also elect in writing not to insure a dependent spouse
13 under this subchapter.
14 "(3)(A) Subject to subparagraphs (B) and (C), the
15 amount for which a person is insured under this sub-
16 chapter is as follows:
17 "(i) In the case of a member, $250,000.
18 "(ii) In the case of a member's spouse,
19 $100,000.
20 "(iii) In the case of a member's child, $10,000.
21 "(B) A member may elect in writing to be insured
22 or to insure the member's spouse in an amount less than
23 the amount provided for under subparagraph (A). The
24 member may not elect to insure the member's child in an
25 amount less than $10,000. The amount of insurance so

1 elected shall, in the case of a member or spouse, be evenly
2 divisible by $10,000.
3 "(C) In no case may the amount of insurance cov-
4 erage under this subsection of a member's spouse exceed
5 the amount of insurance coverage of the member.
6 "(4) No dependent of a member is insured under this
7 chapter unless the member is insured under this sub-
8 chapter.
9 "(5) The insurance shall be effective with respect to
10 a member and the member's dependents on the latest of
11 the following dates:
12 "(A) The first day of active duty or active duty
13 for training.
14 "(B) The beginning of a period of inactive duty
15 training scheduled in advance by competent author-
16 ity.
17 "(C) The first day a member of the Ready Re-
18 serve meets the qualifications set forth in section
19 1965(5)(B) of this title.
20 "(D) The date certified by the Secretary to the
21 Secretary concerned as the date Servicemembers'
22 Group Life Insurance under this subchapter for the
23 class or group concerned takes effect.

1 "(E) In the case of an insurable dependent who
2 is a spouse, the date of marriage of the spouse to
3 the member.
4 "(F) In the case of an insurable dependent who
5 is a child, the date of birth of such child.".
6 (2) Subsection (c) of such section is amended by
7 striking the first sentence and inserting the following: "If
8 a person eligible for insurance under this subchapter is
9 not so insured, or is insured for less than the maximum
10 amount provided for the person under subparagraph (A)
11 of subsection (a)(3), by reason of an election made by a
12 member under subparagraph (B) of that subsection, the
13 person may thereafter be insured under this subchapter
14 in the maximum amount or any lesser amount elected as
15 provided in such subparagraph (B) upon written applica-
16 tion by the member, proof of good health of each person
17 (other than a child) to be so insured, and compliance with
18 such other terms and conditions as may be prescribed by
19 the Secretary.".
20 (c) TERMINATION OF COVERAGE.—(1) Subsection
21 (a) of section 1968 is amended—
22 (A) in the matter preceding paragraph (1), by
23 inserting "and any insurance thereunder on any in-
24 surable dependent of such a member," after "any in-

1 surance thereunder on any member of the uniformed
2 services,";
3 (B) by striking "and" at the end of paragraph
4 (3);
5 (C) by striking the period at the end of para-
6 graph (4) and inserting "; and"; and
7 (D) by adding at the end the following new
8 paragraph:
9 "(5) with respect to an insurable dependent of
10 the member—
11 "(A) upon election made in writing by the
12 member to terminate the coverage; or
13 "(B) on the earliest of—
14 "(i) the date that is 120 days after
15 the date of the member's death;
16 "(ii) the date of termination of the in-
17 surance on the member's life under this
18 subchapter;
19 "(iii) the date of the dependent's
20 death; or
21 "(iv) the date that is 120 days after
22 the termination of the dependent's status
23 as an insurable dependent of the mem-
24 ber.".

1 (2) Subsection (b)(1)(A) of such section is amended
2 by inserting "(to insure against death of the member
3 only)" after "converted to Veterans' Group Life Insur-
4 ance".

5 (d) PREMIUMS.—Section 1969 is amended by adding
6 at the end the following new subsections:

7 "(g)(1) During any period in which a spouse of a
8 member is insured under this subchapter, there shall be
9 deducted each month from the member's basic or other
10 pay until separation or release from active duty an amount
11 determined by the Secretary as the premium allocable to
12 the pay period for providing that insurance coverage. No
13 premium may be charged for providing insurance coverage
14 for a child.

15 "(2)(A) The Secretary shall determine the premium
16 amounts to be charged for life insurance coverage for
17 spouses of members under this subchapter.

18 "(B) The premium amounts shall be determined on
19 the basis of sound actuarial principles and shall include
20 an amount necessary to cover the administrative costs to
21 the insurer or insurers providing such insurance.

22 "(C) Each premium rate for the first policy year shall
23 be continued for subsequent policy years, except that the
24 rate may be adjusted for any such subsequent policy year

1 on the basis of the experience under the policy, as deter-
2 mined by the Secretary in advance of that policy year.
3 "(h) Any overpayment of a premium for insurance
4 coverage for an insurable dependent of a member that is
5 terminated under section 1968(a)(5) of this title shall be
6 refunded to the member.".
7 (e) PAYMENTS OF INSURANCE PROCEEDS.—Section
8 1970 is amended by adding at the end the following new
9 subsection:
10 "(h) Any amount of insurance in force on an insur-
11 able dependent of a member under this subchapter on the
12 date of the dependent's death shall be paid, upon the es-
13 tablishment of a valid claim therefor, to the member or,
14 in the event of the member's death before payment to the
15 member can be made, then to the person or persons enti-
16 tled to receive payment of the proceeds of insurance on
17 the member's life under this subchapter.".
18 (f) CONVERSION OF SGLI TO PRIVATE LIFE INSUR-
19 ANCE.—Section 1968(b) is amended by adding at the end
20 the following new paragraph:
21 "(3)(A) In the case of a policy purchased under this
22 subchapter for an insurable dependent who is a spouse,
23 upon election of the spouse, the policy may be converted
24 to an individual policy of insurance as described in section
25 1977(e) of this title upon written application for conver-

1 sion made to the participating company selected by the
2 spouse and payment of the required premiums. Conversion
3 of such policy to Veterans' Group Life Insurance is pro-
4 hibited.

5 "(B) In the case of a policy purchased under this sub-
6 chapter for an insurable dependent who is a child, such
7 policy may not be converted under this subsection.".

8 (g) EFFECTIVE DATE AND INITIAL IMPLEMENTA-
9 TION.—(1) The amendments made by this section shall
10 take effect on the first day of the first month that begins
11 more than 120 days after the date of the enactment of
12 this Act.

13 (2) The Secretaries of the military departments, the
14 Secretary of Transportation, the Secretary of Commerce,
15 and the Secretary of Health and Human Services, in con-
16 sultation with the Secretary of Veterans Affairs, shall take
17 such action as is necessary to ensure that each member
18 of the uniformed services on active duty (other than active
19 duty for training) during the period between the date of
20 the enactment of this Act and the effective date deter-
21 mined under paragraph (1) is furnished an explanation
22 of the insurance benefits available for dependents under
23 the amendments made by this section and is afforded an
24 opportunity before such effective date to make elections

1 that are authorized under those amendments to be made
2 with respect to dependents.

3 **SEC. 303. INCREASE IN AMOUNT OF ASSISTANCE FOR**
4 **AUTOMOBILE AND ADAPTIVE EQUIPMENT**
5 **FOR CERTAIN DISABLED VETERANS.**

6 (a) INCREASE.—Section 3902(a) is amended by strik-
7 ing "$8,000" and inserting "$9,000".

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply with respect to assistance fur-
10 nished on or after the date of the enactment of this Act.

11 **SEC. 304. INCREASE IN ASSISTANCE AMOUNT FOR SPE-**
12 **CIALLY ADAPTED HOUSING.**

13 (a) IN GENERAL.—Section 2102 is amended—

14 (1) in the matter preceding paragraph (1) of
15 subsection (a), by striking "$43,000" and inserting
16 "$48,000"; and

17 (2) in subsection (b)(2), by striking "$8,250"
18 and inserting "$9,250".

19 (b) EFFECTIVE DATE.—The amendments made by
20 subsection (a) shall apply with respect to assistance fur-
21 nished on or after the date of the enactment of this Act.

SEC. 305. REVISION OF RULES WITH RESPECT TO NET WORTH LIMITATION FOR ELIGIBILITY FOR PENSIONS FOR VETERANS WHO ARE PERMANENTLY AND TOTALLY DISABLED FROM A NON-SERVICE-CONNECTED DISABILITY.

(a) IN GENERAL.—Section 1522(a) is amended by adding at the end the following: "In determining the corpus of the estates of the veteran and the veteran's spouse, if any, the value of the real property of the veteran and the veteran's spouse and children shall be excluded if such property is used for farming, ranching, or similar agricultural purposes.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to payment of pensions for months beginning on or after the date of the enactment of this Act.

SEC. 306. TECHNICAL AMENDMENTS.

(a) IN GENERAL.—(1) Section 107 is amended by redesignating subsection (c), as added by section 332(a)(2) of the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106–419), as subsection (d).

(2) Subsection (d) of that section, as so redesignated, is amended in paragraph (1) by striking "In" and inserting "With respect to benefits under chapter 23 of this title, in".

1 (b) CONFORMING AMENDMENT.—The second sen-
2 tence of subsection (a) of that section is amended by in-
3 serting "or (d)" after "subsection (c)".
4 (c) EFFECTIVE DATE.—The amendments made by
5 this section shall take effect as if enacted on November
6 1, 2000.

PREPARED STATEMENT OF CONGRESSMAN CRENSHAW

Thank you, Mr. Chairman and Mr. Reyes for holding this hearing today on the Veterans' Opportunities Act. As a new member of this Subcommittee, I look forward to working with you to improve the benefits we provide to our Nation's veterans. Whether they are for disability or education or burial, these benefits are but a small token of the gratitude that we owe them for their service to our Nation.

H.R. 801 runs the gamut of these programs, addressing inadequacies in pensions and transitional programs, education and work-study programs, and burial and funeral allowances. But these are two points I would like to touch on today.First, I want to thank you, Mr. Chairman, for inviting our colleagues, Congresswoman Davis, to speak to the Subcommittee today about her new legislation, which extends an increase in the annuity under through the Servicemember's Group Life Insurance (SGLI). As you well know, Congress last year increased the SGLI benefit from $200,000 to $250,000 for those who had contracted for the maximum benefit. This increase, however, does not go into effect until April 1.

Regrettably, this is too late for the 21 servicemen from the Virginia and Florida Air National Guard who died during a training exercise last month. The legislation that Congresswoman Davis has introduced and that I am proud to cosponsor, wound make this annuity increase retroactive to the date of it was signed into law. Thus, these servicemembers' families will not have some added comfort in their time of grief.

I am hopeful that this Subcommittee will accept this simple change as a part of the Veterans' Opportunities Act and that Congress will act on it soon after.

The second item I would like to take this opportunity to address is the issue of veterans' cemeteries, and on this point, I will speak briefly, as I had the opportunity to broach this topic last week with Secretary Principi before the full Veterans' Affairs Committee.

As I noted then, the northeastern corner of Florida that I represent is currently without options for a proper veteran's burial. Of the four national veterans' cemeteries in Florida, only one is capable of accepting interments because it is presently being expanded. That cemetery, located in Central Florida, already has a waiting list that exceeds its expanded capacity. Work on a fifth national cemetery in Florida was initiated last year. That cemetery, however, will be in Palm Beach County, approximately 350 miles from the more than 150,000 veterans in the five counties I represent in Northeast Florida. By no reasonable standard can this be considered convenient for the widows and family members of departed veterans.

I recognize that the Department of Veterans Affairs is currently working on a report that will specifically address our national interest in having 90 percent of all veterans reside within 75 miles of a national or State cemetery. I am confident that this report will show what the veterans I represent already know—that they have no options for a burial with honor and a resting-place with dignity.

I would like to express my deep thanks to you, Secretary Principi, and to your impressive staff at the Department for the candid response you gave at last week's hearing to my question on this matter. I know that you are sympathetic to the needs of these veterans, and that you face real and legitimate constraints in your ability to resolve this serious and urgent dilemma. But a proper veteran's burial is the last measure of thanks that we can pay our veterans, and I hope that we can work together to resolve their difficulties.

Thank you, Mr. Chairman.

STATEMENT OF HONORABLE CHRISTOPHER SMITH ON H.R. 1015,
a bill to provide for an increase in the amount of Servicemembers' Group Life Insurance paid to survivors of members of the Armed Forces who died in the performance of duty between November 1, 2000 and April 1, 2001.

Mr. Hayworth, Mr. Reyes, I commend you for holding this hearing on two bills which would, among other things, make changes in the Servicemembers' Group Life Insurance (SGLI) program, which insures millions of members of the Armed Forces. Both of you are cosponsors of H.R. 801, the Veterans Opportunities Act of 2001, which is the announced topic of this hearing today. It is a good bill, and I know the Subcommittee on Benefits will take seriously the suggestions of the witnesses today for possible improvements to this measure.

H.R. 801 also makes a number of improvements to the Montgomery GI Bill so that more veterans can use the benefits it provides. It authorizes the VA to provide additional counseling about VA benefits to persons on active duty before they leave the service, and encourages greater efforts to provide potential beneficiaries with information about their eligibility for VA programs. Finally, it increases amounts provided to families upon the death of a veteran receiving VA disability benefits.

I want to commend Rep. Jo Ann Davis, a new Member of Congress for introducing H.R. 1015. This bill would provide a retroactive amount to insured servicemembers who died in the performance of duty beginning on November 1, 2000 and before April 1, 2001, the effective date of the bill we passed last year to increase SGLI coverage to $250,000. I understand that Mr. Hayworth and Mr. Crenshaw, both Members of the VA Committee, are among a bipartisan group of cosponsors of this legislation. Although she is a new Member of Congress, Ms. Davis has demonstrated a keen concern for members of the Armed Forces throughout the world by her introduction of this measure. Members of the Armed Forces go in harm's way on a daily basis, and I urge all members of the VA Committee to lend their support to Ms. Davis legislation.

I anticipate that the Secretary of Veterans Affairs, Mr. Anthony Principi, will also endorse this measure or one that is similar to it, and that funds to pay for these increased benefits will be provided from reserve accounts or otherwise. Accordingly, I expect that when the VA Committee meets next week to consider H.R. 801, it will report that bill with an amendment encompassing H.R. 1015. Again, I commend Ms. Davis and all the Members of the Subcommittee for their attention to the needs of veterans as represented in these two measures.

PREPARED STATEMENT OF CONGRESSWOMAN JO ANN DAVIS

Mr. Chairman, members of the committee, I come before you today to ask your consideration of H.R. 1015, a measure that I only formally introduced yesterday. I am happy to report that the National Guard Association of the United States and the Air Force Association have already formally endorsed H.R. 1015. (See attached letters.) I expect other military associations to endorse it in the very near future.

Additionally, I would like to thank Senator Warner for testifying before the subcommittee today. I look forward to working with him to ensure that this legislation is passed into law.

Mr. Chairman, as the subcommittee is aware, America has recently witnessed an extraordinary number of accidents and tragedies within our military community. A V-22 Osprey, a Blackhawk helicopter, and a C-23 airplane all recently crashed. Only a few days ago, there was the accidental bombing of our own servicemen in Kuwait. The important thing to remember is *all* of these accidents resulted in the untimely and tragic deaths of many of our servicemen in the performance of their duty.

Mr. Chairman, when a serviceman dies, the bereaved family receives an outpouring of condolences and sympathy from the serviceman's peers. However, the ability for a family to recover from this tragedy is often dependent on their monetary and fiscal situation, not simply the condolences of others.

America, in its good sense, realized the challenges to survivors. As a result, Congress authorized Servicemen's Group Life Insurance, also known as SGLI. This insurance policy, open to both the active and reserve forces, is a type of group term life insurance. While it is bought by the government from private insurers, it is primarily self-funded by the servicemen with some government subsidization.

Mr. Chairman, servicemen are given the opportunity to buy this insurance at .80 per month per $10,000 block. Therefore, a serviceman could acquire the maximum protection of $200,000 for a cost of just $16 per month. Most do precisely this.

On November 1, 2000, President Clinton signed S. 1402 into law. Section 312 of this act authorized increasing the maximum SGLI benefit from $200,000 to $250,000. However, the law delayed the implementation of this benefit increase until April 1, 2001. As a result, many of the families and beneficiaries of the servicemen killed in these recent tragedies are unable to collect the intended maximum benefit of $250,000.

Mr. Chairman, I do not believe that the intent of Congress was to prevent numerous beneficiaries and families from collecting the maximum benefit. In fact, there was absolutely no way for Congress to predict the number of tragic accidents that would occur.

Previously, Congress has confronted similar situations and arrived at the same conclusion, that an effort should be made to retroactively extend coverage to the affected beneficiaries. In the past, this has been done in different ways. Perhaps, the most prominent examples are when retroactive SGLI coverage was offered to the families and beneficiaries of the Gander, Newfoundland crash in 1985, and the death gratuity authorized after the Persian Gulf War.

Mr. Chairman, H.R. 1015 aims toward achieving the same ends. For those servicemen who contracted for the maximum benefit and died in the performance of their duties after November 1, 2000, this legislation would authorize the maximum benefit of $250,000. This time period was specifically chosen because of legislative precedent. However, I understand there is some discussion with regard to this time period. I look forward to working with the committee

and am open to any friendly amendments or modifications that would address this issue more comprehensively.

Mr. Chairman, I would like to comment a little more extensively from a personal perspective regarding the challenges survivors face and why SGLI is so important. On March 3rd, the Commonwealth of Virginia and the State of Florida lost twenty-one Air National Guardsmen when they were killed in the crash of a C-23 in Georgia. While this tragedy stunned our states, our National Guardsmen, and our citizens, it devastated families.

Mr. Chairman, I spoke with the next of kin of these servicemen and attended the memorial service where I met some of their families. Let me explain some of the challenges they now face.

Most, if not all, of these families lost their primary breadwinner. Most of these families face a monthly rent or mortgage payment. All of these families face regular monthly bills. All of these families face the cost of healthcare. Many of these families face present and future bills for the education of their children.

And, Mr. Chairman, with each of these families, there is a story, a story of fathers, volunteers, a fireman, and civil servants. There is now a story of lives cut short. Nothing can change this ugly reality.

Mr. Chairman, on a more personal note, I pray that our Lord will grant these families comfort and solace in their time of loss. And, I pray that these men who so tragically died rest in peace and may His perpetual light shine upon them.

Mr. Chairman. In the case of these families, SGLI provides a critical base of financial support while they mourn and reassess their needs. This is *precisely* why SGLI is so important.

Mr. Chairman, the real value of the dollar changes over time. I believe that Congress and the President understood this when the maximum benefit was raised to $250,000. H.R. 1015 seeks to ensure that those who fall into the 'grey period' between enactment of the law and its implementation are granted this benefit that Congress and the President recognized was necessary.

Mr. Chairman, I appreciate the courtesy that both you and the subcommittee have extended to me in allowing me to testify in support of my legislation. I look forward to working with you, the subcommittee, and Senator Warner to ensure that this legislation is passed in a way that best benefits our servicemen's beneficiaries and families.

Thank you, Mr. Chairman.

AFA
Air Force Association
1501 Lee Highway, Arlington, Virginia 22209-1198 (703) 247-5800
An Independent Non Profit Aerospace Organization

JOHN A. SHAUD
Executive Director

March 14, 2001

The Honorable JoAnn Davis
1123 Longworth House Office Building
Washington, DC 20515

Dear Ms. Davis:

The Air Force Association applauds your efforts to include those service members killed in the line of duty and covered at the maximum limit of the Servicemembers Group Life Insurance (SGLI) Program since November 1, 2000 under the proposed increased limits for SGLI.

Your initiative will ensure that service-families mourning these tragic losses will receive the same benefits as those affected after the passage of the legislation.

We look forward to working with you to enact this legislation into law.

Sincerely,

John A. Shaud
General, USAF (Ret)

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

NE MASSACHUSETTS AVENUE, NORTHWEST • WASHINGTON, D.C. 20001 • (202) 789-0031 • FAX (202) 682-9358

March 14, 2001

The Honorable Jo Ann Davis
United States House of Representatives
Washington, DC 20510

Dear Representative Davis,

On behalf of the members of the National Guard Association of the United States (NGAUS), I wish to extend our support for H.R. 1015, legislation that will provide for an increase in the amount of Servicemember's Group Life Insurance (SGLI) paid to survivors of members who died in the line of duty.

With the increased level of operations for all members of the Armed Services, there have been an unfortunate increasing number of training accidents. This was all too evident when 21 members of the National Guard tragically lost their lives on March 3rd, in a military airplane crash. These good men died while serving their country, their state and their community. The severity of this accident is a grim reminder of the risks we ask of the members of the National Guard, along with all men and women who serve in uniform.

On November 1, 2000, the President signed into law S.1402 that increased the maximum benefit for the SGLI from $200,000 to $250,000. However, implementation of the increase was delayed until April 1, 2001. The legislation you introduced will provide those service members who previously contracted for the maximum benefit of SGLI and died in the line of duty to receive the increased maximum amount of $250,000.

The National Guard Association of the United States fully supports your efforts and therefore I am proud to offer the endorsement of the NGAUS for H.R. 1015.

Respectfully,

Richard C. Alexander
Major General, OHARNG (Ret)
Executive Director

JO ANN DAVIS
1ST DISTRICT, VIRGINIA

Congress of the United States
House of Representatives
Washington, DC 20515–4601

Facts Regarding H.R. 1015

In light of the recent and numerous accidents resulting in accidental deaths of military personnel since November 1, 2000 (including the loss of 21 servicemen from the Virginia and Florida Air National Guard) I introduced H.R. 1015 to retroactively increase the maximum coverage to $250,000 under SGLI for those who previously contracted for the maximum benefit

Background

- Last year, on November 1, 2000, the President signed S. 1402 into law (P.L. 106-419).
- A provision of this law increased the maximum allowed amount of Servicemen's Group Life Insurance coverage to $250,000 from $200,000.
- However, implementation of this increase is delayed until April 1, 2001.

What H.R. 1015 Does

- This proposed legislation would increase, and retroactively pay, the increased amount of SGLI for a servicemember who previously contracted for the maximum benefit.
- There is precedence for this legislation. Previously, Congress authorized death indemnities and retroactive payments of SGLI for the Gander, Newfoundland Crash and the Gulf War.
- This legislation would direct the Secretary of Veterans Affairs to increase payment of SGLI to the maximum amount of $250,000 for those who previously contracted for the maximum benefit *and* died in the performance of his duty.

STATEMENT OF THE HONORABLE MIKE DOYLE

Committee on Veterans' Affairs
Subcommittee on Benefits

Hearing on
H.R. 801, the Veterans Opportunities Act of 2001,
and VA's implementation of veterans transitional housing assistance
3/15/2001

Mr. Chairman, thank you for convening this hearing to further discuss the wide range of provisions included in the Veterans Opportunities Act of 2001. I want to recognize your interest in improving the quality of life for our nation's veterans and congratulate you on your new position of leadership within the Committee. I also want to acknowledge Representative Reyes, as well as Committee Chairman Smith and Ranking Member Evans, for their steadfast commitment to fulfilling the promises we have made to our veterans and their families, and extend my sincere appreciation for including portions of H.R. 336 as part of H.R. 801, the Veterans Opportunities Act.

I want to welcome Secretary Principi and wish him the best in his distinguished role as the primary steward of our veterans community. Like so many others, I was duly impressed by Secretary Principi's involvement in the Congressional Commission on Servicemembers and Transition Assistance and concur with many of the directives the Commission made regarding recommended improvements to servicemembers' transition programs and services. I look forward to working with you Secretary Principi in promoting an activist agenda that will directly benefit our vets and hope that your schedule will allow you to make a return visit to Pennsylvania in the near future to tour the outstanding VA facilities located in the Pittsburgh metropolitan region.

Through my six years of service on the Veterans Affairs Committee, you are aware of my strong support for protecting the viability, and ensuring the longevity of, the Department of Veterans Affairs. My primary concern has always been to improve veterans access to quality heath care services and to insure they are delivered in a timely manner. But my focus on the need to provide appropriate support for veterans health care programs has never clouded my awareness about the important roles that adequate support for VA construction projects and medical research play in addressing this concern in a serious, thoughtful, and effective manner. This is to say that we should always be mindful of how the Department works as a whole and be cautious about characterizing an issue as having just one facet or affecting just one type of individual. In my view, only if we remain sensitive to, and forthcoming about, how we can best implement changes to current practices to better serve the veterans community can we truly fulfill the mission of the Department of Veterans Affairs.

I am pleased that the full Committee intends to examine tough issues such as VERA, which has had an enormous and profound impact on everyone associated with the Department. But the topics that Representative Pascrell and myself are hear to voice our interest in are much more rudimentary in nature. This is the second time I have had the pleasure to testify jointly before the Subcommittee with Representative Pascrell about the need to improve the flow of information to veterans and their loved ones. The heart of both the Veterans Right to Know Act and my bill, the Surviving Spouses and Dependents Outreach Enhancement and Veterans Casework Improvement Act, is a belief grounded in the idea that one of our most basic of responsibilities is to provide veterans and their family members with information about benefits to which they might be entitled. Indeed, the success of any initiative embarked upon by the Department is predicated upon sound levels of awareness and prudent oversight measures.

Through previous testimony, many of you are aware that when drafting the Veterans Right to Know Act Representative, Pascrell was responsive to my concerns regarding the informational needs of surviving spouses and dependents of deceased veterans. Their specific informational needs were initially addressed by language which would require the Department to provide information to dependents concerning benefits and health care services whenever a dependent first applies for any benefit under laws administered by the Secretary. This trigger mechanism is definitely a step in the right direction and I am pleased that it has been included in Section 205 of H.R. 801.

But what about the informational needs of all the surviving spouses and dependents of deceased veterans who would not retroactively be affected by this effort? My bill, H.R. 336, addresses this dilemma in a very straight forward and reasonable way. Specifically, it would --- 1) establish as a national goal to fully inform surviving spouses and dependents regarding their eligibility for benefits and health care services under laws administered by the Secretary of Veterans Affairs, 2) institute a legislative mandate that surviving spouses and dependents be included in the subset of populations targeted by the Department for outreach efforts, 3) require a full range of outreach efforts for surviving spouses and require dedicated staff at regional offices to assist with their needs, and 4) require periodic

evaluation of the Department's efforts to address the needs of eligible dependents. Given the concerns that spurred me to author H.R. 336, I am most appreciative that aspects of my legislation involving the expanded and clarified term of eligible dependent and the specific means by which the Department can meet their informational needs are identified in Section 204 of H.R. 801.

I would, however, have preferred to also see included the cooperative effort text of H.R. 336 which speaks to the importance of encouraging all elements within the Department to work with private and public sector entities - most notably veterans service organizations and veterans widows organizations - to inform surviving spouses and dependents of deceased veterans regarding their eligibility. I also would have liked to see language speaking to the need to have staff at the local level available to assist these individuals with filing a claim, reconstructing incomplete records, and bridging language barriers included. These issues represent follow-up efforts designed to ensure that individuals fully understand and properly utilize the information they receive.

I mentioned earlier that my support for maintaining the strong presence of the Department is unwavering, but my assessment of how the needs of my local vets are being served does not allow for unconditional support. In closing, I believe there are shortcomings in current outreach efforts conducted by the Department, and thus I support the related improving language contained in H.R. 801. I am pleased that members of the Committee have paid attention to the need to bolster the Department's outreach efforts and hope that H.R. 801 will move expeditiously to a vote of the full House.

Thank you Mr. Chairman.

House Committee on Veterans Affairs
Subcommittee on Benefits Hearing on
HR 801- The Veterans' Opportunities Act
Congressman Bill Pascrell, Jr.
Testimony on HR 511 the Veterans' Right to Know Act
March 15, 2001 9:00 AM
334 Cannon Office Building

Let me begin by thanking Chairman Smith -- my colleague from the great State of New Jersey for including part of the "Veterans' Right to Know Act" in the legislation we are considering today. Chris Smith's leadership and dedication to our veterans over the last 20 years have improved the lives of veterans across the United States. Let me also extend my gratitude to Ranking Member Evans for his support of my legislation.

I would also like to express my sincere appreciation to Chairman Hayworth and Ranking Member Reyes for inviting me to testify before your subcommittee. I am so pleased to be with you today to speak in support of the portion of HR 801 that is based on my legislation -- HR 511, The "Veterans' Right to Know Act."

In the 106th Congress, I was given the opportunity to testify before this subcommittee regarding the same legislation. This year, I am proud to announce that two important provisions of my legislation have been incorporated in Chairman Smith's, "Veterans' Opportunities Act."

As we enter the new millennium and our veterans population is rapidly aging, I believe it is about time that we sat down and took a comprehensive look at America's outreach to our veterans. To be quite frank, the lack of information available to veterans and their families about the benefits and services that they are eligible for has reached crisis proportions!

The most recent national survey conducted by the Department of Veterans Affairs indicated that less than half of veterans contacted were aware of certain benefits they were entitled to receive. Some of these benefits included pension benefits for disabled, low-income veterans.

In addition, a survey I conducted among veterans in my own district -- the Eighth District of New Jersey -- showed that over half of those answering had "no understanding" of the benefits they are entitled to and "no confidence" that their questions could be satisfactorily answered by the Veterans Benefits Administration.

Members of the armed services have put themselves at great risk to protect America around the world, and in return our government has made a commitment to both active duty and retired military personnel to provide certain benefits. This is a sacred covenant America has with its veterans -- one that we must keep.

Too often, however, our nation's heroes are not adequately informed as to what benefits they are entitled to receive, or how to obtain those benefits. I think everyone in this room would agree that this is simply unacceptable.

Veterans across this country and I are all grateful that Chairman Smith has included a portion of my legislation in the "Veterans' Opportunities Act." Title II, Section 205 of this bill includes my program to inform veterans about eligibility for benefits and health care services whenever a veteran first applies for any benefit with the VA. Chairman Smith's measure also includes the portion of my legislation that would require the VA to assist widows and survivors of veterans by informing them at the time of a burial request or application for life insurance proceeds about the full array of dependents' benefits available to them.

I consider the inclusion of these provisions in the "Veterans' Opportunities Act" as a down payment on the years of service and dedication our veterans have given to our country. But it is not the end. I will work with our veterans until every veteran and dependent knows what benefits they are entitled to.

That is why I introduced the "Veterans' Right To Know Act" in the 106th Congress, and reintroduced it in the 107th Congress. The "Veterans' Right to Know Act" is clear and to the

point. It makes a few simple demands of the Department of Veterans Affairs. In short, it demands that the VA does its job.

In addition to the provisions contained in Chairman Smith's bill, the "Veterans' Right to Know Act" requires the VA to include information about how to apply for benefits whenever it provides any information to veterans about their eligibility for benefits.

The "Veterans' Right to Know Act" also seeks to improve outreach by requiring the VA to prepare an annual plan for the conduct of outreach activities. The plan would specify how the VA would identify veterans who are not enrolled or registered with the VA for benefits or services and would require that the VA consult with Veterans' Service Organization in developing this plan. That way we know this plan will work

My legislation has the strong support of the Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, the Jewish War Veterans, the Vietnam Veterans of America, the Purple Hearts, the Eastern Paralyzed Veterans of America, and the Veterans' Widows International Network. And it is as bipartisan, as it should be -- it has 73 cosponsors from both sides of the aisle.

This is common sense legislation that all of Congress should support. When our brave soldiers stormed Omaha Beach on D-Day, when they fought to push the North Koreans back to the 38th Parallel, or battled the North Vietnamese Army to take Hamburger Hill, or faced down Saddam Hussein's Republican Guards during the Gulf War -- we did not ask these selfless men and woman whether they are Democrats or Republicans. And so we must put aside our partisan differences -- for the sake of our veterans -- to make this bill into law.

Veterans throughout this country deserve this bill. They have earned these benefits through their patriotism, their courage, and their values. It is an absolute outrage that the government they fought for is not doing a good enough job informing them of what they are entitled to receive. We must change that trend with this legislation.

We are not doing veterans any favors by informing them of benefits and services they are entitled to. This is the very least we can do. We are accountable to our veterans, and we must deliver. This is our responsibility.

Abraham Lincoln spoke of this responsibility in his second inaugural address, saying we must "care for him who shall have borne the battle, and for his widow and his orphan."

Throughout our nation's history, millions of men and women have served in our armed forces -- during times of peace and in times of war. They have defended the very freedoms upon which our country was founded.

The "Veterans Opportunities Act" takes a positive step toward honoring our commitment, and for this I am sincerely hopeful and pleased. I promise that I am going to keep fighting to make the entire "Veterans' Right to Know Act" the law of the land. Thank you.

STATEMENT OF ANTHONY J. PRINCIPI

SECRETARY

DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON BENEFITS

MARCH 15, 2001

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify today on H.R. 801, the "Veterans' Opportunities Act of 2001". We also appreciate the opportunity to comment on the Department of Veterans Affairs' (VA) implementation of section 601 of Public Law 105-368, which established the Pilot Program for VA Guaranteed Loans for Multifamily Transitional Housing for Homeless Veterans.

H.R. 801

First, Mr. Chairman, I would like to provide VA's views on H.R. 801. This is an omnibus bill consisting of three titles that would make changes affecting veterans' education benefits, outreach, and memorial affairs. Many of the changes, though modest in reach, appear significant and beneficial in purpose.

We estimate that H.R. 801 would result in additional benefits cost that, if not fully offset in accordance with the pay-as-you-go (PAYGO) provisions of the Omnibus Budget Reconciliation Act of 1990, would trigger a sequester. Subject to meeting PAYGO requirements, however, VA supports most provisions of this worthwhile measure, as discussed below.

TITLE I – EDUCATIONAL ASSISTANCE PROVISIONS

Section 101 would increase, from $2,000 to $3,400, the maximum allowable annual scholarship a participant in the Senior Reserve Officers' Training Corps

(SROTC) program may receive and still be eligible for benefits under the Montgomery GI Bill (MGIB). Before the current $2,000 ceiling was enacted, officers who had received a commission upon completion of ROTC training were barred from participating in the Montgomery GI Bill (MGIB). The purpose of the bar was to avoid having the Federal government pay for an ROTC cadet's undergraduate degree and then pay for additional education under the MGIB, sometimes based on the same active duty service. However, it became recognized that an increasing number of ROTC students were receiving only partial scholarships, and it seemed unreasonable to apply the "double dip" provision to them. Hence, the statute was amended to allow ROTC students who entered active duty after September 30, 1996, to participate in the MGIB, provided they received less than $2,000 each school year from their ROTC scholarship.

We agree the current limit is too low. The average scholarship now is reported to be $3,400 annually. Therefore, amending the law to raise the amount the ROTC cadet can receive each year to that level is a reasonable accommodation.

VA estimates there would be no costs associated with the enactment of this section of H.R. 801.

Section 102 of the bill would increase VA work-study program opportunities by expanding the types of services that may be authorized, to include services for State approving agencies; services related to an individual's academic discipline, performed for the department of the educational institution having jurisdiction for that discipline; and services for State veterans' homes that receive funds from VA. These amendments would be effective on the date of enactment.

Under current law, VA work-study students are limited to performing outreach, preparing or processing necessary VA paperwork at schools or VA facilities, and assisting in VA hospitals and domiciliaries or working at DOD facilities (in certain circumstances). While this limitation on authorized services may have been appropriate when enacted, it now appears to be an impediment both to program participation and effective provision of needed services to other veterans.

For example, we hear from veterans and school officials alike, that, with the ever-increasing costs of education, some veterans have a real need for greater access to resources that can supplement their MGIB benefits. Work-study students have complained about the limited opportunities available to perform the specific services allowed by law. Small schools can only offer a limited number of positions. Many schools are far from a VA facility, thus shutting out would-be participants.

Mr. Chairman, we believe it is in keeping with the purposes of the VA work-study program that veteran work-study students be provided this additional educational assistance allowance for performing services that do not just narrowly relate to VA activities, but that broadly help other veterans. This proposal would expand the opportunities now available and would not deviate from the purpose of the benefit program. Consequently, we would welcome a statutory amendment permitting VA work-study students to perform in the aforementioned arenas.

Our preliminary cost estimate indicates that section 102 would result in benefit costs of less than $1.9 million in FY 2002, with a 5-year benefit cost of about $9.6 million for FYs 2002-2006.

Section 103 of H. R. 801 proposes to amend the definition of "educational institution" to include any entity that provides, directly or under agreement, training required for a license or certificate in a vocation or profession in a technological field. It would become effective the date of enactment.

The law defines a "program of education" as a curriculum or combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary for the attainment of a predetermined and identified educational, professional, or vocational objective. A program of education may be offered at either an institution of higher learning or a non-college degree school. Presently, the law does not permit VA to award benefits for courses offered by commercial enterprises whose primary purposes are other than providing educational instruction. Certified Network Administrator (CNA) and Certified Network Engineer (CNE) courses offered by Novell, Microsoft, and other companies, for example, are offered either through educational institutions or by designated business centers. Although the courses are identical,

regardless of where offered, only those veterans pursuing the courses at an educational institution may receive educational assistance.

This bill would allow VA to award benefits to those veterans taking these courses at a business site. This would permit approval of courses offered by businesses only when the courses are needed to fulfill requirements for the attainment of a license or certificate generally recognized as necessary to obtain, maintain, or advance in employment in a profession or vocation in a technological occupation. We believe providing educational benefits for pursuit of these courses is fully consonant with MGIB purposes, and, given the bill's conditions on approving the courses, adequate safeguards would exist against potential abuse. Consequently, we would support this provision of the bill.

Our preliminary cost estimate indicates that section 103 would result in benefit costs of about $3.4 million in FY 2002, with a 5-year benefit cost of about $17.6 million for FYs 2002-2006.

Section 104 would expand the special restorative training (SRT) benefit provided under the chapter 35 Survivors' and Dependents' Educational Assistance program to include certain disabled spouses or surviving spouses. Presently, eligible children entitled to chapter 35 assistance may receive SRT to overcome or lessen the effects of a physical or mental disability and enable them to undertake a program of education. This same benefit should be extended to the eligible spouse or surviving spouse when there is a reasonable possibility that the handicapping effect of his or her disability can be overcome or lessened through an SRT course. The purpose of such training should be to prepare the person for subsequent education or training. Further, there must be an indication that the person is having difficulty selecting a program because of the disability.

We support this provision of the bill.

Our preliminary cost estimate indicates that section 104 would result in benefit costs of less than $11,000 in FY 2002, with a 5-year benefit cost of almost $54,000 for FYs 2002-2006.

Section 105 would permit eligible veterans to receive VA education benefits, effective on the date of enactment, while pursuing noncollege-degree courses that are offered through independent study by institutions of higher learning.

Currently, an eligible veteran may receive educational assistance allowance for pursuit of an accredited independent study program (distance learning), provided that the program leads to a standard college degree. There must be interaction between the student and the faculty by mail, telephone, video conferencing, computer technology (including electronic mail), or personally.

This bill would allow the approval of distance education programs leading to a certificate offered through independent study by institutions of higher learning. This would be similar to the requirements for approval of independent study courses that lead to a degree, except this provision doesn't specify that the institution of higher learning be accredited . A veteran's educational opportunities currently are limited by the inability to pursue certificate programs offered by independent study. We agree that this should be changed. Nevertheless, as a safeguard to help assure the merit of such training, approval of courses offered by independent study and leading to a certificate should be limited to those offered by an accredited institution of higher learning. We would support this section with such modification.

Our preliminary cost estimate indicates that section 105 would result in benefit costs of about $1.3 million in FY 2002, with a 5-year benefit cost of almost $7 million for FYs 2002-2006.

Section 106 of H.R. 801 would add several technical amendments.

(a) The first amendment would rework an ambiguity in the law concerning the period of active duty an individual must serve to become entitled to MGIB benefits consistent with the tiered benefit structure in effect before the enactment of Pub. L. 106-419. Until the enactment of that law, individuals who served <u>at least</u> 3 continuous years of an initial obligated period of 3 or more years established eligibility for MGIB at the highest rate. Those who served an initial obligated period of 2 years received a lesser rate. Pub. L. 106-419 sought to

extend eligibility to people whose qualifying period of active duty service was other than the initial obligated period, without affecting requirements as to the length of such service. In so doing, however, it inadvertently amended the statute to read, in effect, that a person who agrees to serve an obligated period of more than 3 years, under section 3011(a)(1)(A) of title 38, U.S.C., must serve that entire obligated period, not merely 3 years thereof. This amendment makes it clear that the individual need complete only 3 continuous years of active duty to establish full MGIB entitlement. This amendment also clarifies that a person who agrees to serve at least 2, but less than 3, years of active duty may become entitled to the MGIB when that person serves for at least 2 continuous years. This provision would be effective retroactive to November 1, 2000. Since this merely corrects a technical error in Pub. L. 106-419, we support this provision.

(b) The second correction would change the way in which MGIB entitlement would be charged for service members who use such entitlement to "top up" their military tuition assistance. Pub. L. 106-398 provided this new opportunity to use the MGIB benefit. Operationally, however, it provided that service members who used the "top up" assistance would retain 36 months of MGIB entitlement, but the monthly rate for that entitlement would be reduced by subtracting the total amount of "top up" money paid from the total the individual was otherwise eligible to receive, and dividing the result by 36. The technical amendment would more accurately measure the use of MGIB benefits for this purpose, as contemplated in Pub. L. 106-398, by having the monthly rate remain constant while the individual's available months of MGIB entitlement would be reduced by dividing the total amount received in "top up" money by the monthly rate payable.

In other words, similar to the manner in which entitlement is charged for flight training, for each $650 paid to a service member with a service obligation of 3 years or more, entitlement would be reduced by one month. This would greatly

simplify operations and more accurately and understandably assess use of MGIB benefits for "top up" purposes. Therefore, we strongly support this amendment.

(c) The third amendment would clarify the timing and amount of additional monies a service member can contribute to augment his or her monthly rate of MGIB benefits, and provide that the contributions would be collected by the Secretary of the appropriate military department. The law, as amended by Pub. L. 106-419, currently provides that a service member can contribute up to $600 to increase the monthly MGIB rate. That contribution can be made at any time, in multiples of $4. Thus, extended to the extreme, the individual could contribute $4 several times each day. Moreover, current law could be read to require VA to increase the monthly rate effective when each $4 contribution is received. This is nearly impossible for VA to administer. The H.R. 801 amendment would provide that the contributions could be no more frequent than once per month and must be in multiples of $20. Further, the increased monthly rate would go into effect on the first day of the enrollment period following receipt of the contribution. These changes are reasonable and would make the benefit augmentation provision feasible to administer. Consequently, we strongly favor this technical amendment.

(d) The fourth amendment would provide that the amount of contributions made to augment an individual's monthly MGIB benefit would be included in determining the amount of the MGIB death benefit payable to an individual's survivors, in the same manner as would the $1200 pay reduction. Since this would be in keeping with the purpose of the death benefit, we support this amendment. However, we note that the $1200 pay reductions included in 38 U.S.C. 3018A, 3018B, and 3018C have never been included in the death benefit, while Pub. L. 106-419 made such provision for pay reductions under 38 U.S.C. 3018C(e). Accordingly, we suggest it would be appropriate at this time to include all such pay reductions in the death benefit.

(e) Pub. L. 106-419 provided that some children eligible for educational assistance under the DEA program could elect the beginning date of their period of eligibility. This provision was enacted to overcome a situation where the child might lose much of the eligibility period while awaiting VA's decision on whether the parent's service-connected disability is permanent and total or the parent's death was service-connected. However, by requiring that the child make the election between ages 18 and 26, the law prohibits an election where it is clearly needed.

For example, assume a veteran dies when the child is age 23. VA doesn't decide that the death is service-connected until after the child's 26th birthday. This child currently cannot make an election. H.R. 801 would overcome this by providing that the election could be made no later than the end of a 60-day period beginning on the day VA notifies the child of the right to make an election. This overcomes a clear inequity in the law and, consequently, has our full support.

VA estimates there would be no costs associated with the enactment of this section of H.R. 801.

TITLE II – TRANSITION AND OUTREACH PROVISIONS

Section 201 contains three provisions that would affect VA's Transition Assistance Program responsibility. The first of these would require VA to provide aid and assistance, as described in section 7722(d) of title 38, United States Code, to service members as part of their transition assistance programs, under section 1144 of title 10, United States Code. This amendment, in effect, would mandate in title 38 what VA now is doing by interagency agreement to implement the Transition Assistance Program (TAP) established under title 10.

Under section 1144, the Departments of Labor (DOL), Defense (DoD), and Veterans Affairs have entered into a Memorandum of Understanding (MOU) outlining

joint, as well as individual agency responsibilities. Under this MOU, VA is responsible for providing a point of contact and coordinators; highly qualified benefits counselors, instruction aides and course materials for each participant at locations where the program is conducted; a VA training curriculum and support to the National Veteran Training Institute and DOL TAP staff; as well as guidance on the role of all veterans' service organizations. VA is also responsible for monitoring its TAP and Disabled Transition Assistance Program (DTAP) delivery to maintain a high-quality program. Program responsibility is assigned to the Demand Management Staff, Compensation and Pension Service. It should be noted that the last MOU was signed in December 1994, and that the Agencies' program coordinators are working together in developing an updated MOU. However, no major changes are anticipated in VA responsibilities.

During FY 2000, VBA military services coordinators conducted over 5,200 briefings through the Transition Assistance Programs, Retirement Services Program, and other separation activities. Over 214,000 service members and spouses attended these programs. Almost 89,000 personal interviews were conducted with active duty personnel during that same period.

VA, thus, is fully committed to its TAP responsibilities. We believe this provision merely may be intended to reaffirm that commitment. Nevertheless, we are concerned that the provision, as drafted, creates an independent mandate for VA that could limit our flexibility in providing TAP services in conjunction with our other partners, DOL and DoD. We would be pleased to work with the Committee staff to clarify the intent of this provision.

The second provision of section 201 requires VA to establish offices on military installations outside of the United States as VA determines necessary. Currently, VA provides transition assistance services to overseas active duty personnel through VBA's Overseas Military Services Program (OSMP). This program operates under a separate Memorandum of Agreement between the Departments of Defense and Veterans Affairs. Under the OSMP, VA representatives are placed at key transition sites in Europe and the Far East. These are temporary tours of duty logistically supported by the DoD which include office space, lodging, per diem, and travel costs. During 9 months of

coverage provided in FY 2000, overseas military services coordinators conducted 414 briefings, attended by almost 11,000 active duty personnel and spouses. In addition, overseas military services coordinators conducted over 4,400 personal interviews with service members.

Expanding overseas transition assistance services with permanent VA Offices located on military installations would allow us to extend the Benefits Delivery at Discharge program to service members being separated overseas. Through the Benefits Delivery at Discharge program, VA assists service members in filing claims with the ultimate goal of rating cases and awarding benefits within 30 days of the member's discharge from service. Benefits Delivery at Discharge programs are currently operational at 114 military installations in the United States. During the first quarter of FY 2001, VA conducted over 8,000 pre-discharge examinations and finalized nearly 5,000 claims through the Benefits Delivery at Discharge program.

Although we have no objection to being given express statutory authority to maintain offices on Armed Forces installations overseas, we find that, as with the previous provision, the mandatory language of this provision does not allow VA sufficient discretion in our use of resources. Again, we would be pleased to work with the staff to draft appropriate language to effect the objective here.

The third provision of section 201 would clarify VA's authority, under section 7724 of title 38, to outstation VA personnel on military installations to provide counseling and outreach services to veterans and other eligible persons. We have read section 7724 broadly as already giving VA that authority, and further note that section 701 of Public Law 102-83 also gives VA this authority for purposes of providing information and assistance concerning veterans' benefits to service members approaching discharge or release from active military, naval, or air service. Moreover, since the implementation of the pilot Transition Assistance Program (TAP) in I990 (PL 101-237) and the permanent TAP established under PL 101-510, VBA military services coordinators have been located at many military bases throughout the country to provide transition assistance. Thus, this provision would not seem necessary. Nevertheless, we have no objection to the addition of this explicit authority in title 38.

VA estimates there would be no costs associated with the enactment of this section of H.R. 801.

Section 202 provides for pre-separation counseling by Department of Defense personnel of each member of the armed forces whose discharge or release from active duty is anticipated. Since this is a matter within their purview, VA defers to the DoD on this provision.

Section 203 of H.R. 801 would require each State approving agency (SAA) to conduct outreach programs and provide outreach services to veterans and eligible persons about education and training benefits available to them under federal or state law. Both VA and the SAA's believe such information is important in helping service members and veterans decide how to best use their benefits. Consequently, many SAA's are already doing this as an ancillary duty. We support this provision since it would require the remaining SAA's to begin outreach efforts. We recognize it is possible that SAA's staffed by only one or two persons may have difficulty taking on this added function. Consequently, if this provision were enacted, we would monitor these SAA's to assure it would have no adverse impact on their ability to perform their approval and oversight duties.

VA estimates there would be no costs associated with the enactment of this section of H.R. 801.

Section 204 would expand VA's responsibilities in providing outreach to potential beneficiaries who are eligible dependents of veterans. Specifically, this provision would broaden the definition of eligible dependents to include all spouses, surviving spouses, children, and dependent parents of persons having active service. The provision would also add a new section to title 38 for the stated purpose of ensuring that the needs of eligible dependents are fully addressed. The new provision would require the Secretary to ensure that the availability of outreach services and assistance for eligible dependents is made known through a variety of means, including the internet, announcements in veterans' publications, and announcements to the media. We agree with the importance of providing outreach to the broadest spectrum of eligible

ıpendents and already have undertaken efforts to reach spouses, surviving spouses, ildren, and dependent parents of veterans.

In the past, VA has been given latitude in the design, direction, content, and ·ucture of outreach programs. Section 7727 provides specific direction as to the ethods to be used for outreach to eligible dependents, to include use of the internet, ınouncements in veterans' publications, and announcements to the media. The :ernet has greatly expanded our ability to reach and assist veterans and their ıpendents. Through VA websites, veterans and dependents can obtain extensive 'ormation about VA benefits, print benefit applications, request additional information, get assistance with specific claim issues. Through the Veterans On-Line Application, :terans can now apply for some benefits on-line. VA also fully utilizes the news media make targeted groups aware of VA benefits and services. For example, in support of \ efforts to expand outreach to Vietnam veterans exposed to Agent Orange, the North nerican Precis Syndicate (NAPS) Veterans Day Package prepared by the Office of ıblic Affairs featured an article on Vietnam Veterans and Agent Orange. Camera ady copies were sent to 10,000 newspapers and as a script to several thousand radio d TV stations. Thus, although we favor the objective of section 204, such legislation not necessary to assure that we will engage in suitable outreach efforts directed ward eligible dependents.

Section 205 would also expand VA's outreach responsibilities by requiring that, ıenever a veteran or a dependent first applies for any VA benefit (including a request burial or related benefits, or an application for life insurance proceeds), the Secretary ovide to the applicant information concerning VA benefits and health care services.

VA agrees that outreach to veterans and their dependents is an important part of mission. We believe our current outreach efforts comply with the intent of the oposed legislation, which is to ensure that veterans and dependents are aware of and derstand available benefits and services and are provided timely and appropriate sistance to aid and encourage them in applying for and obtaining such benefits and rvices.

We assume it is intended that a common-sense approach be taken to administering this provision. In particular, we note that it would require us to provide to a veteran or dependent information concerning benefits and health care services when that person first requests burial or burial-related benefits. This typically would occur when a family member, usually with the help of a funeral director, makes arrangements for the burial of a loved one at a national cemetery or orders a headstone or marker for a loved one. We do not believe that this is the appropriate time to provide a veteran or a dependent information concerning eligibility for other benefits and services. This is a very sensitive period for grieving family members, and we do not believe the process should be encumbered with requirements for provision of information that the family members may not desire at that time. Nonetheless, we support the objective of section 205 and would not oppose its enactment if it were made clear the Department had the flexibility to use its discretion in the timing and manner of providing information so as to be sensitive as to the needs of the veteran's family members.

We estimate that enactment of section 205 would result in an administrative cost to the National Cemetery Administration of $250,000 annually. This estimate is based on 325,000 initial contacts annually by veterans and their dependents seeking burial benefits and includes the cost of postage and printing of informational brochures. Additional costs would be incurred by the Veterans Benefits Administration and the Veterans Health Administration. We request that language be included in this provision to authorize VA to use amounts appropriated for compensation and pensions to carry it out.

TITLE III – MEMORIAL AFFAIRS, INSURANCE, AND OTHER PROVISIONS

Section 301(a) would increase the burial and funeral-expense allowances payable for service-connected deaths from $1,500 to $2,000 and for nonservice-connected deaths from $300 to $500. Section 301(b) would increase, from $150 to

$300, the plot allowance payable for veterans buried in State or private cemeteries. Pursuant to section 301(c), these amounts would be indexed to increases in Social Security benefits under section 5312 of title 38. The initial increases in the various rates would be applicable to deaths occurring on or after the date of enactment of this legislation.

The adequacy of the current rates must be judged in the context of the overall package of burial benefits available to veterans, and with reference to other competing needs for finite budget dollars. The Government has responded to veterans' burial needs in recent years by establishing several new National Cemeteries and by significantly enhancing the grant program under which State veterans cemeteries are established. The State Cemetery Grants Program now provides up to 100 percent of the costs of construction associated with the establishment, expansion, or improvement of state veterans cemeteries. This partnership between VA and the states helps to support the Department's strategic goal of providing veterans with reasonable access to burial in a veterans cemetery. Since the 1998 enactment of Public Law 105-368, which in effect increased the permissible grant amount from 50 to 100 percent of construction costs, there has been an increased interest from the states in the program, as reflected in the increased number of pre-applications received.

Given the expanding availability of burial options within both National and State veterans cemeteries, and the competing demands for scarce VA resources, we can at this time support only that portion of Section 301 that would increase to $2,000 the burial and funeral-expense allowance for service-connected deaths. The last increase (from $1,000 to $1,500) occurred in 1988. The greatest obligation is owed to the families of those who have paid the ultimate price for their service, and we believe such an increase is warranted in their case.

Our preliminary cost estimate indicates that section 301 would result in benefit costs of $35 million in FY 2002 and a total benefit cost of $201 million for FYs 2002-2006. We estimate that an increase in only the service-connected burial allowance, from $1,500 to $2,000, would result in benefit costs of $5.3 million in FY 2002 and a 5-year benefit cost of $31.7 million.

Section 302 would add a new section to title 38 to provide automatic Servicemembers' Group Life Insurance (SGLI) coverage to the spouses and certain children of insured, full-time, active-duty servicemembers. Section 302(b)(1) would provide $10,000 of SGLI coverage for children of eligible servicemembers. This section also would provide a maximum of $100,000 of SGLI coverage for the spouse of an eligible servicemember unless the servicemember elects not to insure the spouse or to purchase coverage in an amount less than $100,000 (in a multiple of $10,000) not to exceed the amount of the servicemember's SGLI coverage.

SGLI coverage for family members would end upon: (1) the written election of the servicemember; (2) 120 days after the member's death; (3) the date on which the servicemember's SGLI coverage is terminated; (4) the date of the dependent's death; or (5) 120 days after the date on which the insured's status as the child or spouse terminates. If a spouse's coverage were terminated by one of these events, the spouse would have the option to convert the SGLI coverage to commercial coverage.

The Secretary of Veterans Affairs would have the authority to set premiums for spouses. No premiums would be charged for SGLI coverage for children. The military departments and the Departments of Transportation, Commerce, and Health and Human Services, in consultation with VA, would be required to take action to ensure that every servicemember on active duty during the period between enactment of this legislation and the effective date of the bill is furnished information about family SGLI coverage and provided an opportunity to make an election.

VA defers to the Department of Defense regarding the need to offer family SGLI coverage to insured, active-duty servicemembers. VA, however, has a few technical concerns with section 302 as drafted that relate to VA's administration of the SGLI program. New section 1967A would use the term "spouse" and "dependent spouse" interchangeably, but there is no definition of the term "dependent" in the draft bill. In addition, that section uses the terms "dependent" and "insurable dependent" interchangeably.

With regard to termination of a spouse's SGLI, section 302(c)(1)(D) would provide inconsistent time frames for terminating SGLI coverage. New

section 1968(a)(5)(A) and (B)(ii) would provide that coverage would terminate immediately upon the member's election or upon termination of the member's SGLI coverage. However, new section 1968(a)(5)(B)(i) and (iv) would provide that coverage would terminate 120 days after the member's death or termination of status as an insurable dependent. In order to maintain consistency, VA recommends that section 302(c)(1)(D) be amended to provide in section 1968(a)(5)(A) and (B)(ii) that coverage would terminate 120 days after an election by a member or termination of an insured's SGLI coverage. VA further recommends that section 302(f) be amended by adding a sentence to new section 1968(b)(3)(A) stating that the individual policy of insurance would be effective the day after the spouse's SGLI terminates.

Section 302(e) would amend 38 U.S.C. § 1970 by adding a new subsection (h). However, section 1970 currently includes a subsection (h). VA therefore recommends that section 302(e) be amended by redesignating the new subsection it would add to section 1970 as subsection (i).

Finally, section 1968(b), as amended by section 302(f), would provide that, upon the election of a spouse, an SGLI policy "may be converted to an individual policy of insurance as described in" 38 U.S.C. § 1977(e), which pertains to conversion of Veterans' Group Life Insurance (VGLI) to an individual policy of insurance. In order to clarify that a spouse's individual policy would be issued under the same conditions as a plan to which a VGLI insured can convert, VA recommends that new section 1968(b)(3)(A) be amended to provide that the conversion policy would be issued without medical examination.

There would be no costs to the Government associated with section 302.

Section 303 would increase, from $8,000 to $9,000, the amount of monetary assistance VA may provide to a certain disabled veterans to facilitate their purchase of automobiles. This monetary allowance was last increased in 1998, from $5,500 to the present level, by Public Law 105-178. In view of increases in the cost of motor vehicles that have occurred since that time, we believe the proposed increase is reasonable, and we support it.

Our preliminary cost estimate indicates that section 303 would result in benefit costs of $1 million in FY 2002 and a total benefit cost of $5 million for FYs 2002-2006.

Section 304 of H.R. 801 would increase the grants authorized by section 2101 of title 38, United States Code, to veterans with qualifying service-connected disabilities. These grants assist the eligible veterans make adaptations to their homes that are necessary because of the nature of the veterans' disabilities. The bill would raise the Specially Adapted Housing Grant, authorized by section 2101(a), from $43,000 to $48,000, and the Special Housing Adaptation Grant, authorized by section 2101(b), from $8,250 to $9,250.

The current grant amounts were set by Public Law 105-178, effective October 1, 1998. Cost data obtained by VA in 1998 showed that increases of up to $50,000 and $8500, respectively, would have been justified. In FY 2000, 99 percent of the veterans determined eligible for these grants used the maximum grant amount and, in most cases, required additional funding to complete their adaptations. Based on our initial research, we believe that the proposed increase in these grant amounts is necessary and appropriate to keep pace with increased costs.

VA, therefore, strongly supports the adjustments contained in H.R. 801. VA estimates that section 304 of H.R. 801 would have an annual cost of approximately $2.74 million and a 5-year cost of approximately $13.68 million.

Section 305 would revise standards for determining net worth for purposes of veterans' entitlement to nonservice-connected disability pension. The applicable provision of law, section 1522(a) of title 38, would be amended to include a requirement that, in determining the corpus of the estate of a veteran, the value of the veteran's and the veteran's spouse's real property would be excluded if the property were used for farming, ranching, or similar agricultural purposes. Because this provision could result in disparate treatment for similarly situated claimants, we do not support it.

The change apparently is intended to benefit farmers or ranchers who may have significant real property holdings, but little available cash or other liquid assets and for whom the real property, while having commercial value, serves as a home.

We do not believe, however, that such claimants should be treated differently from other similarly circumstanced claimants who may own real property with commercial value that may be attached to or in close proximity to their places of residence (for example, a duplex home where one unit is used for rental purposes). In such a case, the value of the rental property (one half the value of the home) would be taken into consideration for purposes of determining the claimant's net worth, while at the same time the value of the agricultural property of another claimant that may equal or exceed the value of the former's duplex rental would be excluded. We believe such a result would be inequitable. In addition, we believe the proposed amendment would unduly add a significant level of complexity to determinations affecting claimants' net worth that would not serve to benefit veterans as a whole.

Section 305 is subject to the PAYGO requirements of the OBRA, and, if enacted, it would increase direct spending. Our preliminary cost estimate indicates that section 305 would result in benefit costs of $18,286 in FY 2002 and a total benefit cost of $399,796 for FYs 2002-2006.

Section 306 would make needed technical amendments to section 107 of title 38, to reconcile and clarify recent amendments made by Public Laws 106-377 and 106-419 that affect the rate of payment of burial benefits and compensation to certain Filipino veterans. These amendments are crucial to implementation of the provisions affected and should be enacted separately should passage of this bill be delayed.

There are no costs associated with these technical amendments.

TRANSITIONAL HOUSING PILOT PROGRAM

Mr. Chairman, you requested a status report on VA's implementation of the new guaranteed loan program for multifamily transitional housing projects for homeless veterans. This pilot loan program was established by Public Law 105-368,

enacted November 11, 1998. Under this new program, VA is authorized to guarantee up to 15 loans with a maximum aggregate principal balance of $100 million.

As you are aware, Mr. Chairman, the Office of Management and Budget recently agreed to waive Executive Branch policy contained in OMB Circular A-129 and permit VA to provide a 100 percent guaranty on these loans. Having just resolved this major issue, VA is able to resume its preparations for selecting the first projects to be financed under this program. We are hopeful that this selection process will be well under way by the last quarter of the current calendar year.

Due to the complex and unique nature of this new program, the statute mandated that VA enter into contracts for consulting services with organizations experienced with transitional housing projects. Although this program was established in 1998, VA did not receive funding for these contracts or the other administrative expenses until Fiscal Year 2000.

In January 2000, VA contracted with the consulting firm, Birch and Davis Associates, Inc. As part of their team, Birch and Davis included a subcontractor, Century Housing Corporation Corp., of Culver City, California. Century Housing has experience in the developing and financing of transitional housing for homeless veterans, including the Westside Residence Hall in Los Angeles, California, which we understand was the model on which this legislation was based.

The contractor made numerous recommendations regarding the structure and implementation of this pilot program. Among Century's recommendations was that VA provide a 100 percent guaranty. OMB, however, objected to that level of guaranty, since Executive Branch policy disfavors any loan guaranty in excess of 80 percent.

A loan guaranty program normally involves a party seeking financing from a commercial lender. VA assumed this would be the case under the pilot program. OMB advised us, however, that if the 100 percent guaranty were approved, the loans would be made by the Federal Financing Bank, a Government corporation under the general supervision of the Secretary of the Treasury.

Until the issues of the level of guaranty and who would fund the loans were resolved, VA could not proceed on developing the mechanics of this program. As we have noted, Mr. Chairman, OMB recently approved the 100 percent guaranty.

During the interim, however, VA continued with the planning process. The Under Secretary for Health approved the formation of two committees. These were:

- The Location Site Selection Committee (LSSC), which was tasked with identifying and recommending specific sites where VA would seek proposal for projects to be funded by the pilot program; and

- The Loan Guarantee Selection Committee (LGSC) which will be reviewing proposed projects and recommending to the Secretary which projects should be approved for a loan.

This is a limited pilot program, and a maximum of 15 loans may be made. VA does not believe it is feasible, at least initially, to fund more than two or three projects. After the initial projects are well under way, VA plans to review the process and make necessary administrative alterations before proceeding with the next round of projects.

We do not believe a Nationwide competition would be feasible. Therefore, we will be seeking proposals for projects in only a limited number of Metropolitan Statistical Areas (MSAs) designated by the Secretary. Therefore, the LSSC began its work during the summer of 2000, and developed criteria for determining the geographic areas where projects will be located. The LSSC then reviewed available data, and came up with preliminary recommendations for selection of the initial MSAs. The committee's recommendations are now under review in the Department.

VA is now working with the Federal Financing Bank (FFB) on developing a Memorandum of Understanding between the Secretary and the FFB regarding the funding and guaranteeing of loans under this program. VA is also reviewing the contractor's recommendations to determine what changes may be necessary, since loans will be made by the FFB rather than commercial lenders.

VA's next steps will be:

- Finalize the administrative guidelines that will govern the initial loans;

- Acquire private-sector services necessary for the implementation of this program. While no final decisions have been make, we anticipate contracting for loan underwriting recommendations from a private lender experienced with financing multifamily housing projects for or low-income persons, and for a loan servicing and project oversight services; and

- Issuing requests for proposals in the highest priority MSAs.

We hope to be able to issue the initial RFPs before the end of the current fiscal year.

We must caution the Committee that this will be a slow process. We know the needs of homeless veterans are great and VA wishes to add the additional beds as quickly as possible. There is, however, no model for this type of federal loan guaranty program, and, as we break new ground, we must be cautious. We must give developers sufficient time to draft workable proposals, and take the time to review all applications carefully. We must also be aware that constructing a new multifamily housing project would likely take two or more years.

We will, however, continue to move ahead on this important new program, and hope to have homeless veterans taking advantage of the new facilities as soon as reasonably possible.

Mr. Chairman, that concludes my testimony. I would be pleased to reply to any questions you or Members of the Subcommittee may have.

TESTIMONY OF

PATRICK A. SUTLIFF

DIRECTOR OF VETERANS AFFAIRS AND CAMPUS BASED AID ADMINISTRATION

UNIVERSITY OF PHOENIX

ON

"VETERANS' OPPORTUNITIES ACT OF 2001"

BEFORE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE ON BENEFITS

MARCH 15, 2001

Good Morning, Mr. Chairman and distinguished members of the House Subcommittee on Veteran's Benefits, my name is Patrick Sutliff, Director of Veterans Affairs and Campus Based Aid Administration for the University of Phoenix. Neither the University of Phoenix nor myself has been a recipient of any federal grants or contracts during the FY 2000 or previous years.

I request permission to submit my written testimony for the record, and to read a summary of that testimony and answer any questions the committee members may have.

As we have entered into this new millennium, education and how it is offered has drastically changed. Accelerated semester or academic terms, distance education and increased delivery modalities offered by educational institutions have rapidly expanded in mainstream America learning, not only in private institutions of higher learning but also in the public institutions. However, the laws and regulations governing the use of the Montgomery G.I. Bill for these types of educational changes have not kept pace.

The University of Phoenix supports the measures proposed in H R. 801, section 105, to provide VA education benefits to our service members, veterans and eligible persons enrolled in independent study in non-college degree programs offered by institutions of higher learning. This improvement to the law will make a positive difference for many service members and veterans to achieve professional and educational objectives in this kinetic time of rightsizing, re-careering and retraining.

University of Phoenix also supports the expansion of the work-study opportunities provision. We believe the expansion will greatly ensure that veterans and eligible persons in achieving their ultimate goals of working in their respective areas of academic concentrations, while receiving valuable work experience.

Again, I wish to thanks you for the opportunity to speak before you today. If you have any questions of me, I will be happy to respond to the best of my ability. (A brief vitae and copy of the letter to Congressman Hayworth dated 1/25/2001 are attached)

PATRICK A. SUTLIFF Abbreviated CV as of 3/15/01

Education

University of Phoenix-Phoenix AZ
Master of Arts in Organizational Management-In process

Western International University – Phoenix, AZ
Bachelor of Science in Accounting, 1994

Glendale Community College – Glendale, AZ
Associate of Science in Accounting - 1993
Associate of Science in Computer Information Systems – 1993

Relevant Professional Experience

Director of Veterans Affairs and Campus Based Aid Administration, Phoenix AZ
University of Phoenix and Western International University 2000-Present
Manage 45 Veterans Affairs certifying officials located within 18 states, responsible for all regulatory and compliance issues with regards to Veterans and Campus Based Aid Administration (Perkins loans and state grants).

Director of Veterans Affairs, Phoenix AZ
University of Phoenix and Western International University 1998-2000
Manage 45 certifying officials located within 18 states, responsible for all regulatory and compliance with regards to Veterans and Campus Based Aid Administration.

VA/FA compliance/Training Administrator, Phoenix AZ
University of Phoenix and Western International University 1995-1998
Responsible for the compliance and training of new and existing campus VA certifying officials. Responsible for seeking VA approval of new and existing campuses.

VA/FA Financial Counselor, Phoenix AZ
Western International University 1992-1995
Processed VA enrollment certifications for Western International University. Also responsible for packaging new and existing Financial aid students.

Other Relevant Qualifications:

National Association of Veterans Program Administrators (NAVPA) Board of Directors Member at Large 1997-2001

National Association of Veterans Program Administrators (NAVPA) Executive Board of Directors (Treasurer) 1998, 1999, 2001

National Association of Veterans Program Administrator (NAVPA) committee member of the Education, Legislative, and Finance (1998-2001)

Arizona Association Of Veterans Program Administrator (AVPA) Executive Board of Directors (Treasurer) 1995-1998

Active member of the Disable American Veterans (DAV) and American Veterans Association (AMVETS)

Military:

Veteran – U.S. Army 1985-1989 Improved Hawk Continuous Wave Radar Repairman

Personal Data:

Birth Date:	May 14, 1965, (Naples, Italy)
Wife:	Monica I Sutliff, (Scottsdale, Arizona)
Children:	Daughter (Sarah Sutliff) Son (Anthony Sutliff)

January 25, 2001

The Honorable J.D. Hayworth
2434 Rayburn House Office Building (HOB)
Washington, DC 20515

Dear Congressman Hayworth:

As the Director of Veterans Affairs for the Apollo Group Inc., (University of Phoenix), I would like to bring to your attention an issue that has hindered University of Phoenix Online distance education Veteran and Military students in receiving VA educational benefits while pursuing a non-college degree through the University of Phoenix Online distance education campus.

As stated in the Title 38, U.S. Code of Federal Regulations, the definition of independent study states "it consist of a prescribed program of study with provisions for interaction between the student and the regular employed faculty of the institution of higher learning. The interaction may be personally or through use of communication technology, including mail, telephone, videoconferencing, computer technology (to include electronic mail) and other electronic means:"

As you may be aware, the University of Phoenix Online campus located in Phoenix Arizona fits the description of the independent study definitions. The University of Phoenix Online campus is approved to train veteran and military members, however, only at the degree granting level. At many accredited schools that offer certificate programs via distance education, these programs are not approvable for VA education benefits under the current law. These non-degree courses provide extremely valuable knowledge and skills to students.

I recommend that section 3680A of Title 38, US Code, be revised to allow the receipt of veteran educational benefits while pursuing non-college degree courses that are offered at accredited Institution of Higher Learning.

Thank you very much for your review of this important issue. I look forward to your response. Let me know if I can be of any assistance by contacting me at 480-557-1631

Sincerely,

Patrick Sutliff
Director of Veterans Affairs
Apollo Group Inc.

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[T] 202 728.0200
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Testimony of Jack W. Lunsford

Director of Government Relations and External Affairs

Maricopa Community Colleges

Phoenix, Arizona

on behalf of the

American Association of Community Colleges

before the

U.S. House of Representatives

Committee on Veterans' Affairs

Benefits Subcommittee

Hearing on H.R. 801, Veterans Opportunities Act of 2001

334 Cannon House Office Building

Washington, DC 20515

Thursday, March 15, 2001, 9:00 a.m.

Good morning Mr. Chairman and Members of the Subcommittee. My name is Jack Lunsford and I am the Director of Government Relations and External Affairs for the Maricopa Community Colleges. I am here representing my institution and the views of the American Association of Community Colleges (AACC) on H.R. 801, the Veterans' Opportunities Act of 2001. AACC represents nearly 1,100 regionally accredited, public and private, associate degree-granting institutions of higher education. The Association is pleased to support this legislation, although many of the bill's provisions do not touch directly on community colleges' activities.

The Maricopa Community College District consists of ten nationally accredited colleges, currently serving nearly 220,000 credit students in the metropolitan Phoenix area. We are the largest providers of job training and education in Arizona, and our enrollment ranks us as the largest community college district in the United States. If the Maricopa Community Colleges were a four-year university, it would rank as one of the five largest higher education institutions in the nation. At any given time, one out of ten residents within Maricopa County are attending one of our colleges, receiving the highest quality education and training services.

As one can guess, the Maricopa Community Colleges serve a significant number of veterans. Although students are not required to reveal their military status, we have served an average of 4,000 declared veterans annually for the last decade. As for active military personnel, our Rio Salado College has branch operations located on Luke Air Force Base serving 600 students each semester. Our Luke Air Force Base center provides not only full time instruction, but also on-site registration, advising and career counseling for military personnel preparing to make the transition into civilian life. Rio Salado is also one of the institutions of higher education recently selected to provide distance learning to the Army through its Advanced Distributed Learning Initiative. This portable education program allows soldiers to continue their education wherever their duty assignments take them.

Service to America's veterans is a central component of the community college mission. Our colleges provide myriad services to veterans, both as they prepare to separate from the service and after they have made the transition to civilian life. AACC testified on September 27 of last year on the assistance that community colleges provide to veterans seeking jobs when they have left the service. This is in addition to the longstanding support that the AACC has given to the Montgomery GI Bill.

AACC approves of the provision in H.R. 801 that substantially increases the amount of educational benefits provided under the Montgomery GI Bill for ROTC enlistees. These increased allowances are certainly well deserved by ROTC participants, and take into account the reality of rising college costs.

AACC is concerned about some aspects of Section 103 of the bill. This section expands the universe of eligible education providers to private entities that enable individuals to attain licenses or certificates necessary to obtain, maintain, or advance in a technical profession or vocation. The goal of this expansion is laudable—clearly it is to

the benefit of both veterans and our economy to expedite the ability of service members to become certified in key technical fields. And many of the routes to such certification are through private providers. However, we are concerned about the potential for fraud and abuse in this area. The student aid programs in the Higher Education Act were riddled by scam artists in the late 1980s and early 1990s, and we do not want to see this type of abuse replicated. We will urge the Secretary to establish tight procedures to ensure that only legitimate providers are made eligible to offer programs.

AACC heartily endorses Section 106 of H.R. 801, which effectively makes distance education certificate courses eligible for GI Bill support. At this time, community colleges are offering hundreds of valuable certificate programs via the Internet and other asynchronous learning modes. Distance learning is an integral and growing aspect of Maricopa Community Colleges' course offerings, with one of our colleges offering more than 100 different courses on the Internet. These distance education certificate programs are often of an occupational or technical nature and are geared toward placing individuals into good jobs in the shortest possible time frame. AACC championed a similar change to the 1998 amendments to the Higher Education Act, which made certificate programs of one year or longer, but less than associate degree length, eligible for federal student aid.

We also believe that Section 203 of the bill, which would provide greater information about education and training benefits for separating servicemembers and veterans, is quite valuable. As the AACC testimony outlined last September, many community colleges play an active role in providing veterans with this information, but state approving agencies must continue to play a systematic and vigorous role in increasing awareness and access. The number of veterans taking advantage of their educational benefits remains disturbingly low, despite improvements. More must be done in this area, and we stand ready to serve veterans in that role.

On behalf of the Maricopa Community Colleges, AACC, and some 1,100 community colleges across this country, I thank you for the opportunity to provide this testimony. We look forward to working closely with the Committee as it pursues its agenda on behalf of our nation's veterans.

NAVPA

NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS

Suite 1975 • 2020 Pennsylvania Avenue N.W. • Washington, D.C. 20006-1846

TESTIMONY ON HR 801, March 15, 2001

Good morning, I am Faith Stellitano from Embry-Riddle Aeronautical University and Vice President and Legislative Chair for the National Association of Veterans Program Administrators (NVAPA).

NAVPA supports the proposed legislation to expand the opportunity for veterans to avail themselves of Montgomery GI Bill educational opportunities that would permit them to receive MGIB educational benefits while enrolled in independent study courses in a non-degree program This legislation would enhance veteran's educational opportunities, enrich their job skills and provide them with the tools for professional development.

Many veterans find the need to go from uniform to the civilian work force once they separate from active military service for a myriad of reasons. Regardless of the reason, they are currently restricted from using their GI Bill for independent study when that study leads to other than a college degree.

Recently, the 106th Congress passed legislation that allows for the payment of up to $2,000 00 in fees for civilian occupational licensing or certification examinations for veterans', survivors' and dependents' eligible for VA educational assistance. However, it should be noted here that this law will not allow for the payment of courses which prepare students for license or certificate if those courses are offered through independent study as part of a non-degree certificate program.

Under Title 38, U.S. Code of Federal Regulations independent study consists of a prescribed program of study with provisions for interaction between the student and the regular employed faculty of the institution of higher learning. The interaction may be personally or through use of communications technology, including mail, telephone, videoconferencing, computer technology (to include electronic mail) and other electronic means (i.e., web technology)."

In this the 21st Century, the era of global electronic communications, there is a large shift in America toward what were here-to-fore non-traditional modes of course delivery. We should not inhibit the ability of our veterans to participate in the pursuit of their educational plans by restricting the method by which they can receive their course of study.

Many state and private institutions of higher education have online campuses and are approved to train veteran and military members only at the degree granting level. The largest part of these accredited schools offer certificate programs in residence as well as through distance education programs. These non-degree courses provide extremely valuable skills and knowledge to all students. They learn and earn the tools for career advancement and professional development. These courses are not now approvable for VA education benefits under the current law and therefore limit the veteran's ability to compete in the work force. This severely singles out and disadvantages veterans.

NAVPA recommends that section 3680A of Title 38, US Code, be changed to allow the receipt of VA veteran educational benefits while pursuing non-college degree courses that are offered through independent study at accredited Institutions of Higher Learning when that course of study leads to occupational licensure or certification.

Thank you very much for allowing me to testify before you this morning on behalf of our nation's veterans.

Gold Star Wives of America, Inc.

A nonprofit national military widows service organization chartered by United States Congress

Statement of

ROSE LEE, FORMER CHAIRMAN
GOLD STAR WIVES OF AMERICA, INC.

Before the

Benefits Subcommittee of the Veterans' Affairs Committee
United States House of Representatives

Concerning

H.R. 801, a Bill to amend title 38, the U.S. Code, to improve programs of educational assistance, to expand programs of transition assistance and outreach to departing sevicemembers, veterans and dependents, to increase burial benefits to provide for family coverage under SGLI, and for other purposes

March 15, 2001

Gold Star Wives of America, Inc.
5510 Columbia Pike, #205
Arlington, VA 22204

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE VETERANS' AFFAIRS SUBCOMMITTEE FO R BENEFITS:

Gold Star Wives of America, Inc., is a Congressionally chartered service organization comprised of surviving spouses of military service members who died while on active duty or as a result of a service-connected disability. Many of our membership of over 13,000 are the widows of service members who were killed in combat during World War II, the Korean War and the Vietnam War. Almost all of our members are receiving Dependency and Indemnity Compensation (DIC). In fact, as of September 2000, there were 329,000 survivors receiving DIC, including 288,089 widows. The largest group of widows receiving DIC continues to be the World War II widows (112,271), followed closely by the Vietnam Era (96,899). According to the Veterans Administration, more than 75% of the new DIC entrants are over 65 years old. Our median income (in 1993) to include our DIC benefit is only $16,495.00 per year and our attrition rate due to death or remarriage (in 1994) is 2% according to the 1995 GAO Report to the Veterans Affairs Committees.

INTRODUCTION

We thank the Subcommittee for inviting Gold Star Wives to give oral testimony before you today. As you are aware, our needs and especially those of active-duty widows are not always apparent to other veterans' service organizations, however helpful and supportive they have been over the years. H.R. 801 is a very good starting point for improving programs that would have an impact on the lives of our members. Expanding the definition of "eligible dependent" for VA outreach services, improving educational assistance, increasing burial assistance, and expanding the coverage for Servicemembers' Group Life Insurance programs all are worthy goals and we support the bill. We would like to see a much more comprehensive outreach plan that takes into account those dependents who are not in contact with the VA. We would like to address each of these issues in more detail.

EXPANSION OF OUTREACH EFFORTS TO ELIGIBLE DEPENDENTS

We are very pleased to see that the Subcommittee has seen fit to make the necessary statutory changes to make it clear that the Secretary for Veterans' Affairs has a duty to ensure that surviving spouses are provided with the information concerning all of the benefits and health care services administered by the Secretary. While it is not clear under the current law that the widows of those servicemen who gave their lives for their country were to be served by the Secretary in his outreach programs, this legislation should correct any such misunderstanding. Gold Star Wives has had significant experience in undertaking such outreach on its own and now is pleased that it could have a true partner in ensuring that widows are informed of their rightful benefits.

Gold Star Wives would like to offer a special word of thanks to Veterans Affairs Undersecretary for Benefits Joe Thompson and his staff, especially staff members Diane

Fuller and Lynda Petty. Their outreach efforts to Gold Star Wives over the years has been exemplary. They have provided our organization with much needed information concerning benefit inquiries that our organization gets almost on a daily basis. They have always been there for us and their assistance has been exceptional.

The recent reinstatement of D.I.C. benefits for those widows of servicemembers whose remarriage has ended has been of special interest for our outreach efforts. These are women whose husbands may have been killed in World War II, Korea or Vietnam and who remarried. Many of those remarriages have ended and those women have had no contact with the VA and are unaware that they may be eligible for D.I.C reinstatement. Consequently, members of Gold Star Wives wrote to Dear Abby and Dear Ann Landers to have them inform those widows of the new D.I.C. eligibility. We at Gold Star Wives were overwhelmed by the response. We received thousands of letters of inquiry and heartfelt thanks for the information.

Consequently, that portion of H.R. 801 calling for the requisite statutory language directing the Secretary to use a variety of means in an outreach program is especially vital. Outreach services for separating servicemen and veterans who may be contacting the VA should be routine and accomplished with a minimum of problems in targeting those groups. H.R. 801's new statutory language incorporating language from Congressman Doyle's bill making that first point of contact with the VA the springboard for outreach services is laudable. But, reaching those who may be eligible for programs who may not have a need to contact the VA requires the use of all forms of the media, the internet and veterans publications. We would hope that the Secretary's public affairs office makes full use of these resources in any outreach program it may devise. Getting out the word on who may be eligible for VA benefits should include an active program of public service announcements and advertisements that run during regular media watching and listening hours. Even one appearance on a television program like Oprah by the Secretary would go a long way in reaching those widows who may not even know they are eligible for VA assistance. VA programs can make a significant difference in the lives of a senior widow and just finding out about them is the first step.

IMPROVING PROGRAMS OF EDUCATIONAL ASSISTANCE

Gold Star Wives again wants to commend Committee Chairman Smith and you, Mr. Chairman for the provisions in H.R. 801 that expand the VA educational benefits to include the independent study courses in the certificate programs at institutions of higher learning. We also want to express our gratitude for the portion of H.R. 801 that expands restorative training to disabled spouses or surviving spouses. These are significant benefits in helping to allow spouses to take advantage of educational opportunities in this new era of education. As you well know, education is a lifetime process. These programs allow for the new expansion of education through the media and over the Internet. It is vital that we keep up VA assistance in this changing educational environment.

Still, I want to make it clear that any expansion of the Montgomery G.I. Bill should also include the same provisions in Chapter 35 for survivors. It is our understanding that this is the case, but we want reassurance for the record that it is the legislative intent of the Subcommittee to include survivors in the provisions of this bill expanding or increasing any Montgomery G.I. Bill benefits.

BURIAL AND FUNERAL ALLOWANCE AND SGLI INCREASES

Gold Star Wives also supports the increase in the burial and funeral allowance from $1500 to $2000 for veterans whose deaths are service connected, and from $300 to $500 for veterans with non-service connected deaths, and the increase for burial plot allowance from $150 to $300. This is helpful for the surviving family members at a time of great need and with the rapidly growing death rate among veterans it makes sense. The amount payable for these benefits has hardly kept up with inflation and the purchasing power of these provisions does remain very limited. This represents a starting point for future improvements.

The increase in family coverage under the Servicemen Group Life Insurance benefits is also very significant. These increases reflect the needs of a family at the time of the death of a family member. Again, these increases are limited and represent a starting point for future improvements.

Thank you for inviting Gold Star Wives to appear before you today and present our views on H.R. 801.

BIOGRAPHY OF ROSE LEE

Rose Lee has been a member of Gold Star Wives since 1972 and is a past President and Chairman. She is a retired civil servant from the Office of Personnel Management where she worked in Veterans' Employment. Rose is a graduate from The American University with a Masters Degree in Public Administration and a BA in Political Science. She is the widow of Chew-Mon Lee, U.S. Army, whose awards include the Distinguished Service Cross and the Purple Heart with Oak Leaf Cluster for his service in Korea. He also served in Vietnam in 1968-69 and died overseas on active duty in 1972.

DISCLOSURE STATEMENT

Neither Mrs. Rose Lee nor the Gold Star Wives of America, Inc. have received any Federal Grant or contract during the current or previous two fiscal years relative to the subject matter of this testimony.

STATEMENT OF

SIDNEY DANIELS, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO
H.R. 801 – "THE VETERANS OPPORTUNITY ACT OF 2001"
AND
PUBLIC LAW 105-368 – "THE VETERANS PROGRAM ENHANCEMENT ACT OF 1998"

WASHINGTON, DC MARCH 15, 2001

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the men and women who make up the Veterans of Foreign Wars and its Ladies Auxiliary, we appreciate the opportunity to participate in today's hearing and to offer our views on H.R. 801, the Veterans Opportunity Act of 2001, and the implementation of Public Law 105-368, the Veterans Programs Enhancement Act of 1998.

The VFW supports the provisions of H.R. 801. If passed, this measure will bring about significant improvements in key benefits and services available to veterans and servicemembers. As we have indicated, we support this measure in its entirety. We, therefore, will limit our remarks to selected provisions.

The VFW strongly favors the provisions of Section 102, which expands work-study opportunities for veterans enrolled in courses of study at educational institutions. Expansion of work-study opportunities to include State Veterans Homes and those academic departments where the veteran has declared a major area of study is a giant step in the right direction. As a long-time advocate for opening work-study opportunities, we continue to believe that present policies are too restrictive. We believe work-study opportunities should be expanded to include all offices of a university community, state and local governments, and recognized and creditable non-profit agencies. In our view, the major consideration for establishing a work-study site should be whether the worksite is able to impart a reasonable learning experience, whether a work-site official is willing and able to provide appropriate supervision, and whether VA's paperwork and reporting requirements can be met.

Mr. Chairman, we especially welcome your introduction of the transition and outreach provisions found in Title 2, particularly the authorizing of overseas veterans assistance offices for carrying out vital outreach services. While outreach services have been available to servicemembers based at installations in the United States, the same level of services have not always been available to servicemembers who serve overseas. We believe the provisions found in Section 201 will go far toward eliminating the disparity that exists in outreach and counseling services offered to overseas servicemembers.

Section 202, which prescribes time frames for servicemembers to receive pre-separation counseling, addresses a major concern of the VFW. Presently, far too many servicemembers leave the military without receiving this important service—either of their own accord or because they cannot get permission to take off from their job assignment. While the language in section 202 makes a strong statement that all military members who anticipate separation or retirement should have individual pre-separation counseling made available to them, the successful implementation of this provision will ultimately rest with the understanding, cooperation, and support of company commanders and similar military managers. Many field unit commanders, understandably, are most often focused on their primary responsibility of

building and maintaining unit readiness. This requires that all members assigned to a unit be present during field exercises and maneuvers. Consequently, in the absence of language that specifies time off for pre-separation counseling purposes, it is likely that the best results from section 202 will be realized when pre-separation counseling is fully embraced from the top ranks down.

The VFW especially welcomes the language in Section 203, which calls for the provision of outreach services through State Approving Agencies (SAAs). In our view, SAAs are uniquely qualified to provide outreach services involving education and training benefits given their familiarity with the programs that are available in their respective states. Some SAAs are already involved in outreach and should be commended for getting more veterans to use their earned educational benefits.

We are pleased to acknowledge that the Department of Veterans Affairs has encouraged SAAs to participate in or conduct outreach activities. In recent years, VA has placed the outreach responsibility in contracts issued to each state. These contracts are reimbursement contracts with a ceiling. Consequently, each SAA has to exercise professional judgment as to which responsibilities, including outreach, deserve attention for the day.

We believe, also, that SAAs can expand on their education and training outreach effort by giving greater focus to training opportunities that are available in on-the-job training (OJT) and apprenticeship settings, particularly where educational benefits can be used. For many veterans and servicemembers, pursuing college or trade school may not be immediately available to them due to family, or other, considerations. Armed with sufficient information on the types of OJT and apprenticeship opportunities that are available, it is likely that more veterans and servicemembers will choose this option.

Finally, we urge that a thorough assessment of SAA outreach activities and other responsibilities be conducted with the aim of determining the appropriate level of funding for the services provided.

The VFW also welcomes the increase in burial benefits addressed in Title 3, Section 301. Of all benefits available to veterans, there are few that generate more inquiries and calls for assistance from veterans and families of veterans. When a loved one dies, grieving family members are often confronted with dozens of decisions regarding funeral arrangements, all of which must be made quickly. For many families, the ability to meet the costs of a funeral is of paramount concern. According to the National Funeral Home Association, a traditional funeral, including a casket and vault, costs between $5,000 and $6,000. Section 301 proposes to increase the burial and funeral allowance from $1,500 to $2,000 for veterans who die from a service-connected condition and from $300 to $500 for veterans who die from a non-service-connected disability. In addition, the burial plot allowance will be increased from $150 to $300. While the proposed increases in burial benefits are significant and will be of immediate help to bereaved families in meeting a portion of funeral expenses, we believe that the allowances should be greater than the recommended amounts. The VFW recommends burial and funeral allowances of $3,000 for veterans who die from service-connected conditions and $1,000 for veterans who die from non-service-connected conditions. In addition, we recommend the burial plot allowance be increased to $1,000. Finally, we strongly favor language that would bring about indexing of future allowance payments.

Mr. Chairman, the VFW strongly supports the provisions of Section 302 which, as we understand it, would extend the availability of Life Insurance to the servicemember's spouse and dependent children. We view this measure as pro-family and anticipate that the Secretary of Defense will be able to negotiate premium rates that will be much more favorable to the servicemember than would be available on the open market.

Mr. Chairman, we will not offer remarks at this time on the implementation of the Veterans Programs Enhancement Act of 1998. We will, however, submit additional remarks within the next few days.

This concludes my statement and I will be happy to respond to have any questions that you or the Members of the Committee may have.

STATEMENT OF
JOY J. ILEM
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS
UNITED STATES HOUSE OF REPRESENTATIVES
MARCH 15, 2001

Mr. Chairman and Members of the Subcommittee:

I am pleased to present the views of the Disabled American Veterans (DAV) concerning H.R. 801, the Veterans' Opportunities Act of 2001, and to discuss the implementation of Public Law 105-368, the Veterans Transitional Housing Opportunities Act of 1998. On behalf of the more than one million members of the DAV and its Women's Auxiliary, I want to express our sincere appreciation for your consideration of this legislation and for the opportunity to discuss DAV's concerns.

H.R. 801

The Veterans' Opportunities Act of 2001, H.R. 801, introduced by House Veterans' Affairs Committee Chairman Christopher Smith, includes provisions that would improve educational assistance; expand transition assistance to departing servicemembers and outreach to veterans and dependents; increase burial benefits, automobile and adaptive equipment allowances and assistance amount for adaptive housing grants; and provide for family coverage under Servicemembers' Group Life Insurance.

TITLE I—EDUCATIONAL ASSISTANCE PROVISIONS

Section 101 would provide an increase in the maximum allowable annual ROTC award for benefits under the Montgomery GI Bill. Section 102 would provide for expansion of work-study opportunities. Section 103 would provide an inclusion of certain private technology entities in the definition of educational institution. Section 104 would provide for expansion of the special retroactive training benefit to certain disabled spouses or surviving spouses. Section 105 would permit veterans to use Department of Veterans Affairs (VA) education benefits for certificate programs offered by an institution of higher learning by way of independent study. Section 106 would provide technical amendments to the Montgomery GI Bill.

The DAV has no mandate from our membership regarding a position on these provisions. However, their purpose is beneficial, and we do not object to their favorable consideration.

TITLE II—TRANSITION AND OUTREACH PROVISIONS

Section 201 would increase transition assistance to members of the Armed Forces. Section 202 would extend to as early as nine months before discharge the time that preseparation counseling is available to members leaving the Armed Forces. The period would be extended to as much as 18 months for military career retirees. Section 203 would improve education and training outreach services for separating servicemembers and veterans. Section 204 would provide outreach efforts and dedicated staff at each regional office to assist eligible dependents. Section 205 would improve veterans' outreach programs.

Inasmuch as transition assistance and outreach go to the heart of service to veterans and are consistent with our own organizational goals, we fully support these provisions.

The DAV recognizes the importance of assisting veterans at the time of separation from military service and we are proud of our ever-increasing role in that transition. This month marks the beginning of two new DAV outreach programs undertaken by our National Service Department to fulfill our mission of service and advocacy to our Nation's veterans.

We recently launched a fleet of 12 Mobile Service Offices (MSOs) and a new nationwide transition program for military personnel who are separating from active duty. Our MSOs, manned by DAV National Service Officers, will travel throughout the United States to assist veterans in their communities with VA benefits and claims. We believe this will be very beneficial for many veterans who live in small towns and rural areas and often find it difficult or too costly to travel a significant distance to the nearest VA Regional Office for help.

The DAV Transition Service Program will allow active duty personnel, prior to separation from service, to meet with trained DAV representatives who will conduct transition assistance briefings that include an overview of VA programs such as disability compensation and health benefits. So far, the DAV has been allowed to locate offices at 19 separation centers serving all branches of the military services.

DAV is dedicated to broadening and improving our service and outreach operations. These new initiatives provide service to veterans in need of assistance as well as an opportunity to involve our local chapters and state departments in these important outreach activities. Our goal is to help veterans experience a smooth transition from military service to civilian life. These new programs will help to ensure veterans are properly informed about VA benefits and services and have every opportunity to achieve life successes beyond military service.

TITLE III—MEMORIAL AFFAIRS, INSURANCE, AND OTHER PROVISIONS

Section 301 would increase the burial allowance from $1,500 to $2,000 for veterans whose deaths are service-connected, increase the burial allowance from $300 to $500 for

veterans who die from nonservice-connected causes, and increase the burial plot allowance from $150 to $300.

The *Independent Budget* (*IB*) recommended that Congress adjust the burial allowances to reflect the increases in burial costs and provide for automatic annual adjustments in these allowances to make them a more meaningful contribution to the costs of burial for veterans.

Additionally, in accordance with resolutions adopted by the delegates at DAV's annual National Convention, the DAV supports legislation to authorize an increase in the VA's $1,500 burial allowance payable in the case of death due to service-connected disability and an increase the burial and plot allowances for eligible veterans who die from nonservice-connected causes. VA burial benefits have been seriously eroded by inflation over the years. The amount of burial allowance for service-connected deaths was last adjusted in 1988, and the allowance for other deaths has not been adjusted since 1978. Burial allowance should be automatically adjusted annually for inflation to keep pace with the rise in the cost of living.

Section 302 would provide family coverage under Servicemembers' Group Life Insurance. The DAV has no official position on this provision/section of the bill. However, we do not object to its favorable consideration.

Section 303 would increase from $8,000 to $9,000 the assistance to severely disabled veterans for automobile and adaptive equipment grants under title 38, United States Code, section 3902(a).

As recommended by the *IB* and in accordance with a resolution adopted by the delegates at DAV's annual National Convention, the DAV supports legislation to authorize an increase in the VA grant for automobiles and adaptive equipment.

The amount of automobile allowance has not been adjusted regularly to keep pace with increases in the costs of automobiles. This neglect has substantially eroded the value of the benefit due to inflation. At the current allowance of $8,000, the benefit represents only about 32 percent of the year 2000 average cost of a new automobile, $24,730. Smaller, moderately priced models are generally not suited to the needs of veterans eligible for this benefit. They often require larger and more expensive handicap-equipped vans or larger sedans because of the serious nature of their disabilities. To avoid further erosion of the benefit, the automobile and adaptive equipment grant needs to be adjusted annually to stay even with the rise in the cost of living and remain a meaningful amount.

Section 304 would increase the amount for specially adapted housing grants from $43,000 to $48,000 and home adaptation grants from $8,250 to $9,250.

The *IB* recommended Congress increase housing grants and home adaptation grants for seriously disabled veterans and provide for future automatic annual adjustments indexed to the rise in the cost of living. Real estate and construction costs rise continually. Unless the amounts of the grants are periodically adjusted, inflation erodes the value and effectiveness of these

benefits, which are payable to a select few, but those among the most seriously disabled service-connected veterans.

We also have a mandate from our membership to support legislation that would provide a realistic increase in specially adapted housing grants.

The DAV strongly supports favorable consideration of the proposed adjustments in burial allowances, automobile and adaptive equipment grants, and specially adapted housing and home adaptation grants.

Section 305 would revise the net worth rules of VA's means-tested pension program to exclude the value of real property used for agriculture. The DAV has no official mandate from our membership concerning this measure. However, its purpose is a beneficial one, and we do not object to its favorable consideration.

PUBLIC LAW 105-368
THE VETERANS TRANSITIONAL HOUSING OPPORTUNITES ACT OF 1998

The main barriers to overcoming homelessness are insufficient income, lack of employment, and suitable affordable housing. Studies have shown that, when homeless persons are asked about their reasons for leaving their last residence, eighteen percent of those interviewed reported that they could not pay the rent, or that the rent increased and they could not afford to pay it.

The Veterans Transitional Housing Opportunities Act provides affordable transitional housing for formerly homeless veterans who have broken the cycle of poverty and isolation, and are moving toward self-sufficiency. Public Law 105-368 was enacted in 1998. However, nearly three years later, we are still awaiting its implementation. Each day we wait for this law to be implemented, these veterans are denied an important opportunity for affordable housing. It is extremely unfortunate that only recently has VA and the Office of Management and Budget taken steps to end delays on the implementation of this law.

Public Law 105-368 gave the VA authorization to guarantee loans to start multi-family transitional housing for once homeless veterans who are becoming productive wage earners. As the array of programs serving homeless veterans has grown in the past decade, agencies that once had only an emergency shelter or soup kitchen might now have one or more additional programs at the same service location. This Public Law offers loans to non-profit organizations to acquire land, refinance existing loans, finance acquisition of furniture, equipment, supplies and materials, and supply working capital for the organization.

Homeless veterans in this country are not unlike soldiers in combat, living in the frequently hostile streets and surviving by their wits. Life on the street is both dangerous and debilitating. Adversaries of the homeless include lack of shelter, unemployment, physical and emotional disabilities, legal difficulties, substance abuse, and hopelessness. Veterans who have

been able to break the cycle of homelessness and move from the streets to self-sufficiency deserve our continued support.

Congress recognized the needs of this veteran population and enacted Public Law 105-368 to address those needs. Veterans in need of affordable transitional housing to maintain self-sufficiency have waited far too long for the implementation of this law. Its time to provide these veterans with the resources they need to once again become productive contributing members of society.

CONCLUSION

DAV is pleased to support the Veterans Opportunities Act of 2001, H.R. 801. This comprehensive measure contains several beneficial provisions that would improve benefits and services for disabled veterans and their eligible dependents and survivors. We share the Subcommittee's concern regarding the delayed implementation of the Veterans Transitional Housing Opportunities Act of 1998 and agree this issue needs to be resolved promptly. On behalf of the DAV, I want to thank the Subcommittee for its consideration of these important legislative matters and for the opportunity to present our views. We sincerely appreciate the Subcommittee's efforts to serve our Nation's veterans.

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received $55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received $8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.

STATEMENT OF

BLAKE ORTNER, ASSOCIATE LEGISLATIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

BEFORE THE

SUBCOMMITTEE ON BENEFITS,

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING H.R. 801,

THE "VETERANS' OPPORTUNITIES ACT OF 2001"

MARCH 15, 2001

Chairman Hayworth, Ranking Democratic Member Reyes, and members of the Subcommittee, the Paralyzed Veterans of America (PVA) is honored to be invited to testify today concerning H.R. 801, the "Veterans Opportunities Act of 2001."

PVA is an organization of veterans who are catastrophically disabled by spinal cord injury or disease. I would like to take this opportunity to thank Chairman Smith and Ranking Democratic Member Evans of the full Committee and Chairman Hayworth and Ranking Democratic Member Reyes of this Subcommittee, for introducing this legislation that will do a great deal for members of PVA. Though many of the changes presented in H.R. 801 are small, taken as a whole, they will provide increases in benefits received by hundreds of thousands of our fellow veterans. As Representative Smith stated, "the purchasing power associated with these provisions still is limited and I consider

these provisions as a starting point for further improvements." PVA could not agree more, that these provisions are only a starting point. Let me take a few moments to comment on those items that are of most interest to PVA.

Section 303 calls for an increase in the amount of assistance for automobile and adaptive equipment for certain disabled veterans. As our members suffer from catastrophic injury or disease this benefit is of major interest. Those eligible for this benefit are among the most severely disabled service-connected veterans. Due to the ongoing difficulties with accessible transportation, an adaptive automobile is often the only reliable transportation that a veteran with this level of disability may have.

38 U.S.C. § 3902 states that "[t]he Secretary, under regulations which the Secretary shall proscribe, shall provide or assist in providing an automobile or other conveyance to each eligible person by paying the total purchase price of the automobile or other conveyance (including all State, local, and other taxes) or $8,000, whichever is the less [.]" The intent of this law, when enacted, was to pay "the total purchase price of the automobile." This benefit was first established in 1946 at an amount of $1,600. By 1950, the average price of an automobile was $2,050 according to the National Automobile Dealers Association (NADA). In 1971, when the grant was increased to $2,800 (P.L. 91-666), the average price had risen to $3,430. This valued the grant at approximately 80% of the purchase price compared to 78% in 1950. In 1974, 1978 and 1981 the grant was raised to $3,300, $3,800, and $4,400 respectively (P.L. 93-538; P.L. 95-479; P.L. 97-66). Each of these increases kept the grant at roughly 60% of average cost as reported by the NADA. An increase in 1988 raised the grant to $5,500 (P.L. 100-322), which was approximately 38% of the average purchase price.

According to the NADA, the average price of a new car in 2000 was $24,730. The current grant of $8,000 enacted in October 1998 (P.L. 105-178), only covers

32% of this amount. An increase to $9,000 will be only slightly more than 36% of the cost and in many cases will not pay for the cost of adapting a vehicle today. I point this out not to criticize the $1,000 increase proposed in this bill. We welcome any increase that will better allow those with severe disabilities to maintain their independence. However, we are far from the spirit of the grant and hope you will continue to look for additional increases. In addition, to maintain the value of this important program that has eroded so severely over time, we have recommended in the *Independent Budget*, co-authored by PVA, that Congress provide for automatic annual adjustments in the future.

H.R. 801 also proposes an increase in the assistance amount for specially adapted housing from $43,000 to $48,000 and the additional adaptations necessary later in life from $8,250 to $9,250. We applaud these increases. This will be the first increase since 1988. In the *Independent Budget*, we have asked for this increase and we thank you for listening. We also would ask that future increases be adjusted automatically, and that they be indexed to the rise in the cost of living.

PVA also supports the proposals on burial allowances. Some of these benefits have not been adjusted since the 1970's. These allowances are the final measure of gratitude that our Nation shows those who have served her. As the costs of burial have skyrocketed, it is only fair that this allowance be increased. Though we would like to see these increased to reflect the tremendous rise in burial expenses since the last adjustment, we see this as a very good starting point.

H.R. 801 includes many other provisions that may not necessarily pertain to those veterans PVA serves. However, we strongly support these provisions as benefits to veterans and soon-to-be veterans.

The American Legion views the proposed increases in certain burial benefits as recognition that inflation has eroded the value of these important benefits. The increase in service-connected death benefits represents an approximate increase of 35 percent; and the increase for the burial and plot allowance is 65 percent and 100 percent, respectively. The American Legion believes the service-connected death benefit deserves a higher increase than the proposed $500. This benefit has remained at $1,500 since at least the late 1970s. While an increase of $500 is helpful to the families of deceased service-connected veterans, the amount of the proposed benefit does not adequately help to offset the average cost of a funeral. The American Legion recommends the Subcommittee increase the service-connected death benefit to no less than $3,000.

The American Legion supports the proposed increases in the burial and funeral expenses and the burial plot allowance, and believes these benefits should apply to all honorably discharged veterans. Prior to OBRA 1990, all honorably discharged veterans were eligible for the burial and plot allowance. These benefits were eliminated in the spirit of deficit reduction. Now, with substantial budgetary surpluses, Congress should restore these benefits. The proposed increase in the plot allowance will be welcome by states that currently participate in VA's State Cemetery Grants Program. The provision will also encourage additional states to develop and operate veterans' cemeteries.

Mr. Chairman, The American Legion is very disappointed that the Subcommittee has made no provision in H.R. 801 to amend section 2306 (a) of title 38, United States Code, which limits eligibility for VA headstones for the unmarked graves of veterans. Many veterans and their spouses are unaware of this provision. Veterans often purchase a private plot and marker prior to their death or the death of their spouse. After the fact, veterans and their spouses who have purchased private markers learn that the United States government will not furnish any type of acknowledgment of their military service at the gravesite. Veterans who have purchased private markers are only eligible for a United States flag to be presented at the funeral. In other instances, when the spouse precedes the veteran in death and the veteran purchases a private marker for the gravesite, the veteran becomes ineligible to obtain a VA headstone. The American Legion believes this is wrong. In the 106th Congress, Representative Nancy Johnson (CT) and Senator Christopher Dodd (CT) introduced legislation that would repeal the restriction on eligibility for VA headstones for the marked graves of veterans. The American Legion believes the 107th Congress must take up this issue and pass legislation that would permit veterans to become eligible for some type of VA marker for a privately marked gravesite. The Department of Veterans Affairs has previously voiced support for this initiative. VA has also estimated the cost of such a proposal to be minimal.

The American Legion appreciates the opportunity to comment on the family coverage under the Servicemembers' Group Life Insurance (SGLI) provisions of H.R. 801. The bill proposes to include coverage for dependent spouses and children for the first time in the Servicemembers Group Life Insurance program (SGLI). The American Legion believes this is a positive enhancement to the SGLI program, one that contributes to the benefit of military personnel and their families. It is also in accordance with the long held position of The American Legion that the Department of Veterans Affairs be a "one stop" provider of veteran's benefits.

Most group life insurance plans, such as the Federal Employees Group Life Insurance plan (FEGLI) provide a rider for family coverage. This enhancement would place SGLI on an even footing with plans offered by commercial insurance firms along with making available an additional benefit to those who serve our country in its military departments. The proposal allows for inclusion of up to $100,000 for dependent spousal coverage on a premium paid basis and $10,000 in free coverage for dependent children, with administration procedures and spousal premium rates in keeping with the usual rules of SGLI coverage and accepted actuarial principles. However, foster children are not included and no provision is made for continuance of this coverage into the Veterans Group Life Insurance (VGLI) program, the program that allows a veteran to continue his or her SGLI coverage after service. We will address these points shortly.

The American Legion generally supports this concept of including dependent coverage in the SGLI program as it will operate to make SGLI less vulnerable to competitive pressures, arising mainly from private sector military benefit associations often operating under tax-exempt

Congressional charters and co-located on military bases. These organizations compete for insurance customers from the military departments, but have the advantage in being able to accept only those most easily insurable and reject the rest, an option that SGLI cannot exploit, and indeed should not. If the SGLI programs cannot effectively compete with these associations operating from a position of privilege, it may come to experience a higher claim rate and need to increase premiums, further damaging its competitive position, and come to need government subsidies which is not now the case. Department of Veterans Affairs figures already show a small decline in SGLI participation rates of 99.5% to 97.6% from 1994 to the present (99% to 94.8% for Reservists).

A group insurance plan should cover all its members, and life insurance is one of the fundamental and most paramount concerns of those who serve our country. A program which does not discriminate among types or classes of those in service, we feel, must be maintained in as viable a manner as possible. It should also be considered that enhancements to such a basic and visible benefit assists in making a positive impact on recruiting and retaining valuable military personnel. Importantly, it should also be noted that the costs of the SGLI program, to include these enhancements, are borne by policyholder premiums and entail no government costs.

The American Legion does see two items of concern with this legislation, however, as mentioned earlier. We believe the legislation should not exclude foster children, as it is self evident that one who assumes the responsibility to care and provide for a dependent child would also desire that they be included in an important benefit such as group life insurance coverage. Additionally, The American Legion believes an addition to the bill should be made to allow dependent coverage to be continued after service under the VGLI program, should the servicemember so desire. In accordance with proper actuarial procedures, and taking into consideration the fundamental differences between active military duty and civilian life, we recognize that VGLI coverage for dependent children would most likely be possible only on a paid premium basis, rather than free as under the SGLI program.

The American Legion supports the provisions of sections 303 and 304 of H.R. 801, to increase the assistance to severely disabled veterans for automobile and adaptive equipment from $8,000 to $9,000, and for specially adapted housing grants from $43,000 to $48,000. The American Legion does not support any effort by the Veterans Benefits Administration (VBA) to remotely manage the Specially Adapted Housing Program by the Loan Guaranty Division of VBA's Regional Offices. Veterans who are eligible for specially adapted housing grants must continue to receive the special attention they require when they need assistance in modifying their homes to be fully accessible.

The American Legion supports the revision of the net worth rules of VA's means-tested pension program to exclude the value of real property used for agriculture. This provision is long overdue and will provide a fairer approach to the family farmer who becomes disabled from nonservice-connected causes.

Mr. Chairman, The American Legion is pleased to comment on the implementation of Public Law 105-368, the "Veterans Programs Enhancement Act of 1998." Section 601 of Title VI of the Act, "Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans" authorized the Secretary of Veterans Affairs to administer a Pilot Loan Guarantee Program (38 U.S.C. 3772) for the guarantee of financing for up to 15 developments throughout the nation and for total guarantees up to $100 million. The program calls for the development of transitional housing units for once-homeless veterans who are becoming productive wage earners and combines private-sector expertise with public-sector financial guarantees.

The American Legion is aware of Chairman Smith's recent efforts to remove certain obstacles within the Office of Management and Budget (OMB) which have delayed the implementation of this important program. Although there has been valuable time lost in the implementation and evaluation of this vital program, it now appears that all of the technical agreements between VA and its primary contractor, and OMB are being resolved. The VA is now able to select participants for the VA Loan Guaranty Selection Committee, and the Site Selection Committee. Selecting prospective sites is a key element to effective implementation. An application process for collecting information from prospective developers has been

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2001

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $83,000 (estimated as of February 28, 2001).

Fiscal Year 2000

General Services Administration —Preparation and presentation of seminars regarding implementation of the Americans With Disabilities Act, 42 U.S.C. §12101, and requirements of the Uniform Federal Accessibility Standards — $30,000.

Federal Aviation Administration – Accessibility consultation -- $12,500.

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $200,000.

Fiscal Year 1999

General Services Administration —Preparation and presentation of seminars regarding implementation of the Americans With Disabilities Act, 42 U.S.C. §12101, and requirements of the Uniform Federal Accessibility Standards — $30,000.

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $240,000.

STATEMENT OF PETER S. GAYTAN, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ON
THE VETERANS' OPPORTUNITIES ACT OF 2001

MARCH 15, 2001

Mr. Chairman and Members of the Subcommittee:

The American Legion is pleased to appear before the Subcommittee to comment on H.R. 801, the "Veterans' Opportunities Act of 2001," and to provide oversight testimony on the implementation of the "Veterans Transitional Housing Opportunities Act of 1998." H.R. 801 addresses education programs; transition assistance, and outreach to departing servicemembers; burial benefits; and Servicemembers' Group Life Insurance.

Title I - Educational Assistance Provisions – Proposes a number of minor amendments to certain educational criterion under various sections of title 38, United States Code. The American Legion believes the proposals are intended to strengthen the various educational benefits authorized by title 38, United States Code, and supports the effort to permit veterans to use VA educational assistance benefits for an independent study certificate offered by institutions of higher learning.

The American Legion appreciates the improved Montgomery GI Bill (MGIB) educational benefits contained in "The Veterans Benefits and Health Care Improvement Act of 2000," Public Law 106-419. American servicemen and servicewomen deserve an educational benefits package that fully reflects their contributions to the security of the United States. The American Legion believes that additional educational benefits are required and looks forward to working with the 107th Congress to further improve the benefit provisions of the MGIB.

Title II – Transition and Outreach Provisions – Proposes a number of amendments to strengthen the Department of Veterans Affairs (VA) participation in providing appropriate outreach and counseling support to members of the Armed Forces as part of their transition assistance programs under section 1144 of title 10, United States Code. Specifically, the bill would expand the availability of pre-separation counseling (and Transition Assistance Program assistance for servicemembers) as furnished by the military services, VA and the Department of Labor to as early as nine months for separatees and 18 months for retirees, but in no event less than 90 days. Title II also provides for improvements in education and training outreach services under Chapter 77 of title 38, United States Code, for separating servicemembers and veterans, and for eligible dependents.

The American Legion supports the outreach efforts to servicemembers, veterans, and eligible dependents provided by the Departments of Defense, Veterans Affairs, and Labor. The American Legion also participates in these outreach efforts through its RECONNECT program and recognized the value of such activities. RECONNECT is an effort to reach out to younger veterans and educate them on veterans' benefits and to link the experiences of younger and older veterans. The American Legion fully concurs that transition assistance counseling should begin as early as practicable for separatees and retirees. We are also grateful that the Subcommittee recognizes the importance of these programs and included these particular provisions in H.R. 801.

Title III – Memorial Affairs, Insurance, and Other Provisions – Section 301 would increase the burial and funeral entitlements for veterans whose death is service-connected from $1,500 to $2,000; increase burial and funeral entitlements for veterans with nonservice-connected disabilities from $300 to $500; and increase the burial plot allowance from $150 to $300.

The American Legion views the proposed increases in certain burial benefits as recognition that inflation has eroded the value of these important benefits. The increase in service-connected death benefits represents an approximate increase of 35 percent; and the increase for the burial and plot allowance is 65 percent and 100 percent, respectively. The American Legion believes the service-connected death benefit deserves a higher increase than the proposed $500. This benefit has remained at $1,500 since at least the late 1970s. While an increase of $500 is helpful to the families of deceased service-connected veterans, the amount of the proposed benefit does not adequately help to offset the average cost of a funeral. The American Legion recommends the Subcommittee increase the service-connected death benefit to no less than $3,000.

The American Legion supports the proposed increases in the burial and funeral expenses and the burial plot allowance, and believes these benefits should apply to all honorably discharged veterans. Prior to OBRA 1990, all honorably discharged veterans were eligible for the burial and plot allowance. These benefits were eliminated in the spirit of deficit reduction. Now, with substantial budgetary surpluses, Congress should restore these benefits. The proposed increase in the plot allowance will be welcome by states that currently participate in VA's State Cemetery Grants Program. The provision will also encourage additional states to develop and operate veterans' cemeteries.

Mr. Chairman, The American Legion is very disappointed that the Subcommittee has made no provision in H.R. 801 to amend section 2306 (a) of title 38, United States Code, which limits eligibility for VA headstones for the unmarked graves of veterans. Many veterans and their spouses are unaware of this provision. Veterans often purchase a private plot and marker prior to their death or the death of their spouse. After the fact, veterans and their spouses who have purchased private markers learn that the United States government will not furnish any type of acknowledgment of their military service at the gravesite. Veterans who have purchased private markers are only eligible for a United States flag to be presented at the funeral. In other instances, when the spouse precedes the veteran in death and the veteran purchases a private marker for the gravesite, the veteran becomes ineligible to obtain a VA headstone. The American Legion believes this is wrong. In the 106th Congress, Representative Nancy Johnson (CT) and Senator Christopher Dodd (CT) introduced legislation that would repeal the restriction on eligibility for VA headstones for the marked graves of veterans. The American Legion believes the 107th Congress must take up this issue and pass legislation that would permit veterans to become eligible for some type of VA marker for a privately marked gravesite. The Department of Veterans Affairs has previously voiced support for this initiative. VA has also estimated the cost of such a proposal to be minimal.

The American Legion appreciates the opportunity to comment on the family coverage under the Servicemembers' Group Life Insurance (SGLI) provisions of H.R. 801. The bill proposes to include coverage for dependent spouses and children for the first time in the Servicemembers Group Life Insurance program (SGLI). The American Legion believes this is a positive enhancement to the SGLI program, one that contributes to the benefit of military personnel and their families. It is also in accordance with the long held position of The American Legion that the Department of Veterans Affairs be a "one stop" provider of veteran's benefits.

Most group life insurance plans, such as the Federal Employees Group Life Insurance plan (FEGLI) provide a rider for family coverage. This enhancement would place SGLI on an even footing with plans offered by commercial insurance firms along with making available an additional benefit to those who serve our country in its military departments. The proposal allows for inclusion of up to $100,000 for dependent spousal coverage on a premium paid basis and $10,000 in free coverage for dependent children, with administration procedures and spousal premium rates in keeping with the usual rules of SGLI coverage and accepted actuarial principles. However, foster children are not included and no provision is made for continuance of this coverage into the Veterans Group Life Insurance (VGLI) program, the program that allows a veteran to continue his or her SGLI coverage after service. We will address these points shortly.

The American Legion generally supports this concept of including dependent coverage in the SGLI program as it will operate to make SGLI less vulnerable to competitive pressures, arising mainly from private sector military benefit associations often operating under tax-exempt

Congressional charters and co-located on military bases. These organizations compete for insurance customers from the military departments, but have the advantage in being able to accept only those most easily insurable and reject the rest, an option that SGLI cannot exploit, and indeed should not. If the SGLI programs cannot effectively compete with these associations operating from a position of privilege, it may come to experience a higher claim rate and need to increase premiums, further damaging its competitive position, and come to need government subsidies which is not now the case. Department of Veterans Affairs figures already show a small decline in SGLI participation rates of 99.5% to 97.6% from 1994 to the present (99% to 94.8% for Reservists).

A group insurance plan should cover all its members, and life insurance is one of the fundamental and most paramount concerns of those who serve our country. A program which does not discriminate among types or classes of those in service, we feel, must be maintained in as viable a manner as possible. It should also be considered that enhancements to such a basic and visible benefit assists in making a positive impact on recruiting and retaining valuable military personnel. Importantly, it should also be noted that the costs of the SGLI program, to include these enhancements, are borne by policyholder premiums and entail no government costs.

The American Legion does see two items of concern with this legislation, however, as mentioned earlier. We believe the legislation should not exclude foster children, as it is self evident that one who assumes the responsibility to care and provide for a dependent child would also desire that they be included in an important benefit such as group life insurance coverage. Additionally, The American Legion believes an addition to the bill should be made to allow dependent coverage to be continued after service under the VGLI program, should the servicemember so desire. In accordance with proper actuarial procedures, and taking into consideration the fundamental differences between active military duty and civilian life, we recognize that VGLI coverage for dependent children would most likely be possible only on a paid premium basis, rather than free as under the SGLI program.

The American Legion supports the provisions of sections 303 and 304 of H.R. 801, to increase the assistance to severely disabled veterans for automobile and adaptive equipment from $8,000 to $9,000, and for specially adapted housing grants from $43,000 to $48,000. The American Legion does not support any effort by the Veterans Benefits Administration (VBA) to remotely manage the Specially Adapted Housing Program by the Loan Guaranty Division of VBA's Regional Offices. Veterans who are eligible for specially adapted housing grants must continue to receive the special attention they require when they need assistance in modifying their homes to be fully accessible.

The American Legion supports the revision of the net worth rules of VA's means-tested pension program to exclude the value of real property used for agriculture. This provision is long overdue and will provide a fairer approach to the family farmer who becomes disabled from nonservice-connected causes.

Mr. Chairman, The American Legion is pleased to comment on the implementation of Public Law 105-368, the "Veterans Programs Enhancement Act of 1998." Section 601 of Title VI of the Act, "Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans" authorized the Secretary of Veterans Affairs to administer a Pilot Loan Guarantee Program (38 U.S.C. 3772) for the guarantee of financing for up to 15 developments throughout the nation and for total guarantees up to $100 million. The program calls for the development of transitional housing units for once-homeless veterans who are becoming productive wage earners and combines private-sector expertise with public-sector financial guarantees.

The American Legion is aware of Chairman Smith's recent efforts to remove certain obstacles within the Office of Management and Budget (OMB) which have delayed the implementation of this important program. Although there has been valuable time lost in the implementation and evaluation of this vital program, it now appears that all of the technical agreements between VA and its primary contractor, and OMB are being resolved. The VA is now able to select participants for the VA Loan Guaranty Selection Committee, and the Site Selection Committee. Selecting prospective sites is a key element to effective implementation. An application process for collecting information from prospective developers has been

completed, as has a process for rating and ranking the applications. The American Legion sincerely appreciates the involvement of Chairman Smith in getting this program on track.

Mr. Chairman, that completes my testimony. Again, I thank you for allowing The American Legion to provide comments on these important issues. The American Legion looks forward to working with the members of the Subcommittee to improve the lives of all of America's veterans.

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Statement for the Record

VIETNAM VETERANS OF AMERICA

Submitted by

Leonard J. Selfon, Esq.
Director, Veterans Benefits Program

And

Richard Weidman
Director, Government Relations

Before the

United States House of Representatives
Committee on Veterans' Affairs
Subcommittee on Benefits

Regarding

H.R. 801 - Veterans' Opportunities Act of 2001
And
Implementation of Public Law 105-368

March 15, 2000

Mr. Chairman and other distinguished members of the Committee, on behalf of Vietnam Veterans of America (VVA), we are pleased to have this opportunity to present our views with respect to an important piece of veterans-related legislation, H.R. 801; the "Veterans' Opportunities Act of 2001". Its provisions concern long needed improvements and expansion in such diverse Department of Veterans Affairs (VA) programs as educational assistance, separating service member transition assistance and outreach, Servicemembers' Group Life Insurance (SGLI) and memorial affairs. We also intend to address the implementation of Pub. L. 105-368, the "Veterans Transitional Housing Opportunities Act of 1998", as requested. VVA is most appreciative of your inviting us to provide a statement for the record in this matter, and for your leadership in seeking to improve these vital VA programs.

VVA wholeheartedly endorses the legislative action reflected in H.R. 801. The benefit increases and program improvements contained therein will enhance the lives of separating service personnel, veterans and their dependents. While VVA has no specific objections to the Act's provisions, we offer the following considerations.

Title I – Educational Assistance Provisions

Section 104(b): VVA concurs with the principle of providing the special restorative training allowance directly to the eligible recipient, rather than to a parent or guardian, as well as the recipient's right to directly elect an increase in the basic monthly allowance versus a reduction in their period of entitlement. VVA has received reports of difficulties encountered by minor trainees in receiving allowances paid directly to their parents or guardians. Direct payment eliminates time delays and logistical (and sometimes intentional) obstacles placed before the trainee's access to their allowance payments.

Section 106(e): As drafted, the Act amends 38 U.S.C. § 3512(a)(3)(B) in accordance Sec. 112 of Pub. L. 106-419 (the "Veterans Benefits and Health Care Improvement Act of 2000") to allow Chapter 35 educational assistance to an eligible dependent who elects to begin such assistance "not later than the end of the 60-day period beginning on the date on which the Secretary provides written notice of that person's . . . [eligibility] . . . to make such an election . . . ." VVA believes that 60 days after such notice may not be a sufficient length of time. Often, an applicant to an institute of higher education may not learn of his or her acceptance to that institution for several months after their application. A longer period of time, perhaps six months to one year, would allow the beneficiary enough time to investigate which among several institutions is sufficient to meet their individual needs, to apply for admission and to receive notice of their acceptance. Consequently, VVA would recommend that the election period be extended to at least six months (or longer) following the VA's notification of eligibility.

Title II – Transition and Outreach Provisions

Sections 201 and 202: This section addresses transition assistance and outreach services for members of the Armed Forces who anticipate discharge or release from active service provision of such assistance through the military and the VA. Our principle concern, however, is that in order for these programs to be effective in terms of early preseparation counseling, they must be aggressively supported and pursued by local base commanding officers. While we acknowledge the importance of the commanders' priorities (especially as to military preparedness), this vital assistance to separating personnel is of paramount importance to their futures and an integral component of the Government's commitment to our troops.

The timeliness and effectiveness of preseparation counseling will have a profound impact upon servicemembers' decisions as to their future education, occupational direction and business opportunities, as well as their eligibility for VA compensation and pension. Decisions that can affect the direction of their civilian lives. It is basic human nature that a soon-to-be separated member of the Armed Forces is concentrating more on leaving service quickly and without a lot of red tape, rather than with taking the time to pause and reflect on the long-term benefits of their military service. This is especially relevant given the election to opt out of preseparation counseling contained in § 202(a)(4). The earlier and more complete preseparation counseling is, the more effective the program will be and the more informed a servicemember's choices will be.

Section 204: With respect to the VA's mandated outreach programs directed toward eligible dependents of former service personnel, Congress must ensure that the VA is held accountable for the failure to aggressively pursue the dissemination of information as to available benefits to this target group. VVA is painfully aware of the absence of meaningful outreach programs concerning veterans as a group, let alone their dependents. For example, we receive a substantial amount of inquiries from Vietnam veterans who do not seek healthcare services from the VA and who have not applied for compensation or pension benefits because they are not aware that their particular disabilities may be service-connected and eligible for VA treatment. An egregious example of the type of disability we hear about is prostate cancer in Vietnam veterans who had been exposed to Agent Orange during their military service. We receive similar inquires from spouses, surviving spouses, children and dependent parents of individuals who served on active duty. Statistics demonstrate that as many as 85% of veterans do not seek medical care from the VA. Many of them, to be sure, stay away out of ignorance of the care that is available. The VA must be constantly reminded of just how important outreach programs are, especially in the case of eligible dependents who may have no idea of available VA benefits.

Section 205: VVA has no objection to the provisions of this section, however, we believe that the format of the information provided by the VA to veterans and their dependents be as understandable as possible. Especially important is the need for the VA to advise of the availability of Vet Center services, since these centers constitute the only VA resource for family counseling.

Title III – Memorial Affairs, Insurance and Other Provisions

Section 301: VVA applauds the long-overdue increases in VA burial benefits and plot allowances as reflected in this section. Nevertheless, we do not believe that these increases will be sufficient. The average cost of burial and a plot is between $5,000.00 and $6,000.00. We therefore recommend that the Act increase the burial and plot allowances to an amount more commensurate with prevailing expenses. Moreover, VVA believes that the VA needs to step-up its efforts to open new national veterans' cemeteries and to work with individual states to open new state veterans' cemeteries. Veterans are currently dying at a rate of 1500 a day. The death rate among veterans is expected to peak during 2008. Delays in opening new cemeteries will force World War II, Korean War and Vietnam War veterans and their families to make other arrangements, often at great financial and emotional cost. The VA cemetery system is simply running out of space. To be buried in a VA cemetery today sometimes requires burial much more than 50 miles from the veteran's home. These distances work a tremendous hardship on the families of deceased veterans. Consequently, VVA maintains that any improvement of VA memorial affairs programs must include a clear mandate for the immediate acquisition of additional cemeteries.

Section 302: VVA has received disturbing reports of lengthy delays experienced by veterans and insurable dependents under the Servicemembers' Group Life Insurance program (SGLI). At times, a veteran will expire before the VA completes processing an enrollment application or a beneficiary designation. Measures must be taken to ensure the accurate and timely processing of SGLI-related documentation to ensure that available coverage is in place when the need arises.

Section 303(a): This section excludes the value of veterans', spouses' and childrens' real property from determining the corpus of the estate for purposes of net worth limitations on eligibility for nonservice-connected pension benefits, if the property is used for farming, ranching or similar agricultural pursuits. VVA questions whether this section will have a discriminatory effect upon permanently and totally disabled nonservice-connected veterans who have commercial, urban, nonagricultural-related real property. Fairness would require a reciprocal exclusion of the latter type of property from net-worth determinations.

With respect to the implementation of Public Law 105-368, enacted on November 11, 1998, VVA is concerned about the inordinate length of time that it has taken to implement this statute. To our knowledge, not a single loan has been made to finance a multi-family dwelling.

The lack of adequate availability of clean, safe housing that is devoid of drug and alcohol abuse, and which has a supportive atmosphere, is the one of the most significant problems with respect to successful treatment and rehabilitation of homeless veterans, as well as veterans at risk of becoming homeless. This provision in the 1998 law was intended as a pilot program to demonstrate that private capital that was not currently available for housing would be brought to bear to create such desperately needed transitional housing for veterans.

At the time that the bill that eventually became PL 105-368 was under consideration, the permanent staff of the Office of Management and Budget (OMB) adamantly opposed this move. OMB assigned a projected cost to this provision that was TEN TIMES the estimate of the Congressional Budget Office (CBO). Even though it was demonstrated that OMB compared the proposal to an inappropriate model for purposes of projecting cost, it refused to alter the official estimate, and the White House continued to oppose this measure.

It is VVA's understanding that OMB, the Department of Treasury and others within the Federal bureaucracy have modified the program in such a manner that the source of financing may now not come from the open private markets, but, rather, from sources closely controlled and regulated by Federal entities. In one sense, these steps move the program away from a true test of whether truly private capital can be successfully brought to bear on the national problem of inadequate availability of transitional housing for veterans.

Nevertheless, VVA's bottom line is that more safe, clean transitional housing for veterans be created to meet the unfilled vital needs of affected veterans. It may certainly be appropriate, however, for this Committee to obtain and put on the public record all of the agreements and documents that have to some degree altered the nature of this program. It would also be appropriate for this Committee to aggressively pursue the fullest possible implementation of this program at the earliest possible date, and to extend the life of the program for at least two years. Doing so will demonstrate this program's value as a model that should be expanded and made permanent.

Vietnam Veterans of America sincerely appreciates the opportunity to present our views on this important legislation. We believe that it addresses matters of vital concern to veterans, their dependents and the American people. We look forward to working with this Committee and Congress on this and other important issues.

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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

VIETNAM VETERANS OF AMERICA

Funding Statement

March 15, 2001

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a § 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any Federal grant or contract, other than routine allocation of office space and associated resources in VA Regional Offices and the Board of Veterans Appeals for outreach and direct services through its Veterans Benefits Program (service representatives). This is also true of the previous two fiscal years.

For further information, please contact:

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PREPARED STATEMENT OF RICHARD JONES, AMVETS NATIONAL LEGISLATIVE DIRECTOR

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

AMVETS is pleased to present written testimony on H.R. 801, the Veterans' Opportunities Act of 2001 and the implementation of Public Law 105-368, the Veterans Transitional Housing Opportunities Act of 1998.

H.R. 801 addresses a number of benefit programs including education, memorial affairs, transition, disability, life insurance, and means-tested pension provisions.

AMVETS supports this important legislation. It enhances and improves over a dozen earned benefits and services for American veterans and their families.

For education, AMVETS fully agrees with the expansion of educational opportunity for independent study. Expanding the availability of VA educational assistance benefits for certificate programs offered over the internet and through related college programs increases both the availability and diversity of educational opportunities to veterans in the new century. This simple provision reflects the type of forward thinking that serves veterans well. AMVETS appreciates its inclusion in this bill.

Increasing the amount of assistance for automobile and adaptive equipment for severely disabled veterans to $9,000 from $8,000 is a step in the right direction. However, it is important to point out, as outlined in *The Independent Budget*, that veterans eligible for the automobile allowance are among the most seriously disabled service-connected veterans VA programs serve. The allowance of $9,000 is less than twenty-five percent of the cost of a vehicle adapted to these veterans' needs.

Another step in the right direction is the increase in the amount of assistance for specially adapted housing grants for severely disabled veterans. *The Independent Budget* recommended an increase in these grants, and it is rewarding to see that veterans' congressional leadership has responded. AMVETS applauds the inclusion of this provision in H.R. 801.

Extending coverage under the Servicemembers' Group Life Insurance program to dependent spouse and child is a family-friendly provision welcomed by AMVETS. The further benefit of not requiring the men and women in uniform to pay premiums on their child's coverage is commendable.

AMVETS supports the inclusion of important provisions of Rep. Bill Pascrell's legislation, H.R. 511, the Veterans' Right to Know Act, incorporated in H.R. 801. Requiring the VA to provide information on benefits and healthcare services will assist veterans in understanding the full array of benefits available to them

Expanding pre-separation counseling as provided by the Department of Defense, VA, and Labor will have a salutatory effect. There are a number of important decisions facing soon-to-be separated sevicemembers and, with an annual separation of more than two hundred and thirty thousand military personnel; this provision will improve the opportunity for a more informed choice.

With regard to the memorial affairs provisions, AMVETS would offer the following consideration. While the bill moves in the right direction, H.R. 801 takes only a small step Surely this can only be a starting point. The plot allowance provision has remained constant at $150 for over 25 years. During this time, the benefit has been severely eroded. By calculation of simple inflation alone, the benefit should currently stand at more than $500. Recent surveys of funeral service costs indicate that burial expenses currently cost on average more than $6,000 with the plot allowance of over $700. Despite the bill's doubling of VA's current benefit in this regard, a step long overdue, AMVETS believes it is appropriate to further increase the benefit to $600, as recommended in *The Independent Budget*.

AMVETS strongly supports the inclusion of H.R. 1015 as an amendment to H.R. 801. The proposed legislation would increase, and retroactively pay, the increased amount of the Servicemembers' Group Life Insurance for those who previously contracted for the maximum benefit and died in the performance of their duty In light of recent and numerous accidents resulting in deaths of military personnel, AMVETS commends the panel in taking action to retroactively increase the SGLI maximum benefits that would not otherwise begin until April 1, 2001.

Further, AMVETS notes that the tragedy of the *USS Cole* occurred on October 12, 2000. We would hope that the beginning date for the SGLI increase, currently November 1, 2000, could be changed to account for the deaths of the 17 crewmembers aboard the *USS Cole*. We believe this action is appropriate and trust the Subcommittee would consider taking this action in faithful honor of their service and sacrifice to country.

As regards, the implementation of Public Law 105-368, the Veterans Transitional Housing Act of 1998, AMVETS is concerned that the administration of the program has strayed from the track intended by Congress. It is our understanding that Committee Chairman Chris Smith has acted in concert with OMB Director Mitch Daniels to remove a series of obstructions that previously delayed effective implementation of this Act. We encourage the Committee to continue its oversight responsibilities to see that the program becomes an effective part of our nation's effort to provide desperately needed transitional housing for veterans.

AMVETS sincerely appreciates that opportunity to submit our viewpoint on these issues. We endorse the legislation and look forward to working with the members of the Subcommittee to see its enactment.

VIEWS FOR THE RECORD BY

MS. GAIL H. McGINN

ACTING ASSISTANT SECRETARY OF DEFENSE
(FORCE MANAGEMENT POLICY)

FOR THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON BENEFITS

ON

H.R. 801-- "VETERANS' OPPORTUNITIES ACT OF 2001"

MARCH 15, 2001

NOT FOR PUBLICATION UNTIL RELEASED BY THE COMMITTEE

Mr. Chairman and Members of the Committee:

I am pleased to provide information in connection with the committee's review of H.R. 801, the "Veterans' Opportunities Act of 2001." This bill would amend title 38, United States Code and, among other things, improve and enhance veterans' educational assistance and transition assistance outreach, increase burial benefits, and provide for family coverage under the Servicemembers' Group Life Insurance. The Department of Veterans Affairs has provided a preliminary estimate of the bill's pay-as-you-go (PAYGO) costs. Subject to meeting PAYGO requirements, DoD supports the provisions of the bill, but suggests some amendments as noted below.

Educational Assistance Provisions

Section 101 -- Increase in maximum allowable annual ROTC award for eligibility for benefits under the Montgomery GI Bill.

Currently, officers commissioned through the Reserve Officers Training Corps (ROTC) who receive a scholarship with an annual value of over $2,000 are ineligible for Montgomery GI Bill (MGIB) benefits. This section increases that amount to $3,400 per year.

Position/Comments: We support this change. Since September 1996, those ROTC scholarship recipients coming to active duty who had received minimal-level scholarships, not exceeding $2,000 per year, have been eligible for participation in the MGIB. Rising education costs in recent years have forced increases in minimum-level ROTC scholarships. That outcome argues for the level of increase established in section 101.

Section 103 -- Inclusion of Certain Private Technology Entities in the Definition of Educational Institution.

This section expands the definition of educational institutions available for MGIB participants to include private technology entities as approved by the

Secretary of Veterans' Affairs. It will allow MGIB benefits for a course or courses necessary to fulfill the requirements for a license or certification generally recognized as necessary to obtain, maintain, or advance in employment in a profession or vocation in a technological occupation.

Position/Comments: We support this provision. Today's technological job market offers opportunities to workers with training, certification and currency in many hardware/software specific areas. Traditional educational institutions have been unable to keep current with the fast moving needs of this market. Private entities have filled that void with short, intense courses aimed at licensure or certification. This change will allow veterans and service members to use MGIB benefits for such training.

Section 106 -- Technical Amendments to the Montgomery GI Bill.

This section includes a series of technical amendments to the MGIB. These amendments have been coordinated between the Department of Veterans' Affairs and the Department of Defense.

The Veterans' Benefit and Health Care Improvement Act of 2000, Public Law 106-419, allows a service member to use any period of service to qualify for MGIB eligibility; however, it requires the service member to complete a full term of service to be eligible. The clarification of eligibility requirement of MGIB benefits stipulates that a service member must complete at least three years of a three or more year term of service and at least two years of a less than three year term. We support this technical change.

The Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, Public Law 106-398, also enhanced benefits for in-service use of the Montgomery GI Bill (MGIB). For example, service members can now use

both MGIB benefits and Service-provided tuition assistance to pay for the costs of college courses. The amount of the MGIB benefit to be paid by the Department of Veterans' Affairs (DVA) can be equal to the difference between the total cost of the college course and the amount of tuition assistance that is paid by the military for the course. This technical amendment clarifies DVA procedures for computing how much (amount of stipend and number of months eligibility) of the MGIB benefit was used by Service members enrolled in educational programs while on active duty and how much of the MGIB benefit remains for use by veterans after they separate from service. We support this technical change.

The Veterans' Benefit and Health Care Improvement Act of 2000 offers a new program to allow service members to increase the amount of the basic MGIB monthly benefit through an extra contribution of up to $600 in addition to the original $1,200 pay reduction for program enrollment. For each $4 contributed, a service member will increase the monthly MGIB benefit by $1. Therefore, a $600 contribution would increase monthly benefit by $150, making the total increased value of the MGIB $5,400 over 36 months of use. This technical amendment changes the minimum monthly contribution for this program from $4 to $20. We support this amendment, as it will help ease the management burden for the Defense Finance and Accounting Service.

Transition and Outreach Provisions

Section 202 -- Timing of preseparation counseling.

This proposed legislation clarifies when preseparation counseling can began for separating service members. Current legislation requires that preseparation counseling be provided to separating service members no later than 90 days prior to separation. This section would increase the preseparation counseling timeframe. Also, under this section service

members who are discharged prior to completing 180 days of active duty service, unless discharge is due to a service connected disability, will be given the option to select or decline preseparation counseling.

Position/Comments: The Department supports the improvements proposed in section 202 to the Transition Assistance Program (TAP). Under the provision, preseparation counseling would be provided as early as eighteen months prior to separation for retirees and nine months before other separations, but in no event less than 90 days before the date of discharge or release.

While we welcome and agree in principle with expanding the timeframe for preseparation counseling, we ask the committee to consider adopting the recommendation from the Congressional Commission on Servicemembers and Veterans Transition Assistance which addresses the timing of preseparation counseling.

The Commission's 1999 report to the Veterans' Affairs and Armed Services Committees of the House and the Senate, recommended that preseparation counseling be offered as soon as one year before the anticipated date of separation and two years before the anticipated date of retirement, but not less than 90 days before the anticipated date of separation or retirement. Service members have voiced their desire to us and to the Commission to begin the transition process as early as stated in the Commission's recommendation. We believe that this approach allows service members the requisite amount of time to prepare for transitioning to civilian life. The additional time provides commanders with the flexibility needed as more and more service members are deployed during the last six months of their active duty status. The additional time will also alleviate

the stress and pressure to compress transitioning, relocation and out processing into the last few months of active duty. The Department concurred with the Commission's recommendation, and this approach is consistent with the Department's position and that of the Military Services.

Under this section a member who is being discharged or released before the completion of that member's first 180 days of active duty may elect to opt out of preseparation counseling. A notation of an election by the member to opt out of preseparation counseling shall be placed in the service record of that member.

DoD's position is that preseparation counseling should not be provided to members who do not have a service connected disability and are separated before completion of their first 180 days of active duty. Preseparation counseling covers an array of benefits and services, and with few exceptions, personnel with less than 180 consecutive days of active duty service are ineligible for those benefits and services. Due to the shortness of their service, we believe that they are not disadvantaged or disenfranchised and encounter little or no problems readjusting to civilian life. It would not be cost-effective to give such service members the option of electing or declining preseparation counseling and placing a copy of that notation in the service members' record. Our experience has shown that most boot-camp and indoctrination service members have little interest in going to preseparation counseling. Eliminating this option would reduce a significant staffing burden at transition sites. Through Fiscal Years 1995 to 1999, 15 percent of all non-prior service accessions did not complete basic training.

Memorial Affairs, Insurance, and other Provisions

Section 302 -- Family coverage under Servicemembers' Group Life Insurance

Section 302 would create a new program of life insurance for spouses and children of Uniformed Service members on active duty. The program would expand the existing Service members' Group Life Insurance (SGLI) program to automatically insure, not only the member, but also the member's spouse and children. The levels of insurance coverage would be a maximum of $250,000 for the member, $100,000 for a spouse, and $10,000 for each qualified child. Levels of coverage for a spouse could be reduced by written election if desired. Any proceeds payable for the death of a spouse or child will be paid to the member. The program would become effective the first day of the first month that begins more than 120 days after enactment. The bill requires advance information be provided to all members concerning their options under this program.

Under the proposed bill, SGLI coverage for family members would end upon: (1) the written election of the service member; (2) 120 days after the members's death; (3) the date on which the service member's SGLI coverage is terminated; (4) the date of the dependent's death; or (5) 120 days after the date on which the insured's status as the child or spouse terminates.
If a spouse's coverage were terminated by one of these events, the spouse would have the option to convert the SGLI coverage to commercial coverage. The Secretary of Veterans Affairs would have the authority to set premiums for spouses. No premiums would be charged for SGLI coverage for children.

The Department of Defense supports the legislation and endorses it as a welcome improvement of the SGLI program. DoD believes the legislation is generally sound and offers both the simplicity and flexibility essential to success of this program. This is a significant step forward in the SGLI program.

One major concern is that, as presently drafted, the bill would not include the families of our Ready Reserves who are eligible for fulltime SGLI coverage. In view of the full partnership of our active and reserve forces, we believe these improvements should include the family members of those Reservists eligible for fulltime SGLI coverage, if not automatically, then at least by election.

Another concern deals with past difficulty in collecting SGLI premiums from the insured reservists and members on inactive duty training. Therefore, section 302 should be amended to provide that, during any month in which a spouse of a reservist or insured member on inactive duty training is insured under SGLI, an amount to cover the spouse's premium would be contributed from the uniformed service concerned. We will be happy to work with the Committee and the VA to draft suitable language to ensure that the cost of providing SGLI coverage to these dependents is covered.

Also, section 302 would permit double recovery for a child's death in the event that both of the child's parents are insured active-duty members. This double recovery would impose an undue economic burden on the SGLI program. We therefore recommend that section 302 provide that the parent who is the highest ranking active-duty member recover SGLI proceeds upon the death of a child. We also recommend that, in the event that the deceased child's insured parents are divorced, SGLI proceeds be paid to the parent who has custody of the child or to the highest ranking parent if the parents have joint custody of the child, Section 302(c)(1)(D) provides that SGLI coverage continues for 120 days after a person no longer qualifies as a "child" as defined in section 104(a) of Title 38, United States Code, as amended. Section 302 does not provide for a right of conversion for a child's SGLI to a private plan of insurance, so no time is needed to contemplate such conversion. Accordingly, we recommend that section 302(c)(1)(D) be revised to provide that SGLI coverage terminates on the date on which a person no longer qualifies as a child under section 104(a) of

Title 38, Unites States Code.

With respect to termination of an insurable dependent's SGLI, section 302(c)(1)(D) provides for termination on inconsistent terms. It amends SGLI sections 1968(a)(5)(A) and (B)(ii) of Title 38, United States Code to provide that coverage terminates immediately upon the member's election or upon termination of the member's SGLI coverage. However, new section 1968(a)(5)(B)(i) and (iv) would provide that coverage would terminate 120 days after the member's death or termination of status as an insurable dependent. As a result, if an active-duty member elects to terminate SGLI coverage of a spouse, the spouse would not have time to consider conversion to private life insurance as provided in section 302(f) before SGLI coverage is terminated. In order to maintain consistency and to provide spouses with an opportunity to consider conversion of their SGLI to private life insurance, we recommend that section 302(c)(1)(D) be amended to provide in section 1968(a)(5)(A) and (B)(ii) that coverage would terminate 120 days after an election by a member or termination of an insured's SGLI coverage. We further recommend that section 302(f) be amended by adding a sentence to new section 1968(b)(3)(A) stating that the individual policy of insurance would be effective the day after the spouse's SGLI terminates.

Section 302(e) would amend section 1970 of Title 38, United States Code by adding a new subsection (h). However, section 1970 currently includes a subsection (h). Therefore, section 302(e) should be amended by redesignating the new subsection to be added to section 1970 as subsection (i).

Also, section 302(e) provides that, in the event of the member's death before the payment of proceeds payable on the life of an insurable dependent, the proceeds on the life of the dependent will be paid to the person entitled to receive the proceeds payable on the member's life. We believe there may be situations in which a non-family member entitled to the member's SGLI would also be entitled to the SGLI proceeds of the deceased member's child.

In order to avert such an occurrence, we recommend that section 302(e) be amended to provide that, in the event that a member predeceases his or her child, the child's SGLI proceeds would be paid to the child's surviving parent.

The Department defers to the VA as to any other technical aspects of the legislation they consider necessary for the proper and successful operation of the proposed extension of coverage to dependents.

Mr. Chairman, thank you for the opportunity to present the Department of Defense's views on the "Veterans' Opportunities Act of 2001."

STATEMENT OF THE NATIONAL FUNERAL DIRECTORS ASSOCIATION ON THE

PROPOSED VETERANS DEATH AND MEMORIAL BENEFITS UNDER H.R. 801

By

John C. Carmon
President, National Funeral Directors Association

Monday, March 26, 2001

I am a licensed funeral director and president of the Carmon Funeral Homes located in Connecticut. I am also the co-founder and president of the Carmon Family Foundation, which operates three continuing care programs: Mary's Place, a facility and program for grieving children and families; Begin Again, a self-help support group founded in 1976; and the Carmon Library and Resource Center, a compilation of materials and programs on dying, death and bereavement.

I am speaking today as President of the National Funeral Directors Association (NFDA), and want to thank you for the opportunity to submit testimony for the record on this very important issue.

NFDA is an individual membership professional association that represents more than 13 thousand licensed funeral directors throughout the United States. A large majority of our members are small-business men and women who own and operate funeral homes in communities all across America.

Most of our members live in cities of less than 50,000 population, with the average NFDA member funeral home serving about 180 families a year and employing four people.

NFDA has long been a supporter of veterans benefits issues, ranging from the use of a military honor guard at veterans funerals to the active support of the World War II Memorial to be constructed on the national Mall. Honoring those who have served in the armed services is a very important issue to our members, especially since many of them are veterans themselves, or have had loved ones lost in service to this country. To date, NFDA members have raised over $2.5 million from their communities to fund this Memorial.

As an independent funeral director and president of NFDA, I would like to discuss the death and memorial benefits outlined in Congressman Christopher Smith's legislation H.R. 801, the "Veterans' Opportunities Act of 2001."

I would like to emphasize that veterans are one of this country's most cherished assets. Their brave and selfless actions defending this country are ones that should be honored in death, as well as in life, and never forgotten.

On behalf of the funeral directors around the country and the veterans and their families and communities they serve, I want to express our strong support for the provisions in H.R. 801 that allow for an increase in the burial and funeral expenses as well as plot allowances for veterans.

As you are well aware, the amount payable for veterans' memorial benefits has remained constant for many years in spite of inflation. Today, the average cost of a funeral, including casket, vault and related items is approximately $5,800.

The cemetery and interment costs are approximately $1,700. Obviously, these amounts vary by geographic region and type of funeral a family chooses; however, nationally, this is the average. While funerals are still a modest expense when compared to the cost of other items an individual must purchase during the course of their lifetime, it is still a significant expense particularly for those least able to afford it.

At a time of unimaginable grief, I deal with the families of service members who must plan for the funeral of their loved one. This process is never easy, but is made more difficult when a family must plan a funeral in accordance with current VA mandated funeral and burial expense levels.

The proposals in this legislation to increase the burial and funeral expenses for veterans whose death is service-connected from $1,500 to $2,000; increase burial and funeral expenses for veterans with nonservice-connnected disabilities from $300 to $500; and increase the burial plot allowance from $150 to $300 are a modest first step on the path to correcting a long standing inequity where veterans funeral and burial benefits are concerned.

Individuals who have served their country in times of war have earned these benefits. This legislation will not only increase various veterans benefits, but it will also help to add some financial security and stability to all aspects of a veterans life.

NFDA supports Congressmen Smith (R-NJ), Evans (D-IL) and Reyes (D-TX) on their efforts to increase memorial benefits for veterans. We feel that this is a modest first step to take, in order to honor those who have served this country. However, we feel that there is still much more that can be done. All veterans, regardless of whether they have died or been in the care of a VA facility, should benefit from the funeral and burial benefits identified in H.R. 801. NFDA offers to work with the members of this committee to develop legislation that will correct this inequity.

I thank you for the opportunity to submit testimony to this esteemed committee. I will be happy to answer any questions, or provide any further information to committee members.

John C. Carmon and the National Funeral Director's Association have not received any Federal grant or contract during the previous two fiscal years.

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

CONGRESSMAN EVANS TO DEPARTMENT OF VETERANS AFFAIRS

Follow-up Questions from the Benefits Subcommittee
Hearing of March 15, 2001, to the Honorable Tony Principi,
Secretary, Department of Veterans Affairs

1. **With regard to the Transition Assistance Program (TAP), the Administration's testimony made mention that it has been over six years since a Memorandum of Understanding was signed between VA, DoD, and DOL. Do you currently have plans in this regard for the near future?**

A draft revision of the MOU, prepared by DOL, is being reviewed by the DoD and VA TAP program managers. Meetings are being scheduled for early April for program managers to discuss the suggested changes and to finalize the proposed revisions to the MOU. The final revisions will then be reviewed by the respective agencies' General Counsels prior to submission to the involved Secretaries for signature.

2. **Can you explain the need for greater flexibility for VA in maintaining offices on Armed Forces installations overseas, as indicated in your testimony? You mentioned specifically that you anticipated a funding problem for VA because of this. Can you expand on this comment, please?**

We believe that flexibility should be given to VA in establishing and/or expanding a permanent presence at military bases overseas. Concern was expressed with the language in HR 801, section 201(b), stating that VA "*shall* also maintain such offices on such Armed Forces installations...,"giving the impression VA must establish such offices without regard to available resources. We believe the current statutory structure provides sufficient authority to enable maintaining a VA presence at military bases where appropriate, without limiting flexibility on how VA and DoD fund these operations.

3. **VA currently corresponds or should correspond with every person who applies for a benefit from the VA. Why cannot information be added to that correspondence listing the benefits and services available to veterans and dependents?**

We currently have a focused approach through our notification letter process. When a benefit is granted, information concerning other benefits is provided. For example, when Dependency and Indemnity Compensation (DIC) is granted to a surviving spouse, information is also provided about Dependents' Education Assistance, loan guaranty, etc. (benefits for which DIC eligibility is the criteria for entitlement). This approach is an effective means of outreach and we will continue to use this method of information dissemination.

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