



Legislative Bulletin.....May 22, 2006

Contents:

S. 1235 — Veterans Benefits Improvement Act of 2005

Summary of the Bill Under Consideration Today:

Total Number of New Government Programs: 1

Total Cost of Discretionary Authorizations: \$50 million in FY07, and \$150 million over 5 years.

Effect on Revenue: \$0

Total Change in Mandatory Spending: -\$3 million in FY07, and no significant impact in direct spending over 5 years.

Total New State & Local Government Mandates: Multiple, see below

Total New Private Sector Mandates: Multiple, see below.

Number of Bills Without Committee Reports: 1

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

S. 1235 — Veterans' Housing Opportunity and Benefits Improvement Act of 2006 — *as amended* (Sen. Craig, R-ID)

Order of Business: The bill is scheduled for consideration on Monday, May 22, 2006, under a motion to suspend the rules and pass the bill, *as amended*.

Note: S. 1235 includes the text of the following bills, previously considered by the House:

H.R. 2046, as amended, passed the House by a voice vote on May 23, 2005;

H.R. 3665, as amended, passed the House by a voice vote on November 10, 2005; and

H.R. 1220, as amended, passed the House by a voice vote on July 13, 2005.

To view the previous RSC Legislative Bulletins on these bills, please view the RSC website, 2005 Legislative Bulletin page: <http://www.house.gov/pence/rsc/lgbullettins05.shtml>.

Summary: S. 1235 makes changes to chapters 19 and 37 of title 38 of the U.S. Code dealing with Veterans' Insurance, and Housing and Small Business Loans respectively.

- Authorizes a 5-year pilot program with two types of loans to provide housing assistance to disabled veterans residing temporarily in housing owned by a family member to adapt the homes to be accessible. The first type of loan is for up to \$14,000 for those servicemembers with locomotion disabilities. The second type of loan is for up to \$2,000 for servicemembers who are blind or who what lost the use of both hands. Funds to pay for the pilot program would come from an increase of five basis points in the funding fee for second and subsequent use of the VA home loan guarantee (with no money down) through September 30, 2007;
- Extends retroactively to December 10, 2004, the home grants noted above to active servicemembers as well as to veterans;
- Allows the VA to adjust the rate increase cap on Veterans' Affairs hybrid Adjustable Rate Mortgages, thereby removing the 1% cap;
- **Makes permanent the home loan pilot program for Native Americans living on trust lands.** The pilot program was initially authorized from FY93 through FY97, Congress has extended this program three times and it is currently set to expire December 31, 2008. These loans to Native Americans are extended to the servicemember's spouse. (According to the Senate committee report, Native Americans have difficulty acquiring free market home loans because homes on trust lands cannot be repossessed if the borrower defaults on the loan.)
- Requires the Assistant Secretary of Labor for Veterans' Employment and Training to furnish information to employers regarding training and skills of veterans and disabled veterans, and the advantages of hiring veterans and disabled veterans and makes certain modifications to a currently existing advisory committee to help in these duties;
- Reauthorizes the Homeless Veterans Reintegration Program for FY07 through FY09, at \$50 million per year (\$150 million total);
- Upon enactment of this bill, extends free post-separation Servicemembers Group Life Insurance (SGLI) coverage for totally disabled veterans from one to two years through September 30, 2011. For those separating on or after October 1, 2011, free post-separation coverage would be reduced to 18 months. After that, the veteran can convert to either Veterans' Group Life Insurance (VGLI) or a commercial policy;
- Amends the Servicemembers Civil Relief Act to limit premium increases on reinstated health insurance coverage for servicemembers who are released from active duty;
- Amends the Uniformed Services Employment and Reemployment Rights Act to preserve employer-sponsored health plan reinstatement rights for certain Reserve component members who acquire TRICARE eligibility prior to entering active duty;

- Codifies a VA rule determining that atherosclerotic heart disease, hypertensive vascular disease, hypertensive heart disease and their complications; and stroke and its complications should be added to a list of presumptive disease arising from being a prisoner of war for 30 days or more;
- Revives and extends through December 31, 2009, the Secretary's reporting requirements on awards given to individuals who the Secretary determines were deprived of benefits by federal employees; and
- According to the committee, the bill clarifies "amendments to Traumatic Injury Protection plan to more clearly specify the responsibilities of the different service branches, and conform the wording to match title 38 drafting. This provision isn't intended to make any substantive change in current law."

Committee Action: S. 1235 was received in the House on September 29, 2006, and referred to the House Committee on Veterans' Affairs which took no official action.

Cost to Taxpayers: CBO estimates that the bill would cost \$95 million in 2006, and \$200 million between 2006 and 2010. Direct spending would be increased by less than \$500,000 in 2006, decreased by less than \$500,000 between 2006 and 2010, and decreased by \$2 million between 2006 and 2015.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes, the bill makes a pilot program permanent.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes, according to CBO, the bill creates both intergovernmental and private-sector mandates, though they do not rise to the annual threshold under UMRA, which is \$64 million and \$128 million respectively in 2006.

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