

VETERANS EMPLOYMENT AND HOME PRESERVATION ACT OF 2010

MARCH 22, 2010.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FILNER, from the Committee on Veterans’ Affairs,
submitted the following

R E P O R T

[To accompany H.R. 3976]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans’ Affairs, to whom was referred the bill (H.R. 3976) to extend certain expiring provisions providing enhanced protections for servicemembers relating to mortgages and mortgage foreclosure, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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AMENDMENT

The amendments are as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Veterans Employment and Home Preservation Act of 2010”.

SEC. 2. EXTENSION OF ENHANCED PROTECTIONS FOR SERVICEMEMBERS RELATING TO MORTGAGES AND MORTGAGE FORECLOSURE UNDER SERVICEMEMBERS CIVIL RELIEF ACT.

(a) **EXTENSION.**—Paragraph (2) of section 2203(c) of the Housing and Economic Recovery Act of 2008 (Public Law 110–289) is amended—

(1) by striking “December 31, 2010” and inserting “December 31, 2015”; and

(2) by striking “January 1, 2011” and inserting “January 1, 2016”.

(b) **PROTECTION FOR SURVIVING SPOUSE.**—

(1) **IN GENERAL.**—Section 303 of the Servicemembers Civil Relief Act (50 U.S.C. App. 533) is amended by adding at the end the following new subsection:

“(e) **PROTECTION FOR SURVIVING SPOUSE.**—With respect to a servicemember who dies while in military service and whose death is service-connected, this section shall apply to the surviving spouse of the servicemember if such spouse is the successor in interest to property covered under subsection (a).”

(2) **EFFECTIVE DATE.**—Subsection (e) of section 303 of such Act, as added by paragraph (1), shall apply to a surviving spouse of a servicemember whose death is on or after the date of the enactment of this Act.

SEC. 3. TEMPORARY REDUCTION OF REQUIRED AMOUNT OF WAGES FOR ON-THE-JOB TRAINING PROGRAMS.

(a) **IN GENERAL.**—

(1) **REDUCING REQUIREMENT.**—Clause (ii) of section 3677(b)(1)(A) of title 38, United States Code, is amended by striking “85 per centum” and inserting “60 percent”.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall take effect on October 1, 2010, and shall apply to a veteran who enrolls in a program of training on the job approved under section 3677 of such title on or after such date.

(b) **SUNSET.**—

(1) **REVERSION.**—Effective October 1, 2013, clause (ii) of section 3677(b)(1)(A) of title 38, United States Code, as amended by subsection (a) of this section, is amended by striking “60 percent” and inserting “85 percent”.

(2) **APPLICATION.**—The amendment made by paragraph (1) shall apply to a veteran who enrolls in a program of training on the job approved under section 3677 of such title on or after October 1, 2013.

(c) **GAO REPORT.**—Not later than October 1, 2013, the Comptroller General of the United States shall submit to the Committee on Veterans’ Affairs of the House of Representatives and the Committee on Veterans’ Affairs of the Senate a report on the effects of the amendment made by subsection (a)(1) that reduces the wage increase requirement under section 3677(b)(1)(A)(ii) of title 38, United States Code.

Amend the title so as to read:

A bill to extend certain expiring provisions providing enhanced protections for servicemembers relating to mortgages and mortgage foreclosure, and for other purposes.

PURPOSE AND SUMMARY

H.R. 3976 was introduced by Representative Thomas S. P. Perriello of Virginia, on October 29, 2009. H.R. 3976, as amended, would amend Public Law 110–289 (122 Stat. 2654), the “Housing and Economic Recovery Act of 2008,” by extending through December 31, 2015, specified protections for servicemembers relating to mortgages and mortgage foreclosures. In addition, H.R. 3976 was amended to include the provisions of H.R. 4079, which would amend title 38, United States Code, to temporarily reduce the increase in wages paid by employers to veterans enrolled in on-the-

job training (OJT) programs. H.R. 4079 was introduced by Representative Thomas S. P. Perriello of Virginia on November 16, 2009.

BACKGROUND AND NEED FOR LEGISLATION

The “Housing and Economic Recovery Act of 2008,” Public Law 110–289 (122 Stat. 2654), amended the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.) to provide servicemembers protection against mortgage foreclosure and extended the period for an extension of stay of proceedings from 90 days to nine months. The extension for protection against foreclosure is slated to expire on December 31, 2010, and the extension of the period for a stay of proceedings is due to expire on January 1, 2011.

H.R. 3976, would amend section 2203 of Public Law 110–289 (122 Stat. 2654, 2849) by extending those enhanced protections for servicemembers relating to mortgages and mortgage foreclosure under Servicemembers Civil Relief Act for an additional five years. This bill also allows surviving spouses of servicemembers who have died while in military service, to receive protection against mortgage foreclosure and a stay of proceedings if the individual is the successor in interest to the servicemember’s property and the servicemember’s death was service-connected. The provisions of the bill also would be effective on or after date of enactment.

Section 3 of H.R. 3976, as amended to include provisions from H.R. 4079, would amend section 3677 of title 38, United States Code, to reduce the final statutory on-the-job training wage increase from 85 percent to 60 percent of a fully qualified employee to allow additional businesses to participate in this program. The National Association of State Approving Agencies stated that due to the economic climate, many businesses are unable to participate in the OJT training program due to the statutory requirement that the employer must increase the wage paid to a veteran participating in OJT. That inability to increase the wages by the statutory amount has resulted in fewer OJT opportunities for veterans. Currently, an employer is required to provide a beginning wage of at least 50 percent of the wage for fully-trained employees, therefore only a ten percent increase wage is required but this increase can be exceeded at the employer’s discretion.

As part of a three-year pilot program, the Government Accountability Office would be required to submit a report to Congress on the effects of reducing the wage increase requirements at the end of the pilot program.

HEARINGS

On February 25, 2010, the Subcommittee on Economic Opportunity conducted a legislative hearing on various bills introduced during the 111th Congress, including H.R. 3976 and H.R. 4079. The following witnesses testified: The Honorable John J. Hall of New York; The Honorable Adam H. Putnam of Florida; The Honorable Joe Sestak of Pennsylvania; The Honorable Adam Smith of Washington; The Honorable Michael R. Turner of Ohio; Mr. Robert W. Madden, Assistant Director, National Economic Commission, The American Legion; Mr. Justin Brown, Legislative Associate, National Legislative Service, Veterans of Foreign Wars; Mr. Timothy

S. Embree, Legislative Associate, Iraq and Afghanistan Veterans of America; Mr. James Bombard, Legislative Director, National Association of State Approving Agencies; Mr. Mark E. Sullivan, Law Offices of Mark E. Sullivan, P.A.; Col. Shawn Shumake, U.S. Army, Director, Office of Legal Policy, Office of the Under Secretary of Defense (Personnel and Readiness), Program Integration and Legal Policy, U.S. Department of Defense; Mr. Keith M. Wilson, Director of Education Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs, accompanied by Mr. Mark Bologna, Director of Loan Guaranty Service, Veteran Benefits Administration, U.S. Department of Veterans Affairs and Mr. F. John Brizzi, Jr., Deputy Assistant General Counsel, U.S. Department of Veterans Affairs. Those submitting statements for the record included: The Honorable Bob Filner of California; The Honorable Ron Klein of Florida; Ms. Patricia E. Apy, American Bar Association; Ms. Stacy Bannerman of Medford, Oregon; Ms. Kelly Hruska, Government Relations Deputy Director, National Military Family Association; Mr. Brian Hawthorne, Legislative Director, Student Veterans of America; and, the Pennsylvania Association of Private School Administrators.

SUBCOMMITTEE CONSIDERATION

On March 4, 2010, the Subcommittee on Economic Opportunity met in open markup session and ordered favorably forwarded to the full Committee H.R. 3976, as amended, and H.R. 4079, as amended, by voice vote. During consideration of the bill the following amendment was considered:

An amendment by Mr. Perriello of Virginia to make a technical correction by striking the word “Recover” and insert “Recovery” was agreed to by voice vote.

During consideration of H.R. 4079 the following amendment in the nature of a substitute was considered:

An amendment in the nature of a substitute by Mr. Perriello of Virginia to make a change to the bill that would cap the wage increase percentage at 60 percent, terminate the program in three years, and require GAO to submit a report to Congress was agreed to by voice vote.

COMMITTEE CONSIDERATION

On March 10, 2010, the full Committee met in an open markup session, a quorum being present, and ordered H.R. 3976, as amended, reported favorably to the House of Representatives, by voice vote. During consideration of the bill the following amendment was considered:

An amendment in the nature of a substitute offered by Mr. Perriello of Virginia incorporating the provisions of H.R. 4079, as amended, and providing for a new short title was agreed to by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report the legislation and amendments thereto. There were no record votes taken on amendments or in connection with ordering

H.R. 3976 reported to the House. A motion by Mr. Miller of Florida to order H.R. 3976, as amended, reported favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE OVERSIGHT FINDINGS

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

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are reflected in the descriptive portions of this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

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

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 3976 does not contain any congressional earmarks; limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 3976 prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 3976 provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 16, 2010.

Hon. BOB FILNER,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3976, the Veterans Employment and Home Preservation Act of 2010.

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

Sincerely,

DOUGLAS W. ELMENDORF,
Director.

Enclosure.

H.R. 3976—Veterans Employment and Home Preservation Act of 2010

Summary: H.R. 3976 would temporarily loosen requirements necessary for veterans to receive benefit payments from the Department of Veterans Affairs (VA) for participating in on-the-job training. CBO estimates that implementing the bill would increase direct spending by \$9 million over the 2011–2020 period.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

H.R. 3976 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 3976 would impose private-sector mandates, as defined in UMRA, on certain mortgage holders and other creditors. Based on information from industry sources, CBO expects that the cost of those mandates would fall below the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3976 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By fiscal year, in millions of dollars—												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011–2015	2011–2020	
CHANGES IN DIRECT SPENDING													
Estimated Budget	2	2	3	1	*	0	0	0	0	0	9	9	
Authority Estimated Outlays ..	2	2	3	1	*	0	0	0	0	0	9	9	

Note: * = less than \$500,000. Annual costs do not sum to totals because of rounding.

Basis of estimate: VA provides education benefits to certain veterans participating in on-the-job training programs. Under current law, for such programs to be eligible for coverage under veterans benefits, the employer must pay trainees a starting wage equaling at least 50 percent of the full-time wage for that position. That amount must steadily increase to at least 85 percent of the appropriate full-time wage by the last month of the program.

Section 3 would temporarily reduce the requirement for final pay to no less than 60 percent for veterans who begin training in fiscal years 2011 through 2013. CBO expects that such a change would increase the number of on-the-job training programs that VA would approve for use of education benefits; thus, CBO estimates that an additional 260 veterans would receive an average of \$7,000 in benefits from VA annually from 2011 through 2015. CBO estimates that implementing H.R. 3976 would increase direct spending by \$9 million over the 2010–2020 period.

Pay-as-you-go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net

changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 3976 AS ORDERED REPORTED BY THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS ON MARCH 10, 2010

By fiscal year, in millions of dollars—													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010–2015	2010–2020
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact ...	0	2	2	3	1	0	0	0	0	0	0	9	9

Note: Annual costs do not sum to totals because of rounding.

Estimated impact on state, local, and tribal governments: H.R. 3976 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimated impact on the private sector: Section 2 would extend the expiration date by five years of enhanced protections for servicemembers under the Servicemembers Civil Relief Act (SCRA) relating to mortgages and mortgage foreclosures. Furthermore, it would extend mortgage-related protections under the SCRA to surviving spouses of servicemembers who die while in military service. Those changes would constitute mandates on mortgage holders. The cost of complying with these mandates would be the loss associated with delayed mortgage payments, delayed foreclosure, and interest-rate limitations. Based on historical separation rates, foreclosure rates, and mortgage-interest rates, CBO expects that the cost of the mandate would be small relative to the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

Estimate prepared by: Federal Costs: Camille Woodland and David Newman; Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum; Impact on the Private Sector: Elizabeth Bass.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 3976 prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 3976.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for H.R. 3976 is provided by Article I, section 8 of the Constitution of the United States.

APPLICABILITY TO LEGISLATIVE BRANCH

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

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section provides the short title of H.R. 3976, as amended, as the “Veterans Employment and Home Preservation Act of 2010.”

Section 2. Extension of enhanced protections for servicemembers relating to mortgages and mortgage foreclosure under Servicemembers Civil Relief Act

This section extends the protection against mortgage foreclosure of nine months until December 31, 2015, and maintains the stay of proceedings period of nine months until January 1, 2016.

This section allows surviving spouses of servicemembers who have died while in military service and their death is service-connected, to receive protection against mortgage foreclosure and a stay of proceedings if the individual is the successor in interest to the servicemember’s property and the servicemember’s death was service-connected.

This section also establishes an effective date of on or after date of enactment of this Act.

Section 3. Temporary reduction of required amount of wages for on-the-job training programs

This section reduces the wage increase from 85 percent to 60 percent with the wage increase taking place no later than the last full month of the training period. This section provides an effective date of October 1, 2010, and would apply to individuals participating in this program on or after such date. This section sunsets the pilot program on October 1, 2013, and requires that U.S. Government Accountability Office submit a report to Congress on the effect of reducing the wage increase requirements.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 2203 OF THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008

SEC. 2203. ENHANCEMENT OF PROTECTIONS FOR SERVICEMEMBERS RELATING TO MORTGAGES AND MORTGAGE FORECLOSURES.

(a) * * *

* * * * *

(c) EFFECTIVE DATE; SUNSET.—

(1) * * *

(2) SUNSET.—The amendments made by subsection (a) shall expire on [December 31, 2010] *December 31, 2015*. Effective [January 1, 2011] *January 1, 2016*, the provisions of subsections (b) and (c) of section 303 of the Servicemembers Civil Relief Act, as in effect on the day before the date of the enactment of this Act, are hereby revived.

SERVICEMEMBERS CIVIL RELIEF ACT

* * * * *

TITLE III—RENT, INSTALLMENT CONTRACTS, MORTGAGES, LIENS, ASSIGNMENT, LEASES

* * * * *

SEC. 303. MORTGAGES AND TRUST DEEDS.

(a) * * *

* * * * *

(e) *PROTECTION FOR SURVIVING SPOUSE.*—*With respect to a servicemember who dies while in military service and whose death is service-connected, this section shall apply to the surviving spouse of the servicemember if such spouse is the successor in interest to property covered under subsection (a).*

* * * * *

SECTION 3677 OF TITLE 38, UNITED STATES CODE

§ 3677. Approval of training on the job

(a) * * *

(b)(1) The training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate State approving agency a written application for approval which, in addition to furnishing such information as is required by the State approving agency, contains a certification that—

(A) the wages to be paid the eligible veteran or person (i) upon entrance into training, are not less than wages paid non-veterans in the same training position and are at least 50 per centum of the wages paid for the job for which the veteran or person is to be trained, and (ii) such wages will be increased in regular periodic increments until, not later than the last full month of the training period, they will be at least [85 per centum] *60 percent* of the wages paid for the job for which such eligible veteran or person is being trained; and

* * * * *

[Effective October 1, 2010, clause (ii) of section 3677(b)(1)(A), as amended by section 3(a) of H.R. 3976, appears below. Effective October 1, 2013, section 3(b) of H.R. 3976, provides for an amendment to such clause as follows:]

§ 3677. Approval of training on the job

(a) * * *

(b)(1) The training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate State approving agency a written application for approval which, in addition to furnishing such information as is required by the State approving agency, contains a certification that—

(A) the wages to be paid the eligible veteran or person (i) upon entrance into training, are not less than wages paid non-veterans in the same training position and are at least 50 per centum of the wages paid for the job for which the veteran or person is to be trained, and (ii) such wages will be increased in regular periodic increments until, not later than the last full month of the training period, they will be at least **60 percent** *85 percent* of the wages paid for the job for which such eligible veteran or person is being trained; and

* * * * *

