

VETERANS' COMPENSATION COST-OF-LIVING
ADJUSTMENT ACT OF 2011

MAY 20, 2011.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. MILLER of Florida, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 1407]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1407) to increase, effective as of December 1, 2011, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO THE COMMITTEE
PRINT FOR H.R. 1407 OFFERED BY MR. MILLER OF FLORIDA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as “Veterans’ Compensation Cost-of-Living Adjustment Act of 2011”.

SEC. 2. INCREASE IN RATES OF DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION.

(a) **RATE ADJUSTMENT.**—Effective on December 1, 2011, the Secretary of Veterans Affairs shall increase, in accordance with subsection (c), the dollar amounts in effect on November 30, 2011, for the payment of disability compensation and dependency and indemnity compensation under the provisions specified in subsection (b).

(b) **AMOUNTS TO BE INCREASED.**—The dollar amounts to be increased pursuant to subsection (a) are the following:

(1) **WARTIME DISABILITY COMPENSATION.**—Each of the dollar amounts under section 1114 of title 38, United States Code.

(2) **ADDITIONAL COMPENSATION FOR DEPENDENTS.**—Each of the dollar amounts under section 1115(1) of such title.

(3) **CLOTHING ALLOWANCE.**—The dollar amount under section 1162 of such title.

(4) **DEPENDENCY AND INDEMNITY COMPENSATION TO SURVIVING SPOUSE.**—Each of the dollar amounts under subsections (a) through (d) of section 1311 of such title.

(5) **DEPENDENCY AND INDEMNITY COMPENSATION TO CHILDREN.**—Each of the dollar amounts under sections 1313(a) and 1314 of such title.

(c) **DETERMINATION OF INCREASE.**—

(1) **PERCENTAGE.**—Except as provided in paragraph (2), each dollar amount described in subsection (b) shall be increased by the same percentage as the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 2011, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(2) **ROUNDING.**—Each dollar amount increased under paragraph (1), if not a whole dollar amount, shall be rounded to the next lower whole dollar amount.

(d) **SPECIAL RULE.**—The Secretary of Veterans Affairs may adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons under section 10 of Public Law 85–857 (72 Stat. 1263) who have not received compensation under chapter 11 of title 38, United States Code.

SEC. 3. PUBLICATION OF ADJUSTED RATES.

The Secretary of Veterans Affairs shall publish in the Federal Register the amounts specified in section 2(b), as increased under that section, not later than the date on which the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year 2012.

SEC. 4. EXTENSION OF AUTHORITY OF THE SECRETARY OF VETERANS AFFAIRS TO PROVIDE SPECIALLY ADAPTED HOUSING ASSISTANCE TO INDIVIDUALS RESIDING TEMPORARILY IN HOUSING OWNED BY A FAMILY MEMBER.

(a) **SHORT TITLE.**—This section may be cited as the “Andrew Connolly Veterans’ Housing Act”.

(b) **EXTENSION.**—Section 2102A(e) of title 38, United States Code, is amended by striking “December 31, 2011” and inserting “December 31, 2016”.

PURPOSE AND SUMMARY

H.R. 1407 was introduced on April 12, 2011, by Representative Jon Runyan of New Jersey. H.R. 1407, as amended, would increase, effective as of December 1, 2011, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain

disabled veterans, and would extend through December 31, 2016, the authority of the Secretary of Veterans Affairs to provide specially adapted housing assistance to individuals residing temporarily in housing owned by a family member.

BACKGROUND AND NEED FOR LEGISLATION

Increase in rates of disability compensation and dependency and indemnity compensation.—Section 2 of H.R. 1407, as amended, would increase, effective December 1, 2011, the rates of compensation for service-connected disabilities and the rates of dependency and indemnity compensation (DIC) for surviving spouses and children of veterans who die of service-connected causes, as well as the additional amounts for dependents and survivors, and clothing allowances for certain veterans. Congress has provided annual increases in these rates for every Fiscal Year since 1976.

The Committee is following its longstanding practice of setting the cost-of-living adjustment (COLA) by reference to the yet-to-be-determined Social Security increase. At the time of the filing of this report, the increase is expected to be 1.1 percent, but it may be higher or lower depending on changes in the Consumer Price Index.

The basic purpose of the disability compensation program is to provide relief from the impaired earning capacity of veterans disabled as the result of their military service. The amount of compensation payable varies according to the degree of disability. This amount in turn is required by law to represent, to the extent practicable, the average impairment in earning capacity in civilian occupations resulting from such disability or combination of disabilities.

To be eligible to receive disability compensation, a veteran must have a disability incurred or aggravated during military service, which is not the result of willful misconduct, and have been discharged under other than dishonorable conditions. The responsibility for determining a veteran's entitlement to service-connection for a disability rests with the Department of Veterans Affairs (VA).

Surviving spouses and dependent children of veterans who died of disabilities determined by VA to be service-connected (including veterans who died while on active duty) or who had a service-connected disability rated at 100 percent for certain periods of time prior to death are entitled to receive monthly DIC benefits. Additional amounts are paid to survivors who are housebound, in need of aid and attendance, or who have minor children. The purpose of DIC benefits authorized under chapter 13 of title 38, United States Code, is to provide partial compensation to the appropriate survivors for the loss in financial support due to the service-connected death. Income and need are not factors in determining a surviving spouse's or child's entitlement because the Nation, in part, assumes the legal and moral obligation of the veteran to support the spouse and children.

Five-year extension of the temporary residence adaptation grant.—The temporary residence adaptation (TRA) grant was enacted under Public Law 109-233. The law allows for certain service-disabled veterans or servicemembers to receive a TRA grant while the individual is temporarily living with a family member. The TRA grant program is available to veterans and

servicemembers who have been rated eligible for the Specially Adapted Housing (SAH) grant under section 2101(a) of title 38, United States Code, or the Special Home Adaptation (SHA) grant under section 2101(b) of title 38, United States Code. Each grant may only be paid once per eligible veteran or servicemember. The SAH grant pays a maximum of \$63,780; the SHA grant pays a maximum of \$12,756. Grant assistance under the SAH, the SHA and, by extension, the TRA, is used to either purchase or adapt homes so that those with serious injuries can maneuver throughout their residence. Wheelchair ramps, widened doorways, and hand rails are a few of the common adaptations made using grant assistance.

Based on the applicable grant program for which a veteran or servicemember is eligible, and based on the home adaptations that are necessary, up to \$14,000 of the \$63,780 maximum SAH grant, and up to \$2,000 of the \$12,756 maximum SHA grant, may be used under the TRA program. The money is allocated from an individual's entitlement to the SAH or SHA grant, thereby reducing remaining entitlement left for use at a later point.

According to VA, there have only been 24 TRA grants awarded since enactment of Public Law 109-233. As servicemembers continue to return home with serious wartime injuries they may be unable to live alone due to the nature of their injuries, for economic reasons, or other factors, which may make it necessary for them to live at the home with a family member. It is the Committee's expectation that VA will be proactive in informing eligible veterans and servicemembers about the TRA program so that all who may benefit from it, particularly those returning from combat zones with serious injuries, are able to do so.

HEARINGS

On May 3, 2011, the Subcommittee on Disability Assistance and Memorial Affairs conducted a legislative hearing on various bills introduced during the 112th Congress, including H.R. 1407 and H.R. 1671 (from which section 4 of H.R. 1407, as amended, is derived). The following witnesses testified: Ms. Christina M. Roof, National Acting Legislative Director, AMVETS; Mr. Jeffrey C. Hall, Assistant National Legislative Director, Disabled American Veterans; Mr. Shane Barker, Senior Legislative Associate, National Legislative Service, Veterans of Foreign Wars of the United States; Mr. Barton F. Stichman, Joint Executive Director, National Veterans Legal Service Program; The Honorable Bruce E. Kasold, Chief Judge, United States Court of Appeals for Veterans Claims; and Ms. Diana M. Rubens, Associate Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs, who was accompanied by Mr. Richard J. Hipolit, Assistant General Counsel, U.S. Department of Veterans Affairs; and Mr. Steve Keller, Acting Chairman, Board of Veterans' Appeals, U.S. Department of Veterans Affairs.

Those submitting statements for the record included: Paralyzed Veterans of America.

SUBCOMMITTEE CONSIDERATION

On May 5, 2011, the Subcommittee on Disability Assistance and Memorial Affairs met in an open markup session and ordered favorably forwarded to the full Committee H.R. 1407, as amended, by voice vote. During consideration of the bill the following amendment in the nature of a substitute was considered:

An amendment in the nature of a substitute by Subcommittee Chairman Jon Runyan of New Jersey make a technical change was agreed to by voice vote.

COMMITTEE CONSIDERATION

On May 12, 2011, the full Committee met in an open markup session, a quorum being present and ordered reported favorably to the House of Representatives H.R. 1407, as amended, by voice vote. During consideration of the bill, the following amendment was considered:

An amendment in the nature of a substitute offered by Chairman Jeff Miller of Florida, extending the authority of the Secretary of Veterans Affairs to provide specially adapted housing assistance to individuals residing temporarily in housing owned by a family member 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. 1407, as amended, reported to the House. A motion by Ranking Member Bob Filner of California to order H.R. 1407, 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. 1407, as amended, does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 1407, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 1407, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 16, 2011.

Hon. JEFF MILLER,
*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. 1407, the Veterans' Compensation Cost-of-Living Adjustment Act of 2011.

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

Sincerely,

DOUGLAS W. ELMENDORF, *Director.*

Enclosure.

H.R. 1407—Veterans' Compensation Cost-of-Living Adjustment Act of 2011

H.R. 1407 would extend the authority of the Department of Veterans Affairs (VA) to provide certain housing grants and increase the rates of disability compensation and dependency and indemnity compensation by the same cost-of-living adjustment (COLA) applied to Social Security benefits. CBO estimates that enacting H.R. 1407 would increase direct spending by less than \$500,000 over the 2012–2021 period, relative to CBO's baseline projections.

Section 2 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same COLA payable to Social Security recipients. The increase would take effect on December 1, 2011, and the resulting adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in CBO's baseline, consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105–33) as extended by the Veterans Benefits Act of 2003 (Public Law 108–183).

Because the COLA is assumed in CBO's baseline, section 2 would have no budgetary effect relative to the baseline. Relative to current law, CBO estimates that enacting this bill would increase spending for those programs by \$475 million in fiscal year 2012. (The annualized cost would be about \$630 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2011, would be 1.1 percent.

Section 4 of the bill would extend by five years VA's authority to provide adaptive housing grants to veterans residing temporarily in housing owned by a family member. Under current law, veterans who are classified by VA as totally disabled and who have certain mobility limitations are entitled to receive housing grants of up to \$63,780 to be used to purchase, construct, or modify a home to meet their specific needs. Totally disabled veterans who are blind or have lost the use of their hands are entitled to receive grants of up to \$12,756 for those same purposes.

Qualifying veterans may use up to \$14,000 from the larger grant or \$2,000 from the smaller grant to adapt the home of a family member when the veteran resides with that family member temporarily; this pilot program will expire on December 31, 2011. Section 4 would extend that authority to December 31, 2016.

Based on recent rates of usage of this benefit, CBO estimates that, over the five years of the proposed extension, about 35 veterans would use those grants to modify a family member's home, with each grant averaging about \$13,600. If enacted, CBO estimates section 4 would increase direct spending by less than \$500,000 over the 2012–2017 period.

Enacting H.R. 1407 would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effects would be insignificant for each year. Enacting the bill would not affect revenues.

H.R. 1407 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Dwayne M. Wright. The estimate was 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. 1407, as amended, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 1407, as amended.

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 would provide the short title of H.R. 1407, as amended, as the “Veterans’ Compensation Cost-of-Living Adjustment Act of 2011.”

Section 2.

Section 2(a) authorizes the Secretary of Veterans Affairs to increase, effective December 1, 2011, the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation.

Section 2(b) specifies the amounts to be increased.

Section 2(b)(1) increases the Wartime Disability Compensation, under section 1114 of title 38, United States Code.

Section 2(b)(2) increases the Additional Compensation for Dependents, under section 1115(1) of title 38, United States Code.

Section 2(b)(3) increases the Clothing Allowance, under section 1162 of title 38, United States Code.

Section 2(b)(4) increases the Dependency and Indemnity Compensation to Surviving Spouses, under section 1311 of title 38, United States Code.

Section 2(b)(5) increases the Dependency and Indemnity Compensation to Children, under section 1313(a) and 1314 of title 38, United States Code.

Section 2(c) addresses how increases shall be determined.

Section 2(c)(1) specifies that each amount shall be increased by the same percentage by which benefits are increased under title II of the Social Security Act (42 U.S.C. 401 et seq.).

Section 2(c)(2) rounds down to the next lower dollar amount all compensation and DIC benefits, when the amount is not a whole dollar amount.

Section 2(d) provides a special rule authorizing the Secretary of Veterans Affairs to adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857, who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

Section 3. Would require the Secretary of Veterans Affairs to publish in the *Federal Register* the amounts specified in subsection 2(b), as increased pursuant to that section.

Section 4. Extension of Authority of the Secretary of Veterans Affairs to provide specially adapted housing assistance to individuals residing temporarily in housing owned by a family member

Section 4(a) provides that Section 4 of this bill may be cited as the “*Andrew Connelly Veterans’ Housing Act*.”

Section 4(b) extends Section 2102A of title 38, United States Code, authorizing the Secretary of Veterans Affairs to provide specially adapted housing assistance to individuals residing temporarily in housing owned by a family member, for a period of five years ending on December 31, 2016.

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):

TITLE 38, UNITED STATES CODE

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PART II—GENERAL BENEFITS

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**CHAPTER 21—SPECIALLY ADAPTED HOUSING FOR
DISABLED VETERANS**

* * * * *

**§ 2102A. Assistance for individuals residing temporarily in
housing owned by a family member**

(a) * * *

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(e) TERMINATION.—No assistance may be provided under this section after **[December 31, 2011]** *December 31, 2016*.

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