

VETERANS' COMPENSATION COST-OF-LIVING
ADJUSTMENT ACT OF 2017

MAY 19, 2017.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

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

R E P O R T

[To accompany H.R. 1329]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1329) to increase, effective as of December 1, 2017, 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, to amend title 38, United States Code, to improve the United States Court of Appeals for Veterans Claims, to improve the processing of claims by the Secretary of Veterans Affairs, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

CONTENTS

	Page
Amendment	2
Purpose and Summary	2
Background and Need for Legislation	3
Hearings	3
Subcommittee Consideration	4
Committee Consideration	4
Committee Votes	4
Committee Oversight Findings	4
Statement of General Performance Goals and Objectives	5
New Budget Authority, Entitlement Authority, and Tax Expenditures	5
Earmarks and Tax and Tariff Benefits	5
Committee Cost Estimate	5
Congressional Budget Office Estimate	5
Federal Mandates Statement	7
Advisory Committee Statement	7
Constitutional Authority Statement	8

Applicability to Legislative Branch	8
Statement on Duplication of Federal Programs	8
Disclosure of Directed Rulemaking	8
Section-by-Section Analysis of the Legislation	8
Changes in Existing Law Made by the Bill as Reported	9

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’ Compensation Cost-of-Living Adjustment Act of 2017”.

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

(a) RATE ADJUSTMENT.—Effective on December 1, 2017, the Secretary of Veterans Affairs shall increase, in accordance with subsection (c), the dollar amounts in effect on November 30, 2017, 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.—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, 2017, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(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 2018.

Amend the title so as to read:

A bill to increase, effective as of December 1, 2017, 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.

PURPOSE AND SUMMARY

H.R. 1329, as amended, the “Veterans Compensation Cost of Living Adjustment Act of 2017,” was introduced by Representative Mike Bost, Chairman of the Subcommittee of Disability Assistance and Memorial Affairs, on March 2, 2017. H.R. 1329, as amended, would as of November 30, 2017, increase the rates of Wartime Disability Compensation, Compensation for Dependents, Clothing Allowance, Dependency and Indemnity Compensation to Surviving

Spouse, and Dependency and Indemnity Compensation to Children by the same percentage as the increase in benefits provided under title II (Old Age, Survivors, and Disability Insurance) of the Social Security Act.

BACKGROUND AND NEED FOR LEGISLATION

Veterans who are disabled as a result of their military service are eligible to receive disability compensation. The purpose of disability compensation is to provide relief to a veteran who is limited in his or her earning capacity due to a disability incurred during military service. The amount of compensation a veteran receives varies according to the veteran's degree of disability.

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. Additionally, the veterans must have been discharged under other than dishonorable conditions. The Department of Veterans Affairs (VA) is responsible for determining if a veteran is entitled to service-connection for a disability.

Dependency and Indemnity Compensation (DIC) are monthly benefits paid to surviving spouses and dependent children of veterans who died while on active duty; or as a result of disabilities determined by VA to be serviced-connected or were service-connected disability rated at 100 percent for certain periods of time prior to death. Survivors who are housebound, require aid and attendance, or who have minor children may be paid additional amounts. The purpose of DIC benefits authorized under chapter 13 of title 38, U.S.C. is to provide partial compensation to the disabled veteran's surviving dependents for the loss in financial support due to the veteran's service-connected death. The dependent's income and need are not considered when VA determines a surviving spouse's or child's entitlement because the nation, in part, assumes the legal and moral obligation of the deceased veteran to support his or her spouse and children.

Section 2 of H.R. 1329, as amended, would increase the rates of Wartime Disability Compensation, Additional Compensation for Dependents, Clothing Allowance, Dependency and Indemnity Compensation to Surviving Spouse, and Dependency and Indemnity Compensation to Children. Such increase in benefits would increase to be the same percentage as the increase in benefits provided under title II (Old Age, Survivors, and Disability Insurance) of the Social Security Act.

Section 3 of H.R. 1329, as amended, would require the Secretary to publish in the Federal Register the cost-of-living as increased under section 2, not later than the date on which the matters specified by 42 U.S.C. 415(i)(2)(D) of the Social Security Act are required to be published during fiscal year 2017.

HEARINGS

On April 5, 2017, the Subcommittee on Disability Assistance and Memorial Affairs conducted a legislative hearing on various bills introduced during the 115th Congress, including H.R. 1329.

The following witnesses testified:

The Honorable Mike Bost, U.S. House of Representatives; The Honorable Julia Brownley, U.S. House of Representatives; The Honorable Jim Banks, U.S. House of Representatives; The Honorable Jack Bergman, U.S. House of Representatives; The Honorable David G. Valadao, U.S. House of Representatives; Ms. Beth Murphy, Director, Compensation Service, Veterans Benefits Administration, U.S. Department of Veterans Affairs, *accompanied by* Dr. Ralph L. Erickson, Chief Consultant for Post Deployment Health Service, Veterans Health Administration, U.S. Department of Veterans Affairs; Ms. Patricia Watts, Director, Legislative and Regulatory Service, National Cemetery Administration, U.S. Department of Veterans Affairs; Mr. Zachary Hearn, Deputy Director, Veterans Affairs and Rehabilitation Division, The American Legion; Mr. Rick Weidman, Executive Director, Policy and Government Affairs, Vietnam Veterans of America; Mr. Patrick Murray, Associate Director, National Legislative Service, Veterans of Foreign Wars; Mr. LeRoy Acosta, Assistant National Legislative Director, Disabled American Veterans; and, Mr. John B. Wells, Executive Director, Military-Veterans Advocacy Inc.

Statements for the record were submitted by:

The Honorable Timothy J. Walz, U.S. House of Representatives and the Paralyzed Veterans of America

SUBCOMMITTEE CONSIDERATION

On April 27, 2017, the Subcommittee on Disability Assistance and Memorial Affairs met in open markup session, a quorum being present, and favorably forwarded to the full Committee H.R. 1329, as amended. During consideration of H.R. 1329, the following amendment was considered and agreed to by voice vote:

An amendment offered by Mr. Bost of Illinois that revised the long title of the bill.

COMMITTEE CONSIDERATION

On May 17, 2017, the Full Committee met in an open markup session, a quorum being present, and ordered H.R. 1329, as amended, which reflected the Subcommittee Print of H.R. 1329, reported favorably to the House of Representatives 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 recorded votes on the motion to report the legislation and amendments thereto. There were no recorded votes taken on amendments or in connection with ordering H.R. 1329, as amended, reported to the House. A motion by Ranking Member Timothy Walz of Minnesota to report H.R. 1329, as amended, 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 Commit-

tee'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 establishes the following performance goals and objectives for this legislation to as of December 1, 2017 increase the rates of Wartime Disability Compensation, Compensation for Dependents, Clothing Allowance, Dependency and Indemnity Compensation to Surviving Spouse, and Dependency and Indemnity Compensation to Children by the same percentage as the increase in benefits provided under title II (Old Age, Survivors, and Disability Insurance) of the Social Security Act.

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. 1329, 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. 1329, 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. 1329, as amended, provided by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 19, 2017.

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

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2288, the Veterans Appeals Improvement and Modernization Act of 2017.

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

Sincerely,

KEITH HALL.

Enclosure.

H.R. 2288—Veterans Appeals Improvement and Modernization Act of 2017

Summary: H.R. 2288 would modify the appeals process for benefit claims at the Department of Veterans Affairs (VA) and would require several reports from VA and the Government Accountability Office (GAO). CBO estimates that implementing H.R. 2288 would cost about \$2 million over the 2017–2022 period; such spending would be subject to the availability of appropriated funds.

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

CBO estimates that enacting H.R. 2288 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2288 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.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 2288 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—						2017– 2022
	2017	2018	2019	2020	2021	2022	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	1	*	*	*	*	2
Estimated Outlays	0	1	*	*	*	*	2

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

Basis of estimate: For this estimate, CBO assumes that H.R. 2288 will be enacted near the beginning of fiscal year 2018, that sufficient funds will be available each year, and that outlays will follow historical spending patterns for the affected programs.

Appeals reform

Section 2 would direct VA to implement a new process to handle appeals of claims for veterans' benefits. As described below, the current system allows for repeated revisions and resubmissions of claims while maintaining an effective date for benefits based upon the original filing date of the claim. As a result, VA reports that under current law final decisions on appeals take an average of three years, with some appeals taking more than six years. The current backlog for appeals exceeds 470,000 claims and is growing.

The proposed changes are intended to significantly streamline the appeal process, which would allow appeals to be finalized in a shorter period of time and require the efforts of fewer employees. VA reports that no additional personnel would be required for training, modifications to information technology, or outreach. VA also expects that the efficiencies of the new system would allow the agency to continue processing legacy appeals under the current system, very gradually reducing the existing backlog, without the need for additional employees. (Reducing the backlog in a more expedited manner would require more employees and would have a substantial cost.) Based on an analysis of information from VA and our

understanding of the appeals process, CBO expects that VA could implement that change without an increase in workload. Therefore, CBO estimates that implementing section 2 would have no significant cost over the 2017–2022 period.

Comprehensive plan

Section 3 would require VA to create a comprehensive plan to implement the new appeals process. That plan would include information about the existing process, including timeliness and the number of appeals, and would discuss how that information would differ under the new process. VA would be required to evaluate the potential costs for all facets of the new appeals process as well as to provide quarterly reports on VA's implementation of that process. The bill also would require GAO to conduct an assessment of VA's comprehensive plan. CBO estimates that implementing this provision would cost about \$2 million to prepare the reports over the 2017–2022 period.

Pilot program on fully developed appeals

Section 4 would grant VA the authority to implement a pilot program for some appeals until the new appeals process could be implemented. VA indicates that it would not use this authority; therefore, CBO estimates that implementing section 4 would have no budgetary effects.

VA appeals data

Section 5 would require VA to publish data monthly about the new appeals process on their website. CBO estimates that implementing section 5 would cost less than \$500,000 over the 2017–2022 period.

Pay-As-You-Go considerations: None.

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 2288 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

Intergovernmental and private-sector impact: H.R. 2288 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal costs: Dwayne M. Wright; Impact on state, local, and tribal governments: Leo Lex; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 1329, 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. 1329, as amended.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Article I, section 8 of the United States Constitution, H.R. 1329, as amended, is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 1329, as amended, does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act of 1995.

STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 1329, as amended, establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, 115th Cong. (2017), the Committee estimates that H.R. 1329, as amended, contains no directed rule making that would require the Secretary to prescribe regulations.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 would establish the short title of the Act.

Section 2. Increase in rates of disability compensation and dependency and indemnity compensation

Section 2 would authorize VA to increase, effective November 30, 2017, the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation.

Section 2(b) would specify the amounts that would be increased regarding the Wartime Disability Compensation, under section 1114 of title 38, U.S.C., the Additional Compensation for Dependents, under section 1115(1) of title 38, U.S.C., the Clothing Allowance, under section 1162 of title 38, U.S.C., the Dependency and Indemnity Compensation to Surviving Spouses, under section 1311 of title 38, U.S.C., and the Dependency and Indemnity Compensation to Children, under sections 1313(a) and 1314 of title 38, U.S.C.

Section 2(c) would specify that each amount shall be increased by the same percentage by which benefits are increased under title II of the Social Security Act.¹

Section 2(d) would provide a special rule authorizing VA to adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to per-

¹ 42 U.S.C. 415(i).

sons 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, U.S.C.

Section 3. Publication of adjusted rates

Section 3 would require the Secretary of VA to publish in the Federal Register the amounts specified in subsection 2(b), as increased pursuant to 41 U.S.C. 415(i)(2)(D).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

