

Authority: 10 U.S.C. ch. 107; 38 U.S.C. 501(a), 3695, 5101, 5113, 5303A; 42 U.S.C. 2000; sec. 901, Pub. L. 96-342, 94 Stat. 1111-1114, unless otherwise noted.

§ 21.5820 [Amended]

2. Section 21.5820 is amended by:

a. In paragraph (b)(1), removing "1999-2000" and adding, in its place, "2000-01"; and by removing "\$3,388" and adding, in its place, "\$3,524";

b. In the introductory text of paragraph (b)(2)(ii), removing "1999-2000" and adding, in its place, "2000-01";

c. In paragraph (b)(2)(ii)(A), removing "\$376.44" and adding, in its place, "\$391.56"; and by removing "\$188.22" and adding, in its place, "\$195.78";

d. In paragraph (b)(2)(ii)(B), removing "\$12.55" and adding, in its place, "\$13.05"; and by removing "\$6.27" and adding, in its place, "\$6.53";

e. In paragraph (b)(2)(ii)(C), removing "increased by 4¢" and adding, in its place, "decreased by 4¢"; and by removing "increased by 2¢" and adding, in its place, "decreased by 2¢".

f. In the introductory text of paragraph (b)(3)(ii), removing "1999-2000" and adding, in its place, "2000-01";

g. In paragraph (b)(3)(ii)(A), removing "\$376.44" and adding, in its place, "\$391.56"; and by removing "\$188.22" and adding, in its place, "\$195.78";

h. In paragraph (b)(3)(ii)(B), removing "\$12.55" and adding, in its place, "\$13.05"; and by removing "\$6.27" and adding, in its place, "\$6.53";

i. In paragraph (b)(3)(ii)(C), removing "increased by 4¢" and adding, in its place, "decreased by 4¢"; and by removing "increased by 2¢" and adding, in its place, "decreased by 2¢".

j. Removing "shall" each place in which it appears and adding, in its place, "will".

§ 21.5822 [Amended]

3. Section 21.5822 is amended by:

a. In paragraph (b)(1)(i), removing "\$844" and adding, in its place, "\$878"; and by removing "1999-2000" and adding, in its place, "2000-01";

b. In paragraph (b)(1)(ii), removing "\$422" and adding, in its place, "\$439"; and by removing "1999-2000" and adding, in its place, "2000-01";

c. In paragraph (b)(2)(i), removing "1999-2000" and adding, in its place, "2000-01"; and by removing "\$844" and adding, in its place, "\$878";

d. In paragraph (b)(2)(ii), removing "1999-2000" and adding, in its place, "2000-01"; and by removing "\$422" and adding, in its place, "\$439".

e. Removing "shall" each place in which it appears and adding, in its place, "will".

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DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 21

RIN 2900-AK44

Increase in Rates Payable Under the Montgomery GI Bill—Active Duty and Survivors' and Dependents' Educational Assistance

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: This document amends the regulations governing rates of educational assistance payable under the Montgomery GI Bill—Active Duty and the regulations governing rates of Survivors' and Dependents' Educational Assistance to reflect increases required by statutory provisions.

DATES: *Effective Date:* This final rule is effective June 14, 2001.

Applicability Dates. The changes in rates are applied retroactively to conform to statutory requirements. For more information concerning the dates of applicability, see the **SUPPLEMENTARY INFORMATION** section.

FOR FURTHER INFORMATION CONTACT:

William G. Susling, Jr., Assistant Director for Policy and Program Development, Education Service, Veterans Benefits Administration, (202) 273-7187.

SUPPLEMENTARY INFORMATION: Under the formula mandated by 38 U.S.C. 3015(g) (as in effect on October 1, 2000) for fiscal year 2001, the rates of basic educational assistance under the Montgomery GI Bill—Active Duty (MGIB) payable to students pursuing a program of education full time must be increased by 3.0%, which is the percentage by which the total of the monthly Consumer Price Index-W (CPI-W) for July 1, 1999, through June 30, 2000, exceeds the total of the monthly CPI-W for July 1, 1998, through June 30, 1999.

In addition, the rates for the months during fiscal year 2001 that follow October 2000 were further increased by the Veterans Benefits and Health Care Improvement Act of 2000 (Pub. L. 106-419). That Act provides that beginning on November 1, 2000, the rates of basic educational assistance under the MGIB must be increased beyond the increase that went into effect on October 1, 2000.

Changes are made to the regulations governing rates payable under MGIB to reflect both rate increases.

Moreover, Pub. L. 106-419 requires an increase in the monthly rate of Survivors' and Dependents' Educational Assistance (DEA), effective November 1, 2000. Changes are made to the regulations governing DEA rates and entitlement charges to reflect the statutory changes.

It should be noted that neither the increase attributable to the CPI-W nor the increase attributable to the Act affects all educational assistance payable under MGIB. The increases don't apply to additional amounts payable by the Secretary of Defense to individuals with skills or a specialty in which there is a critical shortage of personnel (so-called "kickers"). They don't apply to amounts payable for dependents. Veterans who previously had eligibility under the Vietnam Era GI Bill receive monthly payments that are in part based upon basic educational assistance and in part based upon the rates payable under the Vietnam Era GI Bill. Only that portion attributable to basic educational assistance is increased.

38 U.S.C. 3015(a) and (b) require that the Department of Veterans Affairs (VA) pay part-time students at appropriately reduced rates. Since the first student became eligible for assistance under the MGIB in 1985, VA has paid three-quarter-time students and one-half-time students at 75% and 50% of the full-time institutional rate, respectively. Students pursuing a program of education at less than one-half but more than one-quarter-time have had their payments limited to 50% or less of the full-time institutional rate. Similarly, students pursuing a program of education at one-quarter-time or less have had their payments limited to 25% or less of the full-time institutional rate. Changes are made consistent with the authority and formula described in this paragraph.

In addition, 38 U.S.C. 3032(c) requires that monthly rates payable to veterans in apprenticeship or other on-the-job training must be set at a given percentage of the full-time rate. Hence, there are raises effective October 1, 2000, and November 1, 2000, for such training as well.

Nonsubstantive changes also are made for the purpose of clarity.

The changes set forth in this final rule are effective from the date of publication, but the changes in rates are applied retroactively from October 1, 2000, and November 1, 2000, in accordance with the applicable statutory provisions discussed above.

Administrative Procedure Act

Substantive changes made by this final rule merely reflect statutory requirements and adjustments made based on previously established formulas. Accordingly, there is a basis for dispensing with prior notice and comment and delayed effective date provisions of 5 U.S.C. 552 and 553.

Paperwork Reduction Act

This document contains no provisions constituting a collection of information under the Paperwork Reduction Act (44 U.S.C. 3501–3520).

Executive Order 12866

This document has been reviewed by the Office of Management and Budget Under Executive Order 12866.

Regulatory Flexibility Act

The Secretary of Veterans Affairs hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This final rule directly affects only individuals and does not directly affect small entities. Pursuant to 5 U.S.C. 605(b), this final rule, therefore, is exempt from the initial and final regulatory flexibility analyses requirements of sections 603 and 604.

Unfunded Mandates

The Unfunded Mandates Reform Act requires (in section 202) that agencies

prepare an assessment of anticipated costs and benefits before developing any rule that may result in an expenditure by State, local, or tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any given year. This rule would have no consequential effect on State, local, or tribal governments.

Catalog of Federal Domestic Assistance Program Numbers

The Catalog of Federal Domestic Assistance numbers for the programs affected by this final rule are 64.117 and 64.124.

List of Subjects in 38 CFR Part 21

Administrative practice and procedure, Armed forces, Civil rights, Claims, Colleges and universities, Conflict of interests, Defense Department, Education, Employment, Grant programs—education, Grant programs—veterans, Health care, Loan programs—education, Loan programs—veterans, Manpower training programs, Reporting and recordkeeping requirements, Schools, Travel and transportation expenses, Veterans, Vocational education, Vocational rehabilitation.

Approved: March 5, 2001.
Anthony J. Principi,
Secretary of Veterans Affairs.

For the reasons set out above, 38 CFR part 21 (subparts C and K) is amended as set forth below.

PART 21—VOCATIONAL REHABILITATION AND EDUCATION

Subpart C—Survivors' and Dependents' Educational Assistance Under 38 U.S.C. Chapter 35

1. The authority citation for part 21, subpart C, continues to read as follows:

Authority: 38 U.S.C. 501(a), 512, 3500–3566, unless otherwise noted.

2. In § 21.3045, paragraph (h) is revised to read as follows:

§ 21.3045 Entitlement charges.

* * * * *

(h) *Entitlement charge for correspondence courses.* The charge against entitlement for pursuit of a course exclusively by correspondence will be 1 month for each:

- (1) \$485 paid after September 30, 1998, and before November 1, 2000, to a spouse or surviving spouse as an educational assistance allowance;
- (2) \$588 paid after October 31, 2000.

(Authority: 38 U.S.C. 3534(b), 3686(a))

* * * * *

3. In § 21.3131, paragraph (a) is revised to read as follows:

§ 21.3131 Rates—educational assistance allowance—38 U.S.C. chapter 35.

(a) *Rates.* Except as provided in § 21.3132, educational assistance allowance is payable at the following rates effective November 1, 2000:

Type of course	Monthly rate
Institutional:	
Full time	\$588
¾ time	\$441
½ time	\$294
Less than ½ but more than ¼ time ¹	\$294
¼ time or less ¹	147
Cooperative training (other than farm cooperative) (Full time only)	\$588
Apprentice or on-job (full time only) ²	
First six months	\$428
Second six months	\$320
Third six months	\$212
Fourth six months and thereafter	\$107
Farm cooperative:	
Full time	\$475
¾ time	\$356
½ time	\$238
Correspondence	55 percent of the established charge for the number of lessons completed by the eligible spouse or surviving spouse and serviced by the school—Allowance paid quarterly. ³

¹ If an eligible person under 38 U.S.C. chapter 35 pursuing independent study on a less than one-half-time basis completes his or her program before the designated completion time, his or her award will be recomputed to permit payment of tuition and fees not to exceed \$294 or \$147, as appropriate, per month, if the maximum allowance is not initially authorized.

² See footnote 5 of § 21.4270(c) for measurement of full time and § 21.3132(c) for proportionate reduction in award for completion of less than 120 hours per month.

³ Established charge means the charge for the course or courses determined on the basis of the lowest extended time payment plan offered by the institution and approved by the appropriate State approving agency or the actual cost to the eligible spouse or surviving spouse, whichever is less. VA considers the continuity of an enrollment broken when there are more than 6 months between the servicing of the lessons.

(Authority: 38 U.S.C. 3532(a), 3542(a), 3687(b)(2))

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§ 21.3300 [Amended]

4. In § 21.3300, paragraph (c) is amended by removing “\$152” and adding, in its place, “\$184”.

§ 21.3333 [Amended]

5. Section 21.3333 is amended by:
 a. In paragraphs (a) and (b)(1), removing “January 1, 1990” and adding, in its place, “November 1, 2000,”.
 b. In the table in paragraph (a), removing “\$485” and adding, in its place, “\$588”, and by removing “\$152” both places it appears and adding, in its place, “\$184”;
 c. In paragraph (b)(1), removing “\$16.16” and adding, in its place, “\$19.60”, and by removing “\$485” and adding, in its place, “\$588”.

Subpart K—All Volunteer Force Educational Assistance Program (Montgomery GI Bill—Active Duty)

6. The authority citation for part 21, subpart K, continues to read as follows:

Authority: 38 U.S.C. 501(a), chs. 30, 36, unless otherwise noted.

7. In § 21.7136, paragraphs (b), (c)(1), (c)(2), and (c)(3) are revised and paragraphs (c)(4) and (c)(5) are added to read as follows:

§ 21.7136 Rates of payment of basic educational assistance.

* * * * *

(b) *Rates.* (1) Except as elsewhere provided in this section or in § 21.7139, the monthly rate of basic educational assistance payable for training that occurs after September 30, 2000, and before November 1, 2000, to a veteran whose service is described in paragraph (a) of this section is the rate stated in the following table:

Training	Monthly rate
Full time	\$552.00
¾ time	414.00
½ time	276.00
Less than ½ but more than ¼ time	276.00
¼ time	138.00

(Authority: 38 U.S.C. 3015)

(2) Except as elsewhere provided in this section or in § 21.7139, the monthly rate of basic educational assistance payable for training that occurs after October 31, 2000, and before October 1, 2001, to a veteran whose service is described in paragraph (a) of this section is the rate stated in the following table:

Training	Monthly rate
Full time	\$650.00
¾ time	487.50
½ time	325.00
Less than ½ but more than ¼ time	325.00
¼ time	162.50

(Authority: 38 U.S.C. 3015)

(3) If a veteran’s service is described in paragraph (a) of this section, the monthly rate of basic educational assistance payable to the veteran for pursuit of apprenticeship or other on-job training that occurs after September 30, 2000, and before November 1, 2000, is the rate stated in the following table:

Training period	Monthly rate
First six months of pursuit of training	\$414.00
Second six months of pursuit of training	303.60
Remaining pursuit of training ...	193.20

(Authority: 38 U.S.C. 3015, 3032(c))

(4) If a veteran’s service is described in paragraph (a) of this section, the monthly rate of basic educational assistance payable to the veteran for pursuit of apprenticeship or other on-job training that occurs after October 31, 2000, and before October 1, 2001, is the rate stated in the following table:

Training period	Monthly rate
First six months of pursuit of training	\$487.50
Second six months of pursuit of training	357.50
Remaining pursuit of training ...	227.85

(Authority: 38 U.S.C. 3015, 3032(c))

(5) If a veteran’s service is described in paragraph (a) of this section, the monthly rate of basic educational assistance payable to the veteran for pursuit of a cooperative course is:

- (i) \$536.00 for training that occurs after September 30, 1999, and before October 1, 2000;
- (ii) \$552.00 for training that occurs after September 30, 2000, and before November 1, 2000; and
- (iii) \$650.00 for training that occurs after October 31, 2000, and before October 1, 2001.

(Authority: 38 U.S.C. 3015)

(c) * * *

(1) Except as elsewhere provided in this section or in § 21.7139, the monthly rate of basic educational assistance payable to a veteran for training that occurs after September 30, 2000, and before November 1, 2000, is the rate stated in the following table:

Training	Monthly rate
Full time	\$449.00
¾ time	336.75
½ time	224.50
Less than ½ but more than ¼ time	224.50
¼ time or less	112.25

(Authority: 38 U.S.C. 3015, 3032(c))

(2) Except as elsewhere provided in this section or in § 21.7139, the monthly rate of basic educational assistance payable to a veteran for training that occurs after October 31, 2000, is the rate stated in the following table:

Training	Monthly rate
Full time	\$528.00
¾ time	396.00
½ time	264.00
Less than ½ but more than ¼ time	264.00
¼ time or less	132.00

(Authority: 38 U.S.C. 3015, 3032(c))

(3) The monthly rate of basic educational assistance payable to a veteran for pursuit of apprenticeship or other on-job training that occurs after September 30, 2000, and before November 1, 2000, is the rate stated in the following table:

Training period	Monthly rate
First six months of pursuit of training	\$336.75
Second six months of pursuit of training	246.95
Remaining pursuit of training ...	157.15

(Authority: 38 U.S.C. 3015, 3032(c))

(4) The monthly rate of basic educational assistance payable to a veteran for pursuit of apprenticeship or other on-job training that occurs after October 31, 2000, and before October 1, 2001, is the rate stated in the following table:

Training period	Monthly rate
First six months of pursuit of training	\$396.00
Second six months of pursuit of training	290.40
Remaining pursuit of training ...	184.80

(Authority: 38 U.S.C. 3015, 3032(c))

(5) The monthly rate of basic educational assistance payable to a veteran for pursuit of a cooperative course is:

- (i) \$436.00 for training that occurs after September 30, 1999, and before October 1, 2000;

(ii) \$449.00 for training that occurs after September 30, 2000, and before November 1, 2000; and

(iii) \$528.00 for training that occurs after October 31, 2000, and before October 1, 2001.

(Authority: 38 U.S.C. 3015)

8. In § 21.7137, paragraph (a); the introductory texts of paragraphs (b) and

(c); and paragraph (c) (2) are revised to read as follows:

§ 21.7137 Rates of payment of basic educational assistance for individuals with remaining entitlement under 38 U.S.C. ch. 34.

(a) *Minimum rates.* (1) Except as elsewhere provided in this section, the

monthly rate of basic educational assistance for training that occurs after September 30, 2000, and before November 1, 2000, is the rate stated in the following table:

Training	Monthly rate			
	No dependents	One dependent	Two dependents	Additional for each additional dependent
Full time	\$740.00	\$776.00	\$807.00	\$16.00
¾ time	555.50	582.00	605.50	12.00
½ time	370.00	388.00	403.50	8.50
Less than ½ but more than ¼ time	370.00	370.00	370.00	0
¼ time or less	185.00	185.00	185.00	0

(Authority: 38 U.S.C. 3015(e), (f), (g))

(2) Except as elsewhere provided in this section, the monthly rate of basic educational assistance for training that occurs after October 31, 2000, and before October 1, 2001, is the rate stated in the following table:

Training	Monthly rate			
	No dependents	One dependent	Two dependents	Additional for each additional dependent
Full time	\$838.00	\$874.00	\$905.00	\$16.00
¾ time	629.00	655.50	679.00	12.00
½ time	419.00	437.00	452.50	8.50
Less than ½ but more than ¼ time	419.00	419.00	419.00	0
¼ time or less	209.50	209.50	209.50	0

(Authority: 38 U.S.C. 3015(e), (f), (g))

(3) For veterans pursuing apprenticeship or other on-job training, the monthly rate of basic educational assistance for training that occurs after September 30, 2000, and before November 1, 2000, is the rate stated in the following table:

Training	Monthly rate			
	No dependents	One dependent	Two dependents	Additional for each additional dependent
1st six months of pursuit of program	\$516.75	\$529.13	\$540.00	\$5.25
2nd six months of pursuit of program	359.98	369.33	377.03	3.85
3rd six months of pursuit of program	217.00	223.13	227.85	2.45
Remaining pursuit of program	205.10	210.88	216.13	2.45

(Authority: 38 U.S.C. 3015(e), (f), (g))

(4) For veterans pursuing apprenticeship or other on-job training, the monthly rate of basic educational assistance for training that occurs after October 31, 2000, and before October 1, 2001, is the rate stated in the following table:

Training	Monthly rate			
	No dependents	One dependent	Two dependents	Additional for each additional dependent
1st six months of pursuit of program	\$590.25	\$602.63	\$613.50	\$5.25
2nd six months of pursuit of program	413.88	423.23	430.93	3.85
3rd six months of pursuit of program	251.30	257.43	262.15	2.45
Remaining pursuit of program	239.40	245.18	250.43	2.45

(Authority: 38 U.S.C. 3015(e), (f), (g))

(5) The monthly rate of basic educational assistance payable to a veteran who is pursuing a cooperative course is the rate stated in the following table:

Training period	Monthly rate			
	No dependents	One dependent	Two dependents	Additional for each additional dependent
Oct. 1, 1999–Sept. 30, 2000	\$724.00	\$760.00	\$791.00	\$16.00
Oct. 1, 2000–Oct. 31, 2000	740.00	776.00	807.00	16.00
Nov. 1, 2000–Sept. 30, 2001	838.00	874.00	905.00	16.00

(Authority: 38 U.S.C. 3015)

(b) *Less than one-half-time training.* Except as provided in paragraphs (d) and (e) of this section, the monthly rate of basic educational assistance for a veteran who is pursuing a course on a less than one-half-time basis is the lesser of:

* * * * *

(c) *Rates for servicemembers.* The monthly rate of basic educational assistance for a servicemember may not exceed the lesser of the following rates (except as provided in paragraph (d) of this section):

* * * * *

(2) (i) The following monthly rates for training that occurs after September 30, 2000, and before November 1, 2000—

- (A) \$740.00 for full-time training;
- (B) \$555.50 for three-quarter-time training;
- (C) \$370.00 for one-half-time training and training that is less than one-half but more than one-quarter-time training; and
- (D) \$185.00 for one-quarter-time training; and

(ii) The following monthly rates for training that occurs after October 31, 2000, and before October 1, 2001—

- (A) \$838.00 for full-time training;
- (B) \$629.00 for three-quarter-time training;
- (C) \$419.00 for one-half-time training and training that is less than one-half but more than one-quarter-time training; and
- (D) \$209.50 for one-quarter-time training.

(Authority: 38 U.S.C. 3015(d), (f))

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DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 36

RIN 2900–AK72

Delegation of Authority—Portfolio Loan Servicing Contractor

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: This document delegates to certain officers of the entity performing loan servicing functions under a contract with the Secretary authority to execute all documents necessary for the servicing and termination of a loan made or acquired by the Secretary.

DATES: *Effective Date:* June 14, 2001.

FOR FURTHER INFORMATION CONTACT: Richard Fyne, Assistant Director for Loan Management (261), Veterans Benefits Administration, 810 Vermont Ave., Washington, DC 20420, telephone 202–273–7380.

SUPPLEMENTARY INFORMATION: The provisions of 38 U.S.C. chapter 37 authorize the Secretary of Veterans Affairs (VA) to guarantee or make loans to veterans. Under a number of circumstances VA becomes the holder of a housing loan. The most common reasons are: VA acquired the property

securing a guaranteed loan following foreclosure and sold the security on terms (sometimes called a “vendee loan.”), VA took an assignment of (or “refund”) a guaranteed loan pursuant to 38 U.S.C. 3732(a)(2), or VA made a direct loan to a veteran pursuant to 38 U.S.C. 3711 or 3761.

VA has contracted with a private entity for the servicing of its housing loan portfolio. In order to increase the efficiency of this contract, certain officers of the contractor are being delegated authority to execute, on behalf of VA, routine documents necessary for the servicing and foreclosing of the loans being serviced.

Currently, 38 CFR 36.4342 authorizes certain VA officials, such as field station Directors, Loan Guaranty Officers, and Assistant Loan Guaranty Officers, to execute these documents. Regional Offices are required to maintain a cumulative list of all employees of that office who have held the designated positions since May 1, 1980.

This rule adds a new paragraph (e) to 38 CFR 36.4342 which delegates to persons holding the office of Vice President, Assistant Vice President, and Assistant Secretary of the entity performing loan servicing functions under a contract with VA the authority to execute all documents necessary for the servicing and termination of a housing loan made or acquired by VA. Documents authorized to be executed will include loan modification agreements, notices of default, notices of appointment or substitution of trustees, releases or satisfactions of mortgages,