

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3625

To provide that members of the Armed Forces and Selected Reserve may transfer certain educational assistance benefits to dependents, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2005

Mr. BARTLETT of Maryland (for himself and Mr. ROSS) introduced the following bill; which was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide that members of the Armed Forces and Selected Reserve may transfer certain educational assistance benefits to dependents, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Bartlett Montgomery GI Bill Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE I—ACTIVE DUTY PROGRAM

Sec. 101. Transfer of entitlement to basic educational assistance under the Montgomery GI Bill.

Sec. 102. Application of annual adjustment to rates of educational assistance based on average costs of higher learning.

Sec. 103. Additional opportunity for certain VEAP participants to enroll in basic educational assistance under Montgomery GI Bill.

Sec. 104. Reimbursement of reductions of basic pay.

#### TITLE II—SELECTED RESERVE

Sec. 201. Transfer of entitlement to educational assistance under the Reserve Montgomery GI Bill.

Sec. 202. Credit for cumulative active duty service in the Selected Reserve.

Sec. 203. Increase in rates of educational assistance under the Reserve Montgomery GI Bill.

#### TITLE III—SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE

Sec. 301. Application of annual adjustment to rates of educational assistance based on average costs of higher learning.

1                   **TITLE I—ACTIVE DUTY**  
 2                   **PROGRAM**  
 3 **SEC. 101. TRANSFER OF ENTITLEMENT TO BASIC EDU-**  
 4                   **CATIONAL ASSISTANCE UNDER THE MONT-**  
 5                   **GOMERY GI BILL.**

6           (a) ALL-VOLUNTEER FORCE EDUCATIONAL ASSIST-  
 7 ANCE PROGRAM.—(1) Section 3020 of title 38, United  
 8 States Code, is amended to read as follows:

9 **“§ 3020. Transfer of entitlement to basic Educational**  
 10                   **assistance**

11           “(a) ELECTION TO TRANSFER ENTITLEMENT.—(1)  
 12 An individual described in subsection (b) who is entitled  
 13 to basic educational assistance under this subchapter may  
 14 elect to transfer to one or more of the dependents specified

1 in subsection (c) a portion of such individual's entitlement  
2 to such assistance.

3       “(2) An individual transferring entitlement under  
4 this section shall submit written notice to the Secretary  
5 concerned not later than the expiration date of the period  
6 described in section 3031 of this title that is applicable  
7 to such individual.

8       “(b) ELIGIBLE INDIVIDUALS.—An individual re-  
9 ferred to in subsection (a) is any member of the Armed  
10 Forces who, at the time of the approval by the Secretary  
11 concerned of the member's request to transfer entitlement  
12 to basic educational assistance under this section—

13               “(1) has completed six years of service in the  
14 Armed Forces; and

15               “(2) enters into an agreement to serve at least  
16 four more years as a member of the Armed Forces.

17       “(c) ELIGIBLE DEPENDENTS.—An individual may  
18 transfer entitlement under this section as follows:

19               “(1) To the individual's spouse.

20               “(2) To one or more of the individual's chil-  
21 dren.

22               “(3) To a combination of the individuals re-  
23 ferred to in paragraphs (1) and (2).

24       “(d) DESIGNATION OF TRANSFEREE.—An individual  
25 transferring entitlement under this section shall—

1           “(1) designate the dependent or dependents to  
2 whom such entitlement is being transferred;

3           “(2) designate the number of months of such  
4 entitlement to be transferred to each such depend-  
5 ent; and

6           “(3) specify the period for which the transfer  
7 shall be effective for each such dependent.

8           “(e) REVOCATION AND MODIFICATION.—An indi-  
9 vidual transferring entitlement under this section may  
10 modify or revoke at any time the transfer of any unused  
11 portion of the entitlement so transferred. The modification  
12 or revocation of the transfer of entitlement under this sub-  
13 section shall be made by the submittal of written notice  
14 of the action to both the Secretary concerned and the Sec-  
15 retary of Veterans Affairs.

16           “(f) COMMENCEMENT OF USE.—If the dependent to  
17 whom entitlement is transferred under this section is a  
18 child, the use of the transferred entitlement may not com-  
19 mence until the child—

20           “(1) completes the requirements of a secondary  
21 school diploma (or equivalency certificate); or

22           “(2) attains 18 years of age.

23           “(g) TIME LIMITATION FOR USE OF ELIGIBILITY  
24 AND ENTITLEMENT.—Notwithstanding section 3031 of  
25 this title, and subject to subsection (d)(3), a dependent

1 to whom entitlement is transferred under this section may  
2 use such entitlement not later than the expiration date of  
3 a 15-year period beginning on the commencement date of  
4 the period described in section 3031 of this title that is  
5 applicable to the individual who transferred such entitle-  
6 ment to the dependent.

7 “(h) ADDITIONAL ADMINISTRATIVE MATTERS.—(1)  
8 The use of any entitlement transferred under this section  
9 shall be charged against the entitlement of the individual  
10 making the transfer at the rate of one month for each  
11 month of transferred entitlement that is used.

12 “(2) Except as provided under paragraphs (2) and  
13 (3) of subsection (d) and subsection (g), and subject to  
14 paragraph (5), a dependent to whom entitlement is trans-  
15 ferred under this section is entitled to basic educational  
16 assistance under this subchapter in the same manner as  
17 the individual from whom entitlement was transferred.

18 “(3)(A) Subject to subparagraph (B), the monthly  
19 rate of educational assistance payable to a dependent to  
20 whom entitlement is transferred under this section shall  
21 be the monthly amount payable under sections 3015 and  
22 3022 of this title to the individual making the transfer.

23 “(B) The monthly rate of assistance payable to a de-  
24 pendent under subparagraph (A) shall be subject to the  
25 provisions of section 3032 of this title, except that the pro-

1 visions of subsection (a)(1) of that section shall not apply  
2 even if the individual making the transfer to the dependent  
3 under this section is on active duty during all or any part  
4 of enrollment period of the dependent in which such enti-  
5 tlement is used.

6 “(4) The death of an individual transferring entitle-  
7 ment under this section shall not affect the use of the  
8 transferred entitlement by the dependent to whom entitle-  
9 ment is transferred.

10 “(5) Notwithstanding subsection (g) and section  
11 3031 of this title, a child to whom entitlement is trans-  
12 ferred under this section may not use any entitlement so  
13 transferred after attaining the age of 26 years.

14 “(6) Except as provided in subsection (f), the pur-  
15 poses for which a dependent to whom entitlement is trans-  
16 ferred under this section may use such entitlement shall  
17 include the pursuit and completion of the requirements of  
18 a secondary school diploma (or equivalency certificate).

19 “(i) OVERPAYMENT.—In the event of an overpayment  
20 of basic educational assistance with respect to a dependent  
21 to whom entitlement is transferred under this section, the  
22 dependent and the individual making the transfer shall be  
23 jointly and severally liable to the United States for the  
24 amount of the overpayment for purposes of section 3685  
25 of this title.

1       “(j) AUTHORITY FOR CERTAIN INDIVIDUALS WHO  
2 OPTED OUT OF EDUCATIONAL ASSISTANCE TO TRANS-  
3 FER ENTITLEMENT.—(1) Subject to the succeeding provi-  
4 sions of this subsection, a specified individual may elect  
5 to transfer to one or more of the dependents specified in  
6 subsection (c) such individual’s entitlement to such assist-  
7 ance in the same manner, and under the same terms and  
8 conditions, that apply to an individual referred to in sub-  
9 section (a).

10       “(2) In this subsection, the term ‘specified individual’  
11 means an individual—

12           “(A) who made an election under section  
13 3011(e)(1) or 3012(d)(1) of this title, as the case  
14 may be;

15           “(B) who withdraws such election (in a form  
16 and manner determined by the Secretary concerned)  
17 not later than one year after the date of the enact-  
18 ment of the Bartlett Montgomery GI Bill Act;

19           “(C) whose conditional delimiting period (as de-  
20 scribed in paragraph (3)) has not expired; and

21           “(D) from whom the Secretary has reduced  
22 basic pay or collected payment as provided in para-  
23 graph (4).

24       “(3) The conditional delimiting period referred to in  
25 paragraph (2)(C) is the period described in section 3031

1 of this title that would have been applicable to such indi-  
2 vidual but for the election made by the individual under  
3 section 3011(c)(1) or 3012(d)(1) of this title, as the case  
4 may be.

5 “(4)(A) Subject to subparagraph (B), with respect to  
6 a specified individual who withdraws an election under  
7 paragraph (2)(B) to transfer entitlement to basic edu-  
8 cational assistance under this subchapter, the basic pay  
9 of the specified individual shall be reduced (in a manner  
10 determined by the Secretary concerned) until the total  
11 amount by which such basic pay is reduced is \$1,200.

12 “(B) To the extent that basic pay is not reduced  
13 under subparagraph (A) before the specified individual’s  
14 discharge or release from active duty, at the election of  
15 the specified individual—

16 “(i) the Secretary concerned shall collect from  
17 the specified individual; or

18 “(ii) the Secretary concerned shall reduce the  
19 retired or retainer pay of the specified individual by,  
20 an amount equal to the difference between \$1,200 and the  
21 total amount of reductions under subparagraph (A), which  
22 shall be paid into the Treasury of the United States as  
23 miscellaneous receipts.

24 “(5) A specified individual may only transfer, and  
25 may not use, entitlement under this chapter.

1 “(6) In carrying out this subsection—

2 “(A) the reference in subsection (a) to ‘not  
3 later than the expiration date of the period described  
4 in section 3031 of this title’ is deemed to be a ref-  
5 erence to ‘during the one year period beginning on  
6 the date of the enactment of the Bartlett Mont-  
7 gomery GI Bill Act’; and

8 “(B) the reference in subsection (f) to ‘com-  
9 mencement date of the period described in section  
10 3031 of tis title’ is deemed to be a reference to the  
11 ‘commencement date of the conditional delimiting  
12 period under subsection (i)(3)’.

13 “(k) REGULATIONS.—The Secretaries concerned  
14 shall prescribe regulations for purposes of this section.

15 “(l) ANNUAL REPORT.—Not later than January 31  
16 each year (beginning in 2007), the Secretary of Defense,  
17 in consultation with the other Secretaries concerned, shall  
18 submit to the Committees on Armed Services and the  
19 Committees on Veterans’ Affairs of the Senate and House  
20 of Representatives a report on the number of individuals  
21 transferring entitlement to educational assistance under  
22 this section during the preceding fiscal year.

23 “(m) SECRETARY CONCERNED DEFINED.—Notwith-  
24 standing section 101(25), in this section the term ‘Sec-  
25 retary concerned’ means—

1           “(1) the Secretary of the Army with respect to  
2 matters concerning the Army;

3           “(2) the Secretary of the Navy with respect to  
4 matters concerning the Navy or the Marine Corps;

5           “(3) the Secretary of the Air Force with respect  
6 to matters concerning the Air Force; and

7           “(4) the Secretary of Defense with respect to  
8 matters concerning the Coast Guard, or the Sec-  
9 retary of Homeland Security when it is not oper-  
10 ating as a service in the Navy.”.

11       (2) The table of sections at the beginning of chapter  
12 30 of such title is amended by striking the item relating  
13 to section 3020 and inserting the following:

“3020. Transfer of entitlement to basic educational assistance.”.

14       (b) CONFORMING AMENDMENT.—Subsection (a) of  
15 section 3031 is amended by inserting “in section 3020 of  
16 this title and”.

17 **SEC. 102. APPLICATION OF ANNUAL ADJUSTMENT TO**  
18 **RATES OF EDUCATIONAL ASSISTANCE BASED**  
19 **ON AVERAGE COSTS OF HIGHER LEARNING.**

20       (a) IN GENERAL.—Section 3015(h) of title 38,  
21 United States Code, is amended to read as follows:

22       “(h)(1) With respect to any fiscal year, the Secretary  
23 shall provide a percentage increase (rounded to the near-  
24 est dollar) in the rates payable under subsections (a)(1)

1 and (b)(1) equal to the percentage (as determined by the  
2 Secretary) by which—

3           “(A) the average monthly costs of tuition and  
4           expenses for commuter students at public institu-  
5           tions of higher learning that award baccalaureate  
6           degrees for purposes of subsections (a)(1) and (b)(1)  
7           for the fiscal year involved, exceeds

8           “(B) such average monthly costs for the pre-  
9           ceding fiscal year.

10          “(2) The Secretary shall make the determination  
11 under paragraph (1) after consultation with the Secretary  
12 of Education.

13          “(3) A determination made under paragraph (1) in  
14 a year shall take effect on October 1 of that year and  
15 apply with respect to basic educational assistance allow-  
16 ances payable under this section for the fiscal year begin-  
17 ning in that year.

18          “(4) Not later than September 30 each year, the Sec-  
19 retary shall publish in the Federal Register the average  
20 monthly costs of tuition and expenses as determined under  
21 paragraph (1) in that year.”.

22          (b) EFFECTIVE DATE.—The amendment made by  
23 subsection (a) shall apply to payments for months begin-  
24 ning after September 30, 2006.

1 **SEC. 103. ADDITIONAL OPPORTUNITY FOR CERTAIN VEAP**  
2 **PARTICIPANTS TO ENROLL IN BASIC EDU-**  
3 **CATIONAL ASSISTANCE UNDER MONT-**  
4 **GOMERY GI BILL.**

5 (a) **ADDITIONAL ONE-YEAR OPPORTUNITY TO EN-**  
6 **ROLL.**—Subsection (e) of section 3018C of title 38, United  
7 States Code, is amended by adding at the end the fol-  
8 lowing new paragraph:

9 “(6) In addition to the one-year period applica-  
10 ble under paragraph (1), a qualified individual (de-  
11 scribed in paragraph (2)) may make an irrevocable  
12 election under this subsection during the one-year  
13 period beginning on the date of the enactment of  
14 this paragraph, except that in applying this sub-  
15 section as modified by this paragraph, the reference  
16 in paragraph (2)(B) to ‘April, 1, 2000,’ is deemed  
17 to be a reference to ‘April, 1, 2005.’”.

18 (b) **CONFORMING AMENDMENTS.**—Subsection (e)(3)  
19 of such section is amended by striking “under paragraph  
20 (1)” both places it appears and inserting “under this sub-  
21 section”.

22 **SEC. 104. REIMBURSEMENT OF REDUCTIONS OF BASIC PAY.**

23 (a) **REIMBURSEMENT FOR EXTENDED ACTIVE DUTY**  
24 **SERVICE.**—Sections 3011(b) and 3012(c) of title 38,  
25 United States Code, are each amended by adding at the  
26 end the following new paragraph:

1       “(4)(A) Subject to subparagraph (C), in the case of  
2 an individual who, after the date of completion of the con-  
3 tinuous period of active duty service applicable to the indi-  
4 vidual under this section, continues to serve on active duty  
5 service, the Secretary shall pay to the individual \$100 for  
6 each consecutive 12-month period of active duty service  
7 served by the individual after such date.

8       “(B) In the case of an individual who was discharged  
9 or released from active duty for a condition described in  
10 section 3011(a)(1)(A)(i) of this title, the Secretary shall  
11 pay to such individual the aggregate amount of reductions  
12 in basic pay made under paragraph (1).

13       “(C) In no case may the amount of payments to an  
14 individual under subparagraph (A) exceed the amount of  
15 reductions made with respect to the individual under para-  
16 graph (1).”.

17       (b) CONFORMING AMENDMENT.—Paragraph (2) of  
18 section 3017(b) of such title is amended—

19           (1) by striking “and” at the end of paragraph  
20           (1);

21           (2) by striking the period at the end of para-  
22           graph (2) and inserting “; and”; and

23           (3) by adding at the end the following new  
24           paragraph:

1           “(C) the amount of payments made to the  
2           individual under section 3011(b)(4) or  
3           3012(c)(4) of this title (as the case may be).”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to periods of active duty served  
6 on or after the date of the enactment of this Act.

## 7       **TITLE II—SELECTED RESERVE**

### 8       **SEC. 201. TRANSFER OF ENTITLEMENT TO EDUCATIONAL** 9                               **ASSISTANCE UNDER THE RESERVE MONT-** 10                              **GOMERY GI BILL.**

11           (a) SELECTED RESERVE.—(1) Chapter 1606 of title  
12 10, United States Code, is amended by adding at the end  
13 the following new section:

#### 14       **“§ 16138 Transfer of entitlement to educational assist-** 15                              **ance**

16           “(a) IN GENERAL.—An individual described in sub-  
17 section (b) who is entitled to educational assistance under  
18 this chapter may elect to transfer to one or more of the  
19 dependents specified in subsection (c) a portion of such  
20 individual’s entitlement to such assistance. An individual  
21 transferring entitlement under this section shall submit  
22 written notice to the Secretary concerned not later than  
23 the expiration date of the period described in section  
24 16133 of this title that is applicable to such individual.

1       “(b) ELIGIBLE INDIVIDUALS.—An individual re-  
2       ferred to in subsection (a) is any member of the Armed  
3       Forces who, at the time of the approval by the Secretary  
4       concerned of the member’s request to transfer entitlement  
5       to basic educational assistance under this section—

6               “(1) has completed six years of service in the  
7       Selected Reserve; and

8               “(2) enters into an agreement to remain a  
9       member of the Selected Reserve for a period of not  
10      less than four years.

11      “(c) ELIGIBLE DEPENDENTS.—An individual may  
12      transfer entitlement under this section as follows:

13              “(1) To the individual’s spouse.

14              “(2) To one or more of the individual’s chil-  
15      dren.

16              “(3) To a combination of the individuals re-  
17      ferred to in paragraphs (1) and (2).

18      “(d) DESIGNATION OF TRANSFEREE.—An individual  
19      transferring entitlement under this section shall—

20              “(1) designate the dependent or dependents to  
21      whom such entitlement is being transferred;

22              “(2) designate the number of months of such  
23      entitlement to be transferred to each such depend-  
24      ent; and

1           “(3) specify the period for which the transfer  
2           shall be effective for each such dependent.

3           “(e) REVOCATION AND MODIFICATION.—An indi-  
4           vidual transferring entitlement under this section may  
5           modify or revoke at any time the transfer of any unused  
6           portion of the entitlement so transferred. The modification  
7           or revocation of the transfer of entitlement under this sub-  
8           section shall be made by the submittal of written notice  
9           of the action to both the Secretary concerned and the Sec-  
10          retary of Veterans Affairs.

11          “(f) COMMENCEMENT OF USE.—If the dependent to  
12          whom entitlement is transferred under this section is a  
13          child, the use of the transferred entitlement may not com-  
14          mence until the child—

15                 “(1) completes the requirements of a secondary  
16                 school diploma (or equivalency certificate); or

17                 “(2) attains 18 years of age.

18          “(g) TIME LIMITATION FOR USE OF ELIGIBILITY  
19          AND ENTITLEMENT.—Notwithstanding section 16133 of  
20          this title, and subject to subsection (d)(3), a dependent  
21          to whom entitlement is transferred under this section may  
22          use such entitlement until the later of—

23                 “(1) the expiration date of a 15-year period be-  
24                 ginning on the commencement date of the period  
25                 prescribed by section 16133(a)(1) that is applicable

1 to the individual who transferred such entitlement to  
2 the dependent; or

3 “(2) the date that is 10 years after the date the  
4 individual who transferred such entitlement to the  
5 dependent is separated from the Selected Reserve,  
6 whichever occurs first.

7 “(h) ADDITIONAL ADMINISTRATIVE MATTERS.—(1)  
8 The use of any entitlement transferred under this section  
9 shall be charged against the entitlement of the individual  
10 making the transfer at the rate of one month for each  
11 month of transferred entitlement that is used.

12 “(2) Except as provided under paragraphs (2) and  
13 (3) of subsection (d) and subsection (g), and subject to  
14 paragraph (5), a dependent to whom entitlement is trans-  
15 ferred under this section is entitled to educational assist-  
16 ance under this chapter in the same manner as the indi-  
17 vidual from whom entitlement was transferred.

18 “(3) The monthly rate of educational assistance pay-  
19 able to a dependent to whom entitlement is transferred  
20 under this section shall be the monthly amount payable  
21 under section 16131 of this title to the individual making  
22 the transfer.

23 “(4) The death of an individual transferring entitle-  
24 ment under this section shall not affect the use of the

1 transferred entitlement by the dependent to whom entitle-  
2 ment is transferred.

3 “(5) Notwithstanding subsection (g) and section  
4 16133 of this title, a child to whom entitlement is trans-  
5 ferred under this section may not use any entitlement so  
6 transferred after attaining the age of 26 years.

7 “(6) Except as provided in subsection (f), the pur-  
8 poses for which a dependent to whom entitlement is trans-  
9 ferred under this section may use such entitlement shall  
10 include the pursuit and completion of the requirements of  
11 a secondary school diploma (or equivalency certificate).

12 “(i) OVERPAYMENT.—In the event of an overpayment  
13 of basic educational assistance with respect to a dependent  
14 to whom entitlement is transferred under this section, the  
15 dependent and the individual making the transfer shall be  
16 jointly and severally liable to the United States for the  
17 amount of the overpayment for purposes of section 3685  
18 of title 38.

19 “(j) REGULATIONS.—The Secretaries concerned shall  
20 prescribe regulations for purposes of this section.

21 “(k) SECRETARY CONCERNED DEFINED.—Notwith-  
22 standing section 101(a)(9), in this section the term ‘Sec-  
23 retary concerned’ means—

24 “(1) the Secretary of the Army with respect to  
25 matters concerning the Army;

1           “(2) the Secretary of the Navy with respect to  
2 matters concerning the Navy or the Marine Corps;

3           “(3) the Secretary of the Air Force with respect  
4 to matters concerning the Air Force; and

5           “(4) the Secretary of Defense with respect to  
6 matters concerning the Coast Guard, or the Sec-  
7 retary of Homeland Security when it is not oper-  
8 ating as a service in the Navy.”.

9           (2) The table of sections at the beginning of such  
10 chapter is amended by adding at the end the following  
11 new item:

“16138. Transfer of entitlement to educational assistance.”.

12           (b) CONFORMING AMENDMENTS.—(1) Section  
13 16133(a) of such title is amended by inserting “and sec-  
14 tion 16138” after “subsection (b)”.

15           (2) Section 16137 of such title is amended by insert-  
16 ing “Each such report shall also include the number of  
17 members of the Selected Reserve of the Ready Reserve of  
18 each armed force transferring entitlement to educational  
19 assistance under section 16138.” after “those fiscal  
20 years.”.

21 **SEC. 202. CREDIT FOR CUMULATIVE ACTIVE DUTY SERVICE**  
22 **IN THE SELECTED RESERVE.**

23           (a) ENTITLEMENT.—Section 3012(a)(1) of title 38,  
24 United States Code, is amended—

1           (1) in subparagraph (B), by striking “or” at  
2 the end;

3           (2) in subparagraph (C), by adding “or” at the  
4 end; and

5           (3) by inserting after subparagraph (C) the fol-  
6 lowing new subparagraph (D):

7           “(D) while in the Selected Reserve—

8                   “(i) is first ordered to serve on active  
9 duty in the Armed Forces under section  
10 12301(a), 12301(d), 12301(g), 12302, or  
11 12304 of title 10, during the period begin-  
12 ning on September 11, 2001, and ending  
13 December 31, 2006; and

14                   “(ii) serves on active duty in the  
15 Armed Forces for one or more periods  
16 (whether continuous or otherwise) aggreg-  
17 ating not less than two years of service on  
18 active duty during a five period beginning  
19 on the date the individual is first ordered  
20 to serve on active duty during the period  
21 referred to in clause (i);”.

22           (b) DURATION OF ASSISTANCE.—Subsection (b) of  
23 section 3013 of such title is amended by striking “is enti-  
24 tled to” and all that follows and inserting the following:  
25 “is entitled to—

1           “(1) one month of educational assistance bene-  
2           fits under this chapter—

3                   “(A) in the case of an individual described  
4                   in section 3012(a)(1)(A) of this title, for each  
5                   month of continuous active duty served by such  
6                   individual after June 30, 1985, as part of the  
7                   obligated period of active duty on which such  
8                   entitlement is based;

9                   “(B) in the case of an individual described  
10                  in section 3012(a)(1)(B) or section  
11                  3012(a)(1)(C) of this title, for each month of  
12                  continuous active duty served by such individual  
13                  after June 30, 1985;

14                  “(C) in the case of an individual described  
15                  in section 3012(a)(1)(D) of this title, for each  
16                  month of active duty served by such individual  
17                  after September 11, 2001, as part of the aggre-  
18                  gate period of active duty on which such entitle-  
19                  ment is based; and

20           “(2) one month of educational assistance bene-  
21           fits under this chapter for each four months served  
22           by such individual in the Selected Reserve after the  
23           applicable date specified in paragraph (1) (other  
24           than any month in which the individual served on  
25           active duty).”.

1 (c) AMOUNT OF ASSISTANCE.—Section 3015 of such  
2 title is amended by adding at the end the following new  
3 subsection:

4 “(i) In the case of an individual entitled to an edu-  
5 cational assistance allowance under section 3012(a)(1)(D)  
6 of this title, the amount of the basic educational assistance  
7 allowance payable under this chapter is the amount deter-  
8 mined under subsection (b).”.

9 (d) CONTRIBUTION.—Paragraph (1) of section  
10 3012(c) of such title is amended by inserting “or sub-  
11 section (a)(1)(D)” after “subsection (a)(1)(A)”.

12 (e) ELECTION TO OPT OUT.—Paragraph (1) of sec-  
13 tion 3012(d) of such title is amended—

14 (1) by inserting “(A)” after “(d)(1)”;

15 (2) by designating the last sentence as subpara-  
16 graph (C);

17 (3) in subparagraph (C), as so designated, by  
18 striking “such an election” and inserting “an elec-  
19 tion under this paragraph”; and

20 (4) by inserting before subparagraph (C), as so  
21 designated, the following new subparagraph (B):

22 “(B) An individual described in subsection (a)(1)(D)  
23 may make an election not to receive educational assistance  
24 under this chapter. Any such election shall be made at

1 the time the individual completes the aggregate period of  
2 active duty service required under such subsection.”.

3 (f) OUTREACH.—(1) The Secretaries concerned shall  
4 take actions to inform members of the Selected Reserve  
5 who are or may become entitled to basic educational as-  
6 sistance benefits under chapter 30 of title 38, United  
7 States Code, as a result of section 3012(a)(1)(D) of such  
8 title (as amended by subsection (a) of this section) of the  
9 minimum service requirements for entitlement to such  
10 benefits under that chapter and of the scope and nature  
11 of such benefits.

12 (2) In this subsection:

13 (A) The term “Secretary concerned” has the  
14 meaning given such term in section 101(25) of title  
15 38, United States Code.

16 (B) The term “Selected Reserve” has the  
17 meaning given such term in section 3002(4) of title  
18 38, United States Code.

19 **SEC. 203. INCREASE IN RATES OF EDUCATIONAL ASSIST-**  
20 **ANCE UNDER THE RESERVE MONTGOMERY**  
21 **GI BILL.**

22 (a) IN GENERAL.—Section 16131(b) of title 10,  
23 United States Code, is amended to read as follows:

24 “(b) Except as provided in subsections (d) through  
25 (f), each educational assistance program established under

1 subsection (a) shall provide for payment by the Secretary  
2 concerned, through the Secretary of Veterans Affairs, to  
3 each person entitled to educational assistance under this  
4 chapter who is pursuing a program of education of an edu-  
5 cational assistance allowance at the following monthly  
6 rates:

7           “(1) For such a program of education pursued  
8           on a full-time basis, at the monthly rate equal to 40  
9           percent of the rate that applies for the month under  
10          section 3015(a)(1) of title 38.

11          “(2)(A) Subject to subparagraph (B), for such  
12          a program of education pursued on a less than a  
13          full-time basis, at an appropriately reduced rate, as  
14          determined under regulations which the Secretaries  
15          concerned shall prescribe.

16          “(B) No payment may be made to a person for  
17          less than half-time pursuit of such a program of  
18          education if tuition assistance is otherwise available  
19          to the person for such pursuit from the military de-  
20          partment concerned.”.

21          (b) EFFECTIVE DATE.—The amendments made by  
22          subsection (a) shall apply with respect to educational as-  
23          sistance allowances under section 16131(b) of such title  
24          paid for months occurring or or after the date of the enact-  
25          ment of this Act.

1 (c) CONFORMING INCREASE TO EDUCATIONAL AS-  
2 SISTANCE RATES UNDER CHAPTER 1607.—Paragraph  
3 (4) of section 16162(c) of title 10, United States Code,  
4 is amended—

5 (1) by striking “40 percent” in subparagraph  
6 (A) and inserting “50 percent”; and

7 (2) by striking “60 percent” in subparagraph  
8 (B) and inserting “65 percent”.

9 **TITLE III—SURVIVORS’ AND DE-**  
10 **PENDENTS’ EDUCATIONAL AS-**  
11 **SISTANCE**

12 **SEC. 301. APPLICATION OF ANNUAL ADJUSTMENT TO**  
13 **RATES OF EDUCATIONAL ASSISTANCE BASED**  
14 **ON AVERAGE COSTS OF HIGHER LEARNING.**

15 (a) IN GENERAL.—Subsection (a) of section 3564 of  
16 title 38, United States Code, is amended to read as fol-  
17 lows:

18 “(a) With respect to any fiscal year, the Secretary  
19 shall provide for the same percentage increase in the rates  
20 payable under sections 3532, 3534(b), and 3542(a) of this  
21 title as the Secretary applies under subsection (h)(1) of  
22 section 3015 of this title to the rates applicable under sub-  
23 sections (a)(1) and (b)(1) of such section.”.

1           (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) shall apply to payments for months begin-  
3 ning after September 30, 2006.

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