

into the Army in April 1943 and volunteered to serve in the European theater. On November 13, 1943, shortly after his 19th birthday, Private Longoria was wounded at the famous crossing of the Rapido River in Italy. He died in an Army hospital in Italy 6 days later.

The Elmendorf Post Office will be a lasting tribute to a native son who paid the ultimate price for our country's freedom. I urge my colleagues to join me in supporting H.R. 2700.

Mr. MCHUGH. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MORAN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. MCHUGH] that the House suspend the rules and pass the bill, H.R. 2700, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to designate the building located at 8302 FM 327, Elmen-dorf, Texas, which houses operations of the United States Postal Service, as the 'Amos F. Longoria Post Office Building'."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MCHUGH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2700, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

VETERANS EMPLOYMENT OPPORTUNITIES ACT OF 1996

Mr. MICA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3586) to amend title 5, United States Code, to strengthen veterans' preference, to increase employment opportunities for veterans, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3586

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veterans Employment Opportunities Act of 1996".

SEC. 2. EQUAL ACCESS FOR VETERANS.

(a) COMPETITIVE SERVICE.—Section 3304 of title 5, United States Code, is amended by adding at the end the following:

"(f)(1) No preference eligible, and no individual (other than a preference eligible) who has been separated from the armed forces under honorable conditions after 3 or more years of active service, shall be denied the opportunity to compete for an announced vacant position within an agency, in the competitive service or the excepted service, by reason of—

"(A) not having acquired competitive status; or

"(B) not being an employee of such agency.

"(2) Nothing in this subsection shall prevent an agency from filling a vacant position (whether by appointment or otherwise) solely from individuals on a priority placement list consisting of individuals who have been separated from the agency due to a reduction in force and surplus employees (as defined under regulations prescribed by the Office)."

(b) CIVIL SERVICE EMPLOYMENT INFORMATION.—

(1) VACANT POSITIONS.—Section 3327(b) of title 5, United States Code, is amended by striking "and" at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following:

"(2) each vacant position in the agency for which competition is restricted to individuals having competitive status or employees of such agency, excluding any position under paragraph (1), and"

(2) ADDITIONAL INFORMATION.—Section 3327 of title 5, United States Code, is amended by adding at the end the following:

"(c) Any notification provided under this section shall, for all positions under subsection (b)(1) as to which section 3304(f) applies and for all positions under subsection (b)(2), include a notation as to the applicability of section 3304(f) with respect thereto.

"(d) In consultation with the Secretary of Labor, the Office shall submit to Congress and the President, no less frequently than every 2 years, a report detailing, with respect to the period covered by such report—

"(1) the number of positions listed under this section during such period;

"(2) the number of preference eligibles and other individuals described in section 3304(f)(1) referred to such positions during such period; and

"(3) the number of preference eligibles and other individuals described in section 3304(f)(1) appointed to such positions during such period."

(c) GOVERNMENTWIDE LISTS.—

(1) VACANT POSITIONS.—Section 3330(b) of title 5, United States Code, is amended to read as follows:

"(b) The Office of Personnel Management shall cause to be established and kept current—

"(1) a comprehensive list of all announcements of vacant positions (in the competitive service and the excepted service, respectively) within each agency that are to be filled by appointment for more than 1 year and for which applications are being or will soon be accepted from outside the agency's work force; and

"(2) a comprehensive list of all announcements of vacant positions within each agency for which applications are being or will soon be accepted and for which competition is restricted to individuals having competitive status or employees of such agency, excluding any position required to be listed under paragraph (1)."

(2) ADDITIONAL INFORMATION.—Section 3330(c) of title 5, United States Code, is amended by striking "and" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following:

"(3) for all positions under subsection (b)(1) as to which section 3304(f) applies and for all positions under subsection (b)(2), a notation as to the applicability of section 3304(f) with respect thereto; and"

(3) CONFORMING AMENDMENT.—Section 3330(d) of title 5, United States Code, is amended by striking "The list" and inserting "Each list under subsection (b)".

SEC. 3. SPECIAL PROTECTIONS FOR PREFERENCE ELIGIBLES IN REDUCTIONS IN FORCE.

Section 3502 of title 5, United States Code, as amended by section 1034 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 430), is amended by adding at the end the following:

"(g)(1) A position occupied by a preference eligible shall not be placed in a single-position competitive level if the preference eligible is qualified to perform the essential functions of any other position at the same grade (or occupational level) in the competitive area. In such cases, the preference eligible shall be entitled to be placed in another competitive level for which such preference eligible is qualified. If the preference eligible is qualified for more than one competitive level, such preference eligible shall be placed in the competitive level containing the most positions.

"(2) For purposes of paragraph (1)—

"(A) a preference eligible shall be considered qualified to perform the essential functions of a position if, by reason of experience, training, or education (and, in the case of a disabled veteran, with reasonable accommodation), a reasonable person could conclude that the preference eligible would be able to perform those functions successfully within a period of 150 days; and

"(B) a preference eligible shall not be considered unqualified solely because such preference eligible does not meet the minimum qualification requirements relating to previous experience in a specified grade (or occupational level), if any, that are established for such position by the Office of Personnel Management or the agency.

"(h) In connection with any reduction in force, a preference eligible whose current or most recent performance rating is at least fully successful (or the equivalent) shall have, in addition to such assignment rights as are prescribed by regulation, the right, in lieu of separation, to be assigned to any position within the agency conducting the reduction in force—

"(1) for which such preference eligible is qualified under subsection (g)(2)—

"(A) that is within the preference eligible's commuting area and at the same grade (or occupational level) as the position from which the preference eligible was released, and that is then occupied by an individual, other than another preference eligible, who was placed in such position (whether by appointment or otherwise) within 6 months before the reduction in force if, within 12 months prior to the date on which such individual was so placed in such position, such individual had been employed in the same competitive area as the preference eligible; or

"(B) that is within the preference eligible's competitive area and that is then occupied by an individual, other than another preference eligible, who was placed in such position (whether by appointment or otherwise) within 6 months before the reduction in force; or

"(2) for which such preference eligible is qualified that is within the preference eligible's competitive area and that is not more than 3 grades (or pay levels) below that of the position from which the preference eligible was released, except that, in the case of a preference eligible with a compensable service-connected disability of 30 percent or more, this paragraph shall be applied by substituting '5 grades' for '3 grades'.

In the event that a preference eligible is entitled to assignment to more than 1 position under this subsection, the agency shall assign the preference eligible to any such position requiring no reduction (or, if there is no such position, the least reduction) in basic

pay. A position shall not, with respect to a preference eligible, be considered to satisfy the requirements of paragraph (1) or (2), as applicable, if it does not last for at least 12 months following the date on which such preference eligible is assigned to such position under this subsection.

"(i) A preference eligible may challenge the classification of any position to which the preference eligible asserts assignment rights (as provided by, or prescribed by regulations described in, subsection (h)) in an action before the Merit Systems Protection Board.

"(j)(1) Not later than 3 months after the date of the enactment of this subsection, each Executive agency shall establish an agencywide priority placement program to facilitate employment placement for employees who—

"(A)(i) are scheduled to be separated from service due to a reduction in force under—

"(I) regulations prescribed under this section; or

"(II) procedures established under section 3595; or

"(ii) are separated from service due to such a reduction in force; and

"(B)(i) have received a rating of at least fully successful (or the equivalent) as the last performance rating of record used for retention purposes; or

"(ii) occupy positions excluded from a performance appraisal system by law, regulation, or administrative action taken by the Office of Personnel Management.

"(2)(A) Each agencywide priority placement program under this subsection shall include provisions under which a vacant position shall not (except as provided in this paragraph or any other statute providing the right of reemployment to any individual) be filled by the appointment or transfer of any individual from outside of that agency (other than an individual described in subparagraph (B)) if—

"(i) there is then available any individual described in subparagraph (B) who is qualified for the position; and

"(ii) the position—

"(I) is at the same grade or pay level (or the equivalent) or not more than 3 grades (or grade intervals) below that of the position last held by such individual before placement in the new position;

"(II) is within the same commuting area as the individual's last-held position (as referred to in subclause (I)) or residence; and

"(III) has the same type of work schedule (whether full-time, part-time, or intermittent) as the position last held by the individual.

"(B) For purposes of an agencywide priority placement program, an individual shall be considered to be described in this subparagraph if such individual—

"(i)(I) is an employee of such agency who is scheduled to be separated, as described in paragraph (1)(A)(i); or

"(II) is an individual who became a former employee of such agency as a result of a separation, as described in paragraph (1)(A)(ii), excluding any individual who separated voluntarily under subsection (f); and

"(ii) satisfies clause (i) or (ii) of paragraph (1)(B).

"(3)(A) If after a reduction in force the agency has no positions of any type within the local commuting areas specified in this subsection, the individual may designate a different local commuting area where the agency has continuing positions in order to exercise reemployment rights under this subsection. An agency may determine that such designations are not in the interest of the Government for the purpose of paying relocation expenses under subchapter II of chapter 57.

"(B) At its option, an agency may administratively extend reemployment rights under this subsection to include other local commuting areas.

"(4)(A) In selecting employees for positions under this subsection, the agency shall place qualified present and former employees in retention order by veterans' preference subgroup and tenure group.

"(B) An agency may not pass over a qualified present or former employee to select an individual in a lower veterans' preference subgroup within the tenure group, or in a lower tenure group.

"(C) Within a subgroup, the agency may select a qualified present or former employee without regard to the individual's total creditable service.

"(5) An individual is eligible for reemployment priority under this subsection for 2 years from the effective date of the reduction in force from which the individual will be, or has been, separated under this section or section 3595, as the case may be.

"(6) An individual loses eligibility for reemployment priority under this subsection when the individual—

"(A) requests removal in writing;

"(B) accepts or declines a bona fide offer under this subsection or fails to accept such an offer within the period of time allowed for such acceptance; or

"(C) separates from the agency before being separated under this section or section 3595, as the case may be.

A present or former employee who declines a position with a representative rate (or equivalent) that is less than the rate of the position from which the individual was separated under this section retains eligibility for positions with a higher representative rate up to the rate of the individual's last position.

"(7) Whenever more than one individual is qualified for a position under this subsection, the agency shall select the most highly qualified individual, subject to paragraph (4).

"(8) The Office of Personnel Management shall issue regulations to implement this subsection."

SEC. 4. IMPROVED REDRESS FOR VETERANS.

(a) IN GENERAL.—Subchapter I of chapter 33 of title 5, United States Code, is amended by adding at the end the following:

"§ 3330a. Administrative redress

"(a)(1) Any preference eligible or other individual described in section 3304(f)(1) who alleges that an agency has violated such individual's rights under any statute or regulation relating to veterans' preference, or any right afforded such individual by section 3304(f), may file a complaint with the Secretary of Labor.

"(2) A complaint under this subsection must be filed within 60 days after the date of the alleged violation, and the Secretary shall process such complaint in accordance with sections 4322 (a) through (e)(1) and 4326 of title 38.

"(b)(1) If the Secretary of Labor is unable to resolve the complaint within 60 days after the date on which it is filed, the complainant may elect to appeal the alleged violation to the Merit Systems Protection Board in accordance with such procedures as the Merit Systems Protection Board shall prescribe, except that in no event may any such appeal be brought—

"(A) before the 61st day after the date on which the complaint is filed under subsection (a); or

"(B) later than 15 days after the date on which the complainant receives notification from the Secretary of Labor under section 4322(e)(1) of title 38.

"(2) An appeal under this subsection may not be brought unless—

"(A) the complainant first provides written notification to the Secretary of Labor of such complainant's intention to bring such appeal; and

"(B) appropriate evidence of compliance with subparagraph (A) is included (in such form and manner as the Merit Systems Protection Board may prescribe) with the notice of appeal under this subsection.

"(3) Upon receiving notification under paragraph (2)(A), the Secretary of Labor shall not continue to investigate or further attempt to resolve the complaint to which such notification relates.

"(c) This section shall not be construed to prohibit a preference eligible from appealing directly to the Merit Systems Protection Board from any action which is appealable to the Board under any other law, rule, or regulation, in lieu of administrative redress under this section.

"§ 3330b. Judicial redress

"(a) In lieu of continuing the administrative redress procedure provided under section 3330a(b), a preference eligible or other individual described in section 3304(f)(1) may elect, in accordance with this section, to terminate those administrative proceedings and file an action with the appropriate United States district court not later than 60 days after the date of the election.

"(b) An election under this section may not be made—

"(1) before the 121st day after the date on which the appeal is filed with the Merit Systems Protection Board under section 3330a(b); or

"(2) after the Merit Systems Protection Board has issued a judicially reviewable decision on the merits of the appeal.

"(c) An election under this section shall be made, in writing, in such form and manner as the Merit Systems Protection Board shall by regulation prescribe. The election shall be effective as of the date on which it is received, and the administrative proceeding to which it relates shall terminate immediately upon the receipt of such election.

"§ 3330c. Remedy

"(a) If the Merit Systems Protection Board (in a proceeding under section 3330a) or a court (in a proceeding under section 3330b) determines that an agency has violated a right described in section 3330a, the Board or court (as the case may be) shall order the agency to comply with such provisions and award compensation for any loss of wages or benefits suffered by the individual by reason of the violation involved. If the Board or court determines that such violation was willful, it shall award an amount equal to backpay as liquidated damages.

"(b) A preference eligible or other individual described in section 3304(f)(1) who prevails in an action under section 3330a or 3330b shall be awarded reasonable attorney fees, expert witness fees, and other litigation expenses."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 33 of title 5, United States Code, is amended by adding after the item relating to section 3330 the following:

"3330a. Administrative redress.

"3330b. Judicial redress.

"3330c. Remedy."

SEC. 5. EXTENSION OF VETERANS' PREFERENCE.

(a) AMENDMENT TO TITLE 5, UNITED STATES CODE.—Paragraph (3) of section 2108 of title 5, United States Code, is amended by striking "the Federal Bureau of Investigation and Drug Enforcement Administration Senior Executive Service, or the General Accounting Office;" and inserting "or the Federal Bureau of Investigation and Drug Enforcement Administration Senior Executive Service;"

(b) AMENDMENTS TO TITLE 3, UNITED STATES CODE.—

(1) IN GENERAL.—Chapter 2 of title 3, United States Code, is amended by adding at the end the following:

"§ 115. Veterans' preference

"(a) Subject to subsection (b), appointments under sections 105, 106, and 107 shall be made in accordance with section 2108, and sections 3309 through 3312, of title 5.

"(b) Subsection (a) shall not apply to any appointment to a position the rate of basic pay for which is at least equal to the minimum rate established for positions in the Senior Executive Service under section 5382 of title 5 and the duties of which are comparable to those described in section 3132(a)(2) of such title or to any other position if, with respect to such position, the President makes certification—

"(1) that such position is—

"(A) a confidential or policy-making position; or

"(B) a position for which political affiliation or political philosophy is otherwise an important qualification; and

"(2) that any individual selected for such position is expected to vacate the position at or before the end of the President's term (or terms) of office.

Each individual appointed to a position described in the preceding sentence as to which the expectation described in paragraph (2) applies shall be notified as to such expectation, in writing, at the time of appointment to such position."

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 2 of title 3, United States Code, is amended by adding at the end the following:

"115. Veterans' preference."

(c) LEGISLATIVE BRANCH APPOINTMENTS.—

(1) DEFINITIONS.—For the purposes of this subsection, the terms "employing office", "covered employee", and "Board" shall each have the meaning given such term by section 101 of the Congressional Accountability Act of 1995 (2 U.S.C. 1301).

(2) RIGHTS AND PROTECTIONS.—The rights and protections established under section 2108, sections 3309 through 3312, and subchapter I of chapter 35, of title 5, United States Code, shall apply to covered employees.

(3) REMEDIES.—

(A) IN GENERAL.—The remedy for a violation of paragraph (2) shall be such remedy as would be appropriate if awarded under applicable provisions of title 5, United States Code, in the case of a violation of the relevant corresponding provision (referred to in paragraph (2)) of such title.

(B) PROCEDURE.—The procedure for consideration of alleged violations of paragraph (2) shall be the same as apply under section 401 of the Congressional Accountability Act of 1995 (and the provisions of law referred to therein) in the case of an alleged violation of part A of title II of such Act

(4) REGULATIONS TO IMPLEMENT SUBSECTION.—

(A) IN GENERAL.—The Board shall, pursuant to section 304 of the Congressional Accountability Act of 1995 (2 U.S.C. 1384), issue regulations to implement this subsection.

(B) AGENCY REGULATIONS.—The regulations issued under subparagraph (A) shall be the same as the most relevant substantive regulations (applicable with respect to the executive branch) promulgated to implement the statutory provisions referred to in paragraph (2) except insofar as the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this subsection.

(C) COORDINATION.—The regulations issued under subparagraph (A) shall be consistent with section 225 of the Congressional Accountability Act of 1995 (2 U.S.C. 1361).

(5) APPLICABILITY.—Notwithstanding any other provision of this subsection, the term "covered employee" shall not, for purposes of this subsection, include an employee—

(A) whose appointment is made by the President with the advice and consent of the Senate;

(B) whose appointment is made by a Member of Congress or by a committee or subcommittee of either House of Congress; or

(C) who is appointed to a position, the duties of which are equivalent to those of a Senior Executive Service position (within the meaning of section 3132(a)(2) of title 5, United States Code).

(6) EFFECTIVE DATE.—Paragraphs (2) and (3) shall be effective as of the effective date of the regulations under paragraph (4).

(d) JUDICIAL BRANCH APPOINTMENTS.—

(1) IN GENERAL.—Subject to paragraph (2), appointments to positions in the judicial branch of the Government shall be made in accordance with section 2108, and sections 3309 through 3312, of title 5, United States Code.

(2) REDUCTIONS IN FORCE.—Subject to paragraph (2), reductions in force in the judicial branch of the Government shall provide preference eligibles with protections substantially similar to those provided under subchapter I of chapter 35 of title 5, United States Code.

(3) EXCLUSIONS.—Paragraphs (1) and (2) shall not apply to—

(A) an appointment made by the President, with the advice and consent of the Senate;

(B) an appointment as a judicial officer;

(C) an appointment as a law clerk or secretary to a justice or judge of the United States; or

(D) an appointment to a position, the duties of which are equivalent to those of a Senior Executive Service position (within the meaning of section 3132(a)(2) of title 5, United States Code).

(4) REDRESS PROCEDURES.—The Judicial Conference of the United States shall prescribe regulations under which redress procedures (substantially similar to the procedures established by the amendments made by section 4) shall be available for alleged violations of any rights provided by this subsection.

(5) DEFINITIONS.—For purposes of this subsection—

(A) the term "judicial officer" means a justice, judge, or magistrate judge listed in subparagraph (A), (B), (F), or (G) of section 376(a)(1) of title 28, United States Code; and

(B) the term "justice or judge of the United States" has the meaning given such term by section 451 of such title 28.

SEC. 6. VETERANS' PREFERENCE REQUIRED FOR REDUCTIONS IN FORCE IN THE FEDERAL AVIATION ADMINISTRATION.

Section 347(b) of the Department of Transportation and Related Agencies Appropriations Act, 1996 (109 Stat. 460) is amended by striking "and" at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting "; and", and by adding at the end the following:

"(8) sections 3501-3504, as such sections relate to veterans' preference."

SEC. 7. DEFINITIONAL AMENDMENT.

Subparagraph (A) of section 2108(1) of title 5, United States Code, is amended by inserting "during a military operation in a qualified hazardous duty area (within the meaning of the first 2 sentences of section 1(b) of Public Law 104-117) and in accordance with requirements that may be prescribed in regulations of the Secretary of Defense," after

"for which a campaign badge has been authorized."

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida [Mr. MICA] and the gentleman from Virginia [Mr. MORAN] each will control 20 minutes.

The Chair recognizes the gentleman from Florida [Mr. MICA].

Mr. MICA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as chairman of the House Subcommittee on Civil Service, one of my major concerns during my tenure has been the problem of the status of veterans in our Federal work force and their treatment. Because of that concern, our subcommittee held a hearing on April 30, 1996, to examine the status of veterans' preference in the Federal work force.

Unfortunately, Mr. Speaker, that hearing revealed ample reason for all of us to be concerned about the state of veterans' preference, particularly in our Federal workplace. The testimony at our hearing showed that veterans' preference in the Federal work force is often ignored or circumvented. Its continued viability is in fact threatened by several recent developments, most notably the introduction of single person competition during reductions in force in our Federal Government.

But perhaps most important, Mr. Speaker, the hearing revealed a widespread agreement in the veterans' community that veterans do not have an adequate redress mechanism. In fact, both the American Legion and the Disabled American Veterans identified this as the No. 1 problem, the major problem Congress should solve.

As the House considers this legislation, Mr. Speaker, it is important for us to remember the veterans' preference is not a gift. It is in fact a right and an opportunity that our veterans deserve. Congress has a moral obligation to recognize the sacrifices of the men and women of our Armed Forces who have served their country. We called upon them to serve in war and defend this Nation. Now we offer them this opportunity to serve their Nation in peace.

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This bill, the Veterans' Employment Opportunity Act of 1996, is necessary to ensure that this Nation fulfills that moral obligation. That promise of veterans' preference is indeed a reality in our Federal workplace. It is also the product of a lot of hard work by Members on both sides of the aisle, and this in fact is a truly bipartisan effort.

I want to take a moment and thank, first of all, the distinguished gentleman from Virginia [Mr. MORAN], who is the ranking member on the Subcommittee on Civil Service of the Committee on Government Reform and Oversight, for his hard work and efforts in making this bill a reality.

I would also especially like to thank my good friend, the gentleman from Indiana, the Honorable STEVE BUYER,

chairman of the Subcommittee on Education, Training, Employment and Housing of the Committee on Veterans' Affairs. He and his staff have worked very hard and long on this bill and cooperated with our subcommittee, and I appreciate their many valuable contributions as well as the outstanding leadership that he and his subcommittee have provided on this and other legislation relating to veterans' issues.

I also want to take a moment and thank Chairman STUMP of the Committee on Veterans' Affairs. The gentleman from Arizona has been outstanding in both his cooperation and leadership of all veterans' issues.

I also want to pay particular attention and due credit to the gentleman from Pennsylvania, Mr. JON FOX. Mr. FOX has been a leader in veterans' legislation, particularly the veterans' preference legislation, and in fact wanted to extend the provisions of this act beyond what we are doing today. I give him full credit.

Mr. Speaker, I would also just take a personal moment and recognize my brother, who served on the other side of the aisle for 10 years on the Veterans' Committee. Dan Mica showed his dedication to veterans. Part of the commitment of both of the Mica brothers is that 24 years ago this month our father died in a crowded veterans' hospital, so we both have a deep commitment to seeing that our veterans are not only remembered, but also that we honor the rights and obligations that they are due.

Mr. Speaker, before I address some of the provisions of this bill in detail, I would like to give a thumbnail sketch of what this bill does for veterans. This bill does in fact provide veterans with an effective, user-friendly redress system. It extends veterans' preference to certain jobs in the legislative branch, also in the judiciary branch, and also at the White House.

This bill removes artificial barriers that often bar our service men and women from competing for Federal jobs. These individuals should be able to compete for jobs for which they qualify, just like other Federal employees. This bill provides enhanced protections to veterans in a reduction in force. This legislation requires Federal agencies to establish priority placement programs for employees affected by a RIF, or reduction in force. Federal agencies must give veterans' preference when rehiring employees.

This legislation also requires the FAA to apply veterans' preference in any reduction in force, and this legislation provides veterans' preference for service in Bosnia, Croatia, and Macedonia while it is a qualified hazardous duty area, by definition.

Mr. Speaker, those are some of the provisions of our bill. I am pleased to present this legislation to the House, and I reserve the balance of my time.

Mr. MORAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this bill, H.R. 3586. The goal of our veterans'

preference laws is very simple. We want to afford individuals who have served our country in times of war an opportunity to continue their public service through Federal employment. Veterans' preference does not entitle a veteran to a Federal job but, rather, it gives him or her an advantage in seeking employment. This has always been a bipartisan goal and it is supported by the Congress and the White House.

It is in this bipartisan spirit that the gentleman from Florida [Mr. MICA] and I have brought forward this bill. Since 1865 the Federal Government has been a leader in offering job opportunities to veterans. This has been true regardless of who has been in the White House.

As a percentage of the work force, there are more veterans in the Federal work force today than there are in the private work force. There is also a higher representation of disabled veterans and a higher representation of veterans who are 30 percent or more disabled in the Federal work force.

Since the Subcommittee on Civil Service of the Committee on Government Reform and Oversight began work on this legislation 3 months ago, we have had some criticism. I do not think that the criticism that was directed at this administration is justified by the facts.

While it is true that the absolute number of veterans in the Federal work force is declining, it is also true that this trend began in 1984. The reduction in the number of federally employed veterans does not represent any insidious effort by any administration to diminish veterans' preference, but it reflects the simple fact that the largest group of veterans, those from World War II and the Korean War, are now ready for retirement.

More than 59 percent of all veterans in this country are between 55 and 64. The number of Americans who served in Vietnam, Grenada, Panama, and the Persian Gulf simply are not large enough to replace their predecessors. We do not have to look farther than the U.S. Senate to see the example of a World War II veteran retiring and replaced by a nonveteran. It is happening all over.

Despite the absolute decrease in the number of veterans, it should be said that the Clinton administration has done an excellent job in recruiting veterans. The percentage of veterans in the Federal work force declined throughout the 1980's, but it stabilized since President Clinton was elected. In fact, the percentages of veterans as new hires is actually increasing. Since 1992, the percentage of veterans hired has gone from 23.6 percent of new hires to 33.3 percent. One out of every three new hires is a veteran.

But the Federal Government is not hiring, it is firing. We are downsizing. Therefore, the focus of veterans' preference has shifted toward ways to protect veterans during a RIF. The focus now is how to give veterans the opportunity to retain their existing Federal

jobs when their agency and the Federal Government as a whole is cutting employment.

Again, this is not an entitlement that we are passing today. We do not intend to ensure that no veteran ever gets riffed. Rather, this legislation contains a series of protections that give veterans an advantage over other Federal employees in retaining their jobs. This legislation closes a number of loopholes through which agencies might try to circumvent the current veterans' preference laws.

The bill allows veterans and those who have served in the military the opportunity to compete for a greater number of existing Federal jobs. The bill also gives veterans greater protections in RIF's. It seeks to prevent agencies from manipulating Federal RIF laws to unfairly, improperly target veterans.

While it is important to remember that none of the current flexibilities have ever actually been used to target veterans, in fact, veterans have disproportionately benefited from the Clinton administration's use of flexible hiring and RIF, some in the veterans' community have expressed concerns. So this bill addresses their concerns and ensures that in the future the Clinton administration will maintain its commitment to veterans.

The bill also gives veterans a forum for redress if they believe that their veterans' preference rights have been violated. This new appeals process is more generous than that enjoyed by any other Federal employee and is built around the popular and very successful Uniformed Services Employment and Reemployment Rights Act of 1994. The acronym is USERRA law. It has been working well and we are going to duplicate it.

Finally, the legislation extends for the first time veterans' preference to the nonpolitical jobs in the White House, the Congress, and the judiciary. I had a number of concerns with the legislation as originally drafted. I wanted to ensure that we do not unduly impede the operations of the agencies in getting the most qualified people as we attempt to close loopholes in veterans' preference, but downsizing is always difficult and only can be done correctly if Congress grants the agency a high degree of flexibility.

I also wanted to ensure that the redress system was fair and effective. The last thing we need is an overly burdensome and complicated redress system that encourages frivolous and meritless appeals. No one can be served rightly by such a system.

The chairman of the subcommittee and I have worked closely on this legislation. We have made some significant improvements to the original bill. These changes do not weaken the bill but, rather, they ensure that it will work and that our goals will be administratively achievable. These consensus modifications have been incorporated in the bipartisan substitute offered in

committee and the manager's amendment which will be offered here on the floor.

We could not, however, agree on two major amendments offered for inclusion in the manager's amendment. While I appreciate the spirit in which these amendments were offered, I could not accept any proposal that would have watered down the preference that is enjoyed by those who actually served in the Persian Gulf war or reservists who experienced combat.

In addition, I could not accept any amendment that would worsen the already complicated and overly burdensome Federal appeals process. Again, I appreciate Chairman MICA's leadership in bringing this legislation to the floor, and I appreciate his willingness to continue to work on this issue in a bipartisan and a constructive manner.

Mr. Speaker, I reserve the balance of my time.

Mr. MICA. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arizona [Mr. STUMP], chairman of the Committee on Veterans' Affairs.

(Mr. STUMP asked and was given permission to revise and extend his remarks.)

Mr. STUMP. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I would like to congratulate the subcommittee chairman, the gentleman from Florida, Mr. MICA, and the ranking member, the gentleman from Virginia, JIM MORAN, for bringing this important bill to the floor. Most people have classified this bill as being the best for veterans' employment probably since the 1940's.

As we reorganize government to run in a more businesslike and cost-effective manner, veterans need to receive the protection they are entitled to because of their service. The provisions of this bill will bring veterans' employment enforcement into the sunshine of public scrutiny and make it easier for veterans to obtain justice.

I strongly urge my colleagues to support H.R. 3586.

Mr. MORAN. Mr. Speaker, it is my honor to yield such time as he may consume to the gentleman from Mississippi, the Honorable Major General "SONNY" MONTGOMERY, the representative of America's veterans.

(Mr. MONTGOMERY asked and was given permission to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I do not know what to say, but I want to thank the gentleman from Virginia for his kind remarks, and for yielding me this time.

Mr. Speaker, H.R. 3586 is a bill that would enhance veterans' employment opportunities in the Federal Government. Eligible veterans seeking Federal jobs would be able to compete for jobs that are now closed to them. Those veterans covered by the veterans' preference who already work for the Federal Government would, for the first time, have access to an effective

appeals system if they believe their preference rights have been violated.

This bill brings together the efforts of all members and staff of the Civil Service Committee, the Office of Personnel Management, and several veterans' service organizations.

Mr. Speaker, I want to thank the gentleman from Virginia [Mr. MORAN] and the gentleman from Florida [Mr. MICA] for their hard work and their subcommittees' work. The gentleman's brother did serve on our committee for many years. I thank the gentlemen on behalf of our Nation's veterans.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. MICA. Mr. Speaker, it is my pleasure to yield 3 minutes to the distinguished gentleman from New York [Mr. SOLOMON], the chairman of the Committee on Rules and a real friend of veterans of this Nation.

Mr. SOLOMON. I thank the gentleman for yielding time to me, Mr. Speaker, and I also want to commend him and the gentleman from Virginia [Mr. MORAN], the gentleman from Arizona [Mr. STUMP], the gentleman from Mississippi [Mr. MONTGOMERY], and the gentleman from Indiana [Mr. BUYER].

Mr. Speaker, let me just say to the chairman of the subcommittee that I served with his brother. He and I came here together. He was from the other side of the aisle, but I can say he was an outstanding member. He stood up and fought for the veterans of this Nation. I also served with him on the Committee on Foreign Affairs for 10 years as well, and he was an outstanding member.

Mr. Speaker, let me say there are some disturbing trends going on in this country and within this very Government with regard to veterans' employment. It is hard for me to believe and impossible to understand, but there is even more proof that veterans are being discriminated against when it comes to finding jobs. If Members do not believe it, just go out and ask any number of them.

That is why this bill is so terribly important. It provides some real teeth to the veterans' preference laws when it comes to hiring, when it comes to reductions in force, and promotions within the Federal Government. I commend the chairman of the subcommittee, the gentleman from Florida, Chairman MICA, for taking the time to recognize these real problems.

By defining failure to comply with these laws as a prohibited personnel practice, managers and supervisors who hire and fire throughout this Government will fully understand that this Congress is committed to helping our veterans readjust and reenter civilian life. Not only that, but this Government will finally have the added benefit of capitalizing on the invaluable service and experience American veterans have to offer.

I am also pleased because this bill will apply these veterans' preference laws to hiring within the White House

and this Congress as well. I think we can all agree that the perspective of veterans is underrepresented these days. That is why we fought so hard to obtain the Department of Veterans' Affairs as a Cabinet-level secretary, to sit there next to the President when we are discussing these terribly vital issues.

Again, I want to commend the chairman for bringing this vital legislation to the floor. It is badly needed. One more time, I will just say that not only do veterans sacrifice when they put on that uniform, but they suffer financially as well. They are always 4 years behind their peers going to college, stepping into the civilian work force, and all through life they are penalized for that. This simply gives them a job preference to help them catch up a little bit. That is why it is so terribly important. I commend the gentlemen for bringing this to the floor.

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Mr. MORAN. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. FILNER], from the heartland of America's veterans who has fought his way into the hearts of all those veterans in his district.

Mr. FILNER. Mr. Speaker, I rise in strong support of H.R. 3586, the Veterans' Employment Opportunities Act of 1996. This bill would broaden and strengthen veterans' preference in Federal employment, and I congratulate JOHN MICA, chairman of the Government Reform Subcommittee on Civil Service, and JIM MORAN, the ranking member on that subcommittee, for developing this measure.

For too long our veterans have not had an effective means of redress when they believe their rights under civil service law have been violated. I am particularly pleased that section 4 of H.R. 3586 would correct this problem. I know that representatives from several of the veterans' service organizations, and Office of Personnel Management staff, helped design the appeal mechanism in H.R. 3586, and I want to thank all of them for their good, creative work on this issue.

It is important to point out that the civil service system has worked very well for veterans in recent years. For example, an average of 18.5 percent of new fulltime hires were veterans during fiscal years 1990, 1991, and 1992. During fiscal years 1993, 1994, and 1995, that figure increased by more than 50 percent to 31.1 percent. Nonetheless, even the best, most supportive system can be improved, and I urge my colleagues to support H.R. 3586.

Mr. MICA. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. DAVIS], also a member of our subcommittee and chairman of the Subcommittee on the District of Columbia of the Committee on Government Reform and Oversight.

Mr. DAVIS. I thank my friend for yielding me this time.

Mr. Speaker, I want to thank the gentleman from Florida [Mr. MICA] and the gentleman from Virginia [Mr. MORAN] for getting this bill in shape to bring it to the floor. This gives equal and expanded access for Federal jobs to veterans. It provides veterans who have been honorably discharged after 3 years equal access to compete for vacant positions. Such has not been the case in the past.

I think President Clinton put it well in his Memorial Day address this year at Arlington National Cemetery when he said: "let us also remember to honor those who served in times of peace, who preserve the peace, protect our interests and project our values. Though they are the best-trained, best-equipped military in the world, they, too face their share of dangers."

This legislation in section 2 will provide for those who are honorably discharged after 3 years of service that they cannot be prevented from competing for Government jobs because they do not have status or are nonemployees of the hiring agency.

This also removes artificial barriers that bar preference eligibles from competing for Federal jobs. It extends veterans preference to nonpolitical jobs at the White House and in the legislative and judicial branches.

It is important that we here set the example in the legislative branch and at the White House as well for the same kind of rules that we are applying throughout the Federal bureaucracy. It requires OPM to create and maintain a comprehensive list of all vacant position announcements inside and outside the employing agency.

There are also some special protections for veterans built into this when agencies are conducting reductions in force. This prevents agencies from stripping veterans of their preference during a RIF. It prohibits agencies from placing preference eligibles in single-position competitive levels. It provides enhanced assignment rights for preference eligibles, and it requires the Federal Aviation Administration to apply veterans preference in a reduction in force.

Finally, for the first time this establishes an effective user-friendly redress system for veterans who believe their rights have been violated. There is one thing we heard in the testimony, that the current system is not working, it is not operating. I think the veterans groups have been working for years to get Congress to establish this system. This year under the leadership of the gentleman from Florida, Chairman MICA, we have brought it to the floor. I rise in support.

Mr. MICA. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. BUYER], the distinguished chairman of the Subcommittee on Education, Training, Employment and Housing of the Committee on Veterans' Affairs who has been a national leader for veterans.

Mr. BUYER. Mr. Speaker, I want to thank the chairman personally. There

has been work from my subcommittee and his subcommittee on this issue. I want to congratulate the chairman; also Mr. MORAN, the ranking member; and all members of the subcommittee for what I view are magnificent works for this very important piece of legislation.

Mr. Speaker, I had the honor of testifying before the chairman's committee. I am doubly pleased that some of the points brought out from the hearing are in fact in this bill. It was a joy to work with the chairman.

Mr. Speaker, the gentleman from Arizona [Mr. STUMP], the chairman of the Committee on Veterans' Affairs, has already addressed some of the important provisions with regard to discriminated or aggrieved veterans, they need a recourse for their grievances, and that of a new administrative and judicial method for veterans to pursue their employment claims.

I also want to lay out some facts. I know that the gentleman from Virginia [Mr. MORAN] had said that some of those criticisms with regard to the administration are unfounded.

To those who feel that veterans do not need protections provided to them in this bill, let me just quote an internal memo from Postmaster General Mr. Marvin Runyon to his Board of Governors. Mr. Runyon stated that veterans preference will "have a detrimental impact on the Postal Service." It will "tie our hands"; and it would "be costly and make our personnel decisions more difficult and onerous."

Finally, recognizing the average American's support for veterans, he says, "This is a difficult issue to oppose publicly, especially in an election year."

That is the Postmaster General. We could go down the line, I guess, perhaps, and talk about others.

The Postmaster, though, almost got it right, but I would offer this: I would say that this is an issue that should never be opposed, whether it is an election year or not. Veterans preference must remain the cornerstone of Federal employment simply because it is the right thing to do and it is an earned benefit. Veterans preference knows no color or gender or ethnic origin, whether a person is a Christian, a Jew, a Muslim, or even an atheist. It is based on what is becoming a novel idea in the country, and it should not be, but a willingness to sacrifice one's life for the country.

I challenge anyone to point out a more appropriate group of citizens to receive some small advantage in securing and maintaining Federal employment. This bill will do much to reverse what I call a growing antiveteran culture among the bureaucrats.

There is no doubt that women and minorities have long suffered employment discrimination in both the Federal and private sector. I am proud to note that our military forces have been in the forefront of promoting women and minorities among all ranks. But it

is time for Federal hiring managers to put veterans first and stop balancing the scales of the goals of diversity on the backs of veterans.

I would also note that some statistics were quoted for 1990, 1991, and 1992 and we are saying, we have increased veterans hiring in 1993, 1994, and 1995. I think America should recognize that that was over the same time period that we brought down our military forces by over 27 percent. Let us be careful in the cheerleading.

Mr. Speaker, I want to thank both gentlemen for their work on this bill. It is a very good bill.

Mr. MORAN. Mr. Speaker, I yield myself such time as I may consume to respond to the gentleman's points.

As I said in my comments, this should not be a political issue. There is bipartisan support for this bill as there always has been for veterans preference and veterans benefits. The point was made that Mr. Runyon, the head of the Postal Service, had criticisms of this bill. But I would inform the gentleman from Indiana that Mr. Runyon is not a presidential appointee. He is not a Clinton appointee. There is no Clinton appointee who has said anything of the like.

The reality is that the decline in veterans preferential hiring occurred during the 1980's. Since the gentleman has brought the issue up, since the Clinton administration took over, it has increased from 26 percent to 33 percent. Those are facts. But the major, overwhelming fact is that there simply are not as many veterans around, the average age is 59, for obvious reasons, because that is when most people fought in World War II and the Korean War; so you are going to have a decline.

What matters is the percentage of new hires. Since the Clinton administration took over, one out of every three new hires is a veteran.

I just do not think we can support those numbers. I feel compelled to take some issue with the point that the gentleman attempted to make.

Mr. Speaker, I reserve the balance of my time.

Mr. MICA. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. BUYER].

Mr. BUYER. Mr. Speaker, just to respond to my colleague from Virginia, I lay the blame for a lot of this at the feet of a culture within the bureaucracy, whether it is a political appointee or not a political appointee. That is what this bill is trying to get at.

I do recall in the hearing in testimony before the gentleman that there were only 4 percent of the hirings of veterans in the Executive Office of the President. When the President makes a decision for powers and influence of positions and they are going not to veterans, then I have a concern and a fear of what that means down range into the bureaucratic culture.

I lay the blame at the bureaucracies, whether it is a political appointee or not. I think this is a good bill, and I appreciate the work on the bill by the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Speaker, I yield myself such time as I may consume, just to say I do agree with the gentleman who just spoke that this is a good and appropriate bill.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MICA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in closing I want to again thank many individuals, the gentleman from Virginia [Mr. MORAN], the gentleman from Indiana [Mr. BUYER], the gentleman from Arizona [Mr. STUMP], the gentleman from New York [Mr. SOLOMON], the gentleman from Pennsylvania [Mr. FOX], and all those others who have provided leadership and cooperation so that we could make this bill a reality.

Mr. Speaker, the Veterans' Employment Opportunities Act of 1996 provides much needed protection to our veterans. It provides an effective redress system, and it expands job opportunities for those who have served this Nation honorably in our Armed Forces. I urge my colleagues to join me in passing this important bill today.

Finally, Mr. Speaker, I would like to recognize the service of the distinguished gentleman from Mississippi, Mr. SONNY MONTGOMERY, who will be leaving this body soon. He has chaired the Committee on Veterans' Affairs over many years and led the Nation's efforts to recognize and serve its veterans.

Mr. Speaker, I urge again the passage of this legislation for all our veterans.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. EWING). The question is on the motion offered by the gentleman from Florida [Mr. MICA] that the House suspend the rules and pass the bill, H.R. 3586, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MICA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3586.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

VETERANS' HEALTH CARE ELIGIBILITY REFORM ACT OF 1996

Mr. STUMP. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3118) to amend title 38, United States Code, to reform eligibility for health care provided by the Department of Veterans Affairs, as amended.

The Clerk read as follows:

H.R. 3118

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the "Veterans' Health Care Eligibility Reform Act of 1996".

(b) REFERENCES TO TITLE 38, UNITED STATES CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. HOSPITAL CARE AND MEDICAL SERVICES.

(a) ELIGIBILITY FOR CARE.—Section 1710(a) is amended by striking out paragraphs (1) and (2) and inserting the following:

"(a)(1) The Secretary shall, to the extent and in the amount provided in advance in appropriations Acts for these purposes, provide hospital care and medical services, and may provide nursing home care, which the Secretary determines is needed to any veteran—
"(A) with a compensable service-connected disability;

"(B) whose discharge or release from active military, naval, or air service was for a compensable disability that was incurred or aggravated in the line of duty;

"(C) who is in receipt of, or who, but for a suspension pursuant to section 1151 of this title (or both a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veteran's continuing eligibility for such care is provided for in the judgment or settlement provided for in such section;

"(D) who is a former prisoner of war;

"(E) of the Mexican border period or of World War I;

"(F) who was exposed to a toxic substance, radiation, or environmental hazard, as provided in subsection (e); and

"(G) who is unable to defray the expenses of necessary care as determined under section 1722(a) of this title.

"(2) In the case of a veteran who is not described in paragraph (1), the Secretary may, to the extent resources and facilities are available and subject to the provisions of subsection (f), furnish hospital care, medical services, and nursing home care which the Secretary determines is needed."

(b) CONFORMING AMENDMENTS.—(1) Section 1710(e) is amended—

(A) in paragraph (1), by striking out "hospital care and nursing home care" in subparagraphs (A), (B), and (C) and inserting in lieu thereof "hospital care, medical services, and nursing home care";

(B) in paragraph (2), by inserting "and medical services" after "Hospital and nursing home care"; and

(C) by striking out "subsection (a)(1)(G) of this section" each place it appears and inserting in lieu thereof "subsection (a)(1)(F)".

(2) Chapter 17 is amended—

(A) by redesignating subsection (g) of section 1710 as subsection (h); and

(B) by transferring subsection (f) of section 1712 to section 1710 so as to appear after subsection (f), redesignating such subsection as subsection (g), and amending such subsection by striking out "section 1710(a)(2) of this title" in paragraph (1) and inserting in lieu thereof "subsection (a)(2) of this section".

(3) Section 1712 is amended—

(A) by striking out subsections (a) and (i); and

(B) by redesignating subsections (b), (c), (d), (h) and (j), as subsections (a), (b), (c), (d), and (e), respectively.

SEC. 3. PROSTHETICS.

(a) ELIGIBILITY FOR PROSTHETICS.—Section 1701(6)(A)(i) is amended—

(1) by striking out "(in the case of a person otherwise receiving care or services under this chapter)" and "(except under the conditions described in section 1712(a)(5)(A) of this title)";

(2) by inserting "(in the case of a person otherwise receiving care or services under this chapter)" before "wheelchairs,"; and

(3) by inserting "except that the Secretary may not furnish sensori-neural aids other than in accordance with guidelines which the Secretary shall prescribe," after "reasonable and necessary,".

(b) REGULATIONS.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall prescribe the guidelines required by the amendments made by subsection (a) and shall furnish a copy of those guidelines to the Committees on Veterans' Affairs of the Senate and House of Representatives.

SEC. 4. MANAGEMENT OF HEALTH CARE.

(a) IN GENERAL.—(1) Chapter 17 is amended by inserting after section 1704 the following new sections:

"§ 1705. Management of health care: patient enrollment system

"(a) In managing the provision of hospital care and medical services under section 1710(a)(1) of this title, the Secretary, in accordance with regulations the Secretary shall prescribe, shall establish and operate a system of annual patient enrollment. The Secretary shall manage the enrollment of veterans in accordance with the following priorities, in the order listed:

"(1) Veterans with service-connected disabilities rated 30 percent or greater.

"(2) Veterans who are former prisoners of war and veterans with service-connected disabilities rated 10 percent or 20 percent.

"(3) Veterans who are in receipt of increased pension based on a need of regular aid and attendance or by reason of being permanently housebound and other veterans who are catastrophically disabled.

"(4) Veterans not covered by paragraphs (1) through (3) who are unable to defray the expenses of necessary care as determined under section 1722(a) of this title.

"(5) All other veterans eligible for hospital care, medical services, and nursing home care under section 1710(a)(1) of this title.

"(b) In the design of an enrollment system under subsection (a), the Secretary—

"(1) shall ensure that the system will be managed in a manner to ensure that the provision of care to enrollees is timely and acceptable in quality;

"(2) may establish additional priorities within each priority group specified in subsection (a), as the Secretary determines necessary; and

"(3) may provide for exceptions to the specified priorities where dictated by compelling medical reasons.

"§ 1706. Management of health care: other requirements

"(a) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary shall, to the extent feasible, design, establish and manage health care programs in such a manner as to promote cost-effective delivery of health care services in the most clinically appropriate setting.

"(b) In managing the provision of hospital care and medical services under section 1710(a) of this title, the Secretary—

"(1) may contract for hospital care and medical services when Department facilities are not capable of furnishing such care and services economically, and