CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

November 22, 2000

S. 1402
Veterans Benefits and Health Care Improvement Act of 2000

As cleared by the Congress on October 18, 2000,
and signed into law by the President on November 1, 2000

SUMMARY

S. 1402 (enacted as Public Law 106-419) contains provisions that will affect a wide range of veterans' programs, including readjustment benefits, disability compensation, pension, dependency and indemnity compensation (DIC), housing, life insurance, and burial benefits. In total, CBO estimates that the act will increase direct spending by almost $1.4 billion over the 2001-2010 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of S. 1402 on direct spending is shown in Table 1. Only the estimated changes in the budget year and the succeeding four years are counted for pay-as-you-go purposes. The costs of this legislation fall within budget functions 550 (health), 600 (income security), and 700 (veterans benefits and services).

BASIS OF ESTIMATE

S. 1402 will affect direct spending on a wide range of veterans' programs. CBO estimates the act will increase spending by $154 million in 2001, $150 million over the 2001-2005 period, and almost $1.4 billion over the 2001-2010 period.

TABLE 1. ESTIMATED IMPACT OF S. 1402 ON DIRECT SPENDING

	By Fiscal Year, Outlays in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING										
Education Benefits	149	250	310	351	405	449	490	523	548	574
Extension of Expiring Provisions	0	0	-442	-450	-498	-469	-437	-468	-1	-1
Voluntary Separation Payments	2	24	24	8	-4	-6	-6	-6	-6	-6
Compensation and Pension Benefits	3	3	4	4	5	5	5	5	6	6
Service Disabled Veterans' Insurance	a	a	1	1	1	1	1	1	1	2
Total	154	277	-103	-86	-91	-20	53	55	548	575

a. Costs of less than $500,000.

Education Benefits

S.1402 changes several provisions related to Montgomery GI Bill (MGIB) and survivors' and dependents' education benefits. As shown in Table 2, CBO estimates the act will increase spending on these programs by about $150 million in 2001, almost $1.5 billion over the 2001-2005 period, and $4 billion over the 2001-2010 period.

Increase in Basic Benefit. Under prior law, participants in MGIB who served at least three years on active duty were entitled to receive up to $552 a month in fiscal year 2001. Those who served two years were entitled to a maximum monthly benefit of $449. Section 101 increases these rates of educational assistance beginning November 1, 2000. Participating veterans who served at least three years on active duty will receive as much as $650 a month. Similar veterans with at least two years of active duty will be eligible for a maximum benefit of $528 a month. The annual cost-of-living allowance scheduled for 2001will not occur. Assuming an increase in the rate of participation in this program, CBO estimates that this section will increase direct spending by about $140 million in 2001, $975 million over the 2001-2005 period, and $2.3 billion over the 2001-2010 period.

Additional Contribution and Benefit. Section 105 offers personnel on active duty the opportunity to increase their MGIB benefits by making an additional, after-tax contribution. Under prior law, members wishing to participate in MGIB contributed $1,200 during their first year of service. Under section 105, members can contribute up to an additional $600 at any time during their service on active duty. In return, they will receive an increment to their monthly benefit in an amount equal to one quarter of their contribution for every month of training. CBO estimates that 60 percent of MGIB participants will make an average contribution of $500, which will result in an average additional benefit of $125 a month for, on average, 20 months. These payments will result in about $490 million in offsetting receipts. Because contributions will precede the payment of benefits, this provision will decrease net expenditures the first year after it takes effect. Net costs will occur in the second year of the program, and, assuming an increase in the rate of participation in this program, CBO estimates that costs will rise by $218 million over the 2001-2005 period and $1.1 billion over the 2001-2010 period.

TABLE 2. ESTIMATED COST OF PROVISIONS AFFECTING EDUCATION BENEFITS

	By Fiscal Year, Outlays in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING										
Increase in Basic Benefit	143	191	201	213	228	243	260	273	280	286
Additional Contribution and Benefit	-31	11	52	77	109	134	154	170	185	201
Survivors' and Dependents' Education	29	38	44	48	53	58	62	67	72	78
VEAP Conversion	a	1	4	6	8	7	7	5	3	1
Tests for Licensing or Certification	6	6	6	5	5	5	5	6	6	6
Preparatory Courses	1	1	1	1	1	1	1	1	1	1
Diploma Requirement	a	a	1	1	1	1	1	1	1	1
Effective Date of Entitlement	a	1	1	a	a	a	a	a	a	a
State Approving Agencies	1	1	0	0	0	0	0	0	0	0
Total	149	250	310	351	405	449	490	523	548	574

a. Costs of less than $500,000.

Survivors' and Dependents' Education. Section 111 increases educational assistance to survivors and dependents to $588 a month in 2001, an increase of 21 percent over current rates. The benefit will increase in subsequent years because section 111 authorizes a cost-of-living increase for fiscal years after 2001. Based on current rates of participation in this program, CBO estimates this provision will increase direct spending by $29 million in fiscal year 2001, $211 million during the 2001-2005 period, and $549 million over the 2001-2010 period.

VEAP Conversion. Section 104 gives certain individuals the opportunity to enroll in MGIB and receive the increased benefit authorized in section 101. That opportunity will be extended over an 18-month period to individuals on active duty who are either enrolled in or disenrolled from the Post-Vietnam Era Veterans' Education Assistance Program (VEAP). Section 1601 of the Floyd D. Spence Defense Authorization Act for Fiscal Year 2001, which was enacted on October 30, 2000, also authorizes conversion of these VEAP enrollees and disenrollees to MGIB, but does not increase the basic MGIB benefit. CBO estimates that section 104 will affect 2,600 enrollees and 27,000 disenrollees and will increase net direct spending by $19 million over the 2001-2005 period and $40 million over the 2001-2010 period.

According to the Department of Defense (DoD), approximately 26,000 servicemembers are enrolled in VEAP and 90,000 are disenrolled. In an open season in fiscal year 1997 that was limited to VEAP enrollees, about 55 percent of eligible members chose to pay $1,200 each to convert from VEAP to MGIB. CBO estimates that 10 percent of the current enrollees, about 2,600 servicemembers, will pay contributions of $2,700 (less the amount of their contributions to VEAP) to convert to MGIB during this second open season. Of the 90,000 disenrollees who were not eligible for the previous open season, CBO estimates that 30 percent will convert. The estimated percentage converting is lower than before, both because the price of conversion is higher, $2,700 versus $1,200, and because disenrollees do not have contributions in a VEAP account that can be applied toward their contribution to the MGIB program. Because the contributions will have to be made before benefits will be paid out, this section will not result in any significant costs until 2002.

Tests for Licensing or Certification. Section 122 extends veterans' education benefits to cover the cost of tests required for occupational licensing or certification. Based on a study prepared for the Congressional Commission on Servicemembers and Veterans Transition Assistance, approximately 38 percent of servicemembers separating each year have training in areas that are subject to testing and licensure. CBO expects that less than half of them will remain in that occupation, be tested, and apply for reimbursement from the Department of Veterans Affairs (VA) and that survivors and dependents will have a similar usage rate. Based on an average cost of $175, CBO estimates this provision will increase direct spending by about $6 million a year.

Preparatory Courses. Section 114 extends MGIB benefits to cover preparatory courses for college or graduate school entrance exams for survivors and dependents. Those who would otherwise consume their entire entitlement will forgo a payment at the end of their training if they use the benefit under this section, but for all others, section 114 will add to spending. CBO estimates that this provision will increase direct spending by about $1 million a year. The estimate assumes that about 3,300 participants a year will receive an average benefit of about $350 for these courses.

Diploma Requirement. To be eligible for the MGIB under prior law, an individual had to meet certain educational prerequisites before the end of his or her initial period of obligated service. Section 102 removes the time constraint by allowing a secondary school diploma or its equivalent to be obtained at any time before applying for MGIB benefits. Based on information from DoD, CBO estimates that this section will make an additional 300 individuals eligible for the program each year. Based on current usage rates for MGIB benefits, CBO estimates an additional 20 trainees will use MGIB benefits in 2001, increasing to almost 300 additional trainees in 2010. CBO estimates that the provision will cost $100,000 in 2001, $3 million over the 2001-2005 period, and $8 million over the 2001-2010 period.

Effective Date of Entitlement. Section 113 allows retroactive payments to otherwise eligible dependents of veterans for education undertaken during the period after the veteran died or became totally disabled but before the disability was found to be total or the death or disability was found to be service-connected. Currently, most dependents file an application for benefits after the Secretary's finding of service-connected death or disability. While this finding may be made several years after the date of death or what is found to be the effective date of the disability, benefits may not be granted for more than one year before the date of receipt of the dependent's application. This section directs the Secretary to consider any application received within a year of the finding to have been filed on the effective date of death or disability.

Based on information from the VA, CBO estimates section 113 will initially result in about 125 additional requests for retroactive benefits in 2001 and 2002, and about 50 additional requests in succeeding years. Thus, the cost will be higher in the first few years because of a backlog of newly qualified applicants. The estimated cost is about $3 million over the 2001-2005 period and $5 million over the 2001-2010 period.

State Approving Agencies. Section 123 increases the amount available to state approving agencies by $1 million each year in 2001 and 2002. CBO expects this change will increase direct spending by that amount.

Extension of Expiring Provisions

Section 402 extends through 2008 the sunset dates on provisions affecting veterans' housing, pensions, and Medicaid that will otherwise expire in 2002. CBO estimates that these extensions will lower direct spending by $1.4 billion over the 2001-2005 period and $2.7 billion over the 2001-2010 period. Table 3 presents CBO's estimate of savings in the programs affected.

Veterans' Housing. The act extends through 2008 three provisions that affect housing programs for veterans, thus reducing direct spending by $1.6 billion over the 2003-2008 period. Spending after 2008 will not be affected.

Loan fees. The first two provisions reduce the VA loan subsidy by charging veterans a fee at the time the loan is made. Under subsection 402(b), VA will charge certain veterans a fee of 0.75 percent of the total loan amount. CBO estimates this provision will affect 219,000 new loans a year and will raise collections by an average of $205 million a year beginning in 2003. Veterans can reuse their home loan guarantee benefit if their previous debt has been paid in full. Subsection 402(b) requires VA to collect a fee of 3 percent of the total loan amount from veterans who reuse their benefit. CBO estimates this provision will affect 28,500 new loans a year and will raise collections by an average of $60 million a year.

TABLE 3. ESTIMATED SAVINGS FROM EXTENSION OF EXPIRING PROVISIONS

	By Fiscal Year, Outlays in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING										
Veterans' Housing										
Loan Fees	0	0	-256	-262	-268	-273	-277	-265	0	0
Resale Losses	0	0	-10	-10	-10	-10	-10	-10	0	0
Veterans' Pensions										
Veterans in Medicaid Nursing Homes	0	0	-174	-175	-218	-184	-148	-193	0	0
Income Verification	0	0	-3	-3	-2	-2	-2	-1	-1	-1
Total	0	0	-442	-450	-498	-469	-437	-468	-1	-1

Resale losses. Subsection 402(c) extends a provision of law that requires VA to consider losses it might incur when selling a property acquired through foreclosure. Under prior law, VA followed a formula defined in statute to decide whether to acquire the property or pay off the loan guarantee instead. The formula required appraisals that might be valid at the time they are made, but did not account for changes in market conditions that might occur while VA prepares to dispose of the property. The act requires VA to take account of losses from changes in housing prices that the appraisal does not capture. Losses of this type might be prevalent when housing prices are particularly volatile or if appraisals are biased for other reasons. Based on information from VA, CBO estimates this provision will save $10 million a year.

Veterans' Pensions. Veterans' pensions will be affected by two provisions. One of these provisions will reduce direct spending for veterans' pensions and increase spending for Medicaid, resulting in a net spending reduction of $1.1 billion over the 2003-2008 period. Because these extensions run through 2008, they will not have any effects in subsequent years.

Veterans in Medicaid nursing homes. Subsection 402(e) extends from September 30, 2002, to September 30, 2008, the expiration date on a provision of law that sets a $90 per month limit on pensions for any veteran without a spouse or child, or for any survivor of a veteran, who is receiving Medicaid coverage in a Medicaid-approved nursing home. It also allows the beneficiary to retain the pension instead of having to use it to defray nursing home costs. Based on VA's experience under prior law, CBO estimates gross savings for VA of $2.9 billion over the 2003-2008 period. Higher Medicaid payments to nursing homes will offset some of the savings credited to VA. CBO estimates that those costs will total $1.8 billion, resulting in a net savings of $1.1 billion over the six-year period.

Income verification. Current law authorizes VA to acquire information on income reported to the Internal Revenue Service (IRS) to verify income reported by recipients of VA pension benefits. This authorization was to expire on September 30, 2002. Subsection 402(d) extends the expiration date to September 30, 2008. This estimate is based on VA's recent experience, which has shown that about $3 million in new savings is achieved annually through this income match. However, the provision of law that allows the IRS to provide the information to VA will expire on September 30, 2003. Because the act does not extend both provisions, savings will be limited to the effects of a one-year renewal. Thus, CBO projects savings of $3 million in 2003, and progressively smaller amounts in the following years to reflect the continuing effects of the lower pensions.

Voluntary Separation Payments

Section 207 of the act modifies the authority contained in Public Law 106-117 that allows the VA to offer separation incentive payments of up to $25,000 to employees who voluntarily retire or resign. The act will extend the authority, which was set to expire on December 31, 2000, through December 31, 2002. The legislation also increases the number of employees who are eligible for a buyout from 4,700 to 7,734. Finally, the act reduces the amount the VA must deposit in the Civil Service Retirement and Disability Fund (CSRDF) for each employee who takes a buyout from 26 percent of the worker's final pay to 15 percent. CBO estimates that section 207 will increase direct spending by $2 million in 2001 and by $24 million over the 2001-2010 period.

CBO estimates that approximately 5,400 employees of VA will participate in the buyout program from January 1, 2001, through December 31, 2002. CBO further assumes most workers who take a buyout will begin collecting federal retirement benefits an average of two years earlier than they would have without the buyouts. Initially, inducing some employees to retire earlier will result in additional retirement benefits being paid from the CSRDF. In later years, annual federal retirement outlays will be lower than under prior law because the employees who retire early will receive smaller annuity payments than they would have received had they retired later. Under the act, CBO estimates retirement benefits will increase by $9 million in 2001 and $20 million over the 2001-2010 period.

The VA's 2001 appropriation has been enacted, and the additional payments it will be required to make to the CSRDF for every employee who takes a buyout in 2001 will add to offsetting receipts. CBO estimates these payments will amount to $9 million in 2001.

Section 207 will also increase direct spending on health benefits for federal retirees because many employees who accept the buyouts will continue to be eligible for coverage under the Federal Employees Health Benefits (FEHB) program. The government's share of the premium for retirees—unlike for current employees—is mandatory spending. Because many of those accepting the buyouts would have retired later under prior law, mandatory spending on FEHB premiums will increase. CBO estimates these additional benefits will increase direct spending by $2 million in 2001 and by $12 million over the 2001-2010 period.

Compensation and Pension Benefits

Several provisions of S. 1402 will affect compensation and pension benefits. As shown in Table 4, CBO estimates the act will increase spending on these two programs by $3 million in 2001, $19 million over the 2001-2005 period, and $46 million over the 2001-2010 period. Current law does not provide an automatic annual cost-of-living adjustment. However, one is usually provided in legislation each year, and current law calls for CBO to assume such an adjustment in its baseline projections. Consequently, CBO assumes an annual cost-of-living adjustment for purposes of these estimates.

Incompetent Institutionalized Veterans. Under prior law, VA withheld benefit payments from certain incompetent veterans who were institutionalized at the government's expense and whose estates were valued above $1,500. Those veterans could not have their benefits reinstated until their estates were valued at no more than $500. Section 304 increases the estate limit to five times the 100 percent disability compensation payment, which is currently $2,036. This section also increases the amount to which estates must be reduced before benefits are reinstated to half of the maximum estate value.

Data from VA indicates that about 1,000 veterans covered by this provision have estates valued between $1,500 and the new limit (initially $10,180) and will thus benefit from this act. In 1999, the average length of time for which the veterans lost their benefit payments was 45 days. Those veterans have neither a spouse nor a child and receive an average monthly benefit of $1,604. CBO estimates that the annual added costs for veterans' entitlements will be about $2 million per year over the 2001-2010 period.

TABLE 4. ESTIMATED COST OF PROVISIONS AFFECTING COMPENSATION AND PENSION BENEFITS

	By Fiscal Year, Outlays in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING										
Incompetent Institutionalized Veterans	2	2	2	2	2	2	2	2	2	2
Inactive-Duty Training	a	a	1	1	1	1	1	1	2	2
Children with Birth Defects	1	1	1	1	1	1	1	1	1	1
Radial Mastectomy	a	a	a	a	1	1	1	1	1	1
Total	3	3	4	4	5	5	5	5	6	6

a. Costs of less than $500,000.

Inactive-Duty Training. Section 301 extends eligibility for certain veterans' benefits to members of the National Guard and the other reserve components if they suffer a stroke or heart attack during inactive-duty training. (Inactive-duty training generally means the training reservists and guardsmen do on weekends.) Under prior law, guardsmen and reservists who sustained an injury during inactive-duty training were eligible for certain veterans' benefits. They were not eligible, however, to receive disability compensation for a disease condition that was incurred or aggravated during such training. Section 301 requires VA to treat claims for strokes or heart attacks that occur during inactive-duty training, or during travel to and from training duty, as it would an injury. Reservists or guardsmen who suffer one of those conditions will be eligible for various veterans' benefits and services. Their survivors will also become eligible for benefits. CBO estimates that added annual costs for veterans' entitlements, mainly disability compensation, will be less than $500,000 initially and will gradually grow to about $2 million by 2010.

Information about the incidence of heart attack or stroke during inactive-duty training is limited. Based on data from DoD, CBO estimates that each year about 10 members of the reserve components will meet the requirements for benefits under the act and that about 200 individuals will be eligible at the start of 2001. CBO assumes that one-fourth of the initial 200 potential beneficiaries will apply and receive benefits. We estimate that 23 to 43 survivors will receive a benefit each year over the 2001-2010 period, assuming participation rates are similar to those for veterans. Survivors at the time of enactment are likely to participate at a lower rate than survivors in later years. Based on data from VA, CBO estimates that the average disability payment under the act for a veteran will be about $8,000 a year and that the average benefit for a survivor will be about $12,000. Both benefits are assumed to increase by an annual cost-of-living adjustment.

Children with Birth Defects. Under current law, certain children with spina bifida are eligible for benefits from VA. Section 401 extends those benefits to certain children with other birth defects. Children with birth defects that are genetic in nature and that arise from well-known and recognized causes will not be eligible.

This section provides for a monthly allowance to be paid to each individual based on the severity of the disability. Section 401 establishes four levels of disability and associated payments that range from $100 a month to $1,272 a month. For this estimate, CBO assumes that beneficiaries will be distributed uniformly across the four categories and that 75 percent of them will apply for and receive payments. CBO estimates that the allowance will cost about $1 million a year.

Radical Mastectomy. Section 302 provides additional disability compensation to veterans who suffer a service-connected loss to one or both breasts due to a mastectomy. Veterans who lose certain body parts or sensory or vocal capabilities because of a service-connected condition are entitled to special monthly compensation of $76 a month in 2000 for each eligible impairment. The act authorizes these special payments for veterans who have lost one or both breasts due to a radical or modified radical mastectomy that is related to a service-connected condition.

CBO estimates that about 350 veterans are currently receiving disability payments for these types of mastectomies, and based on data from VA, about 35 new beneficiaries are added every year. We expect that, over the 2001-2004 period, the new payments will cost less than $500,000 annually. From 2005 through 2010, annual spending will be between $500,000 $1 million.

Service-Disabled Veterans' Insurance

The Service-Disabled Veterans' Insurance (SDVI) program insures veterans with service-connected disabilities. Participants receive a subsidy equal to the difference between the premiums they pay, which account for age but not disabilities, and the actual cost of the program. The term policies are renewable for life, but the premiums at the older ages can be costly. Section 311 eliminates increases in premiums when beneficiaries over age 70 renew their policies; that is, premiums on renewals will now be capped at the rate for 70-year-olds.

For this estimate, CBO used data from VA on premiums for policyholders 70 or more years of age and the premiums under the proposed cap. The difference represents an additional subsidy that VA will provide. We estimate that, for 2001 and 2002, the cost will be less than $500,000 annually. From 2003 through 2005, the annual cost will be between $500,000 and $1 million. Over the 2001-2010 period, we expect this provision to increase direct spending by $9 million.

Other Provisions

CBO estimates that the following provisions will increase direct spending by less than $500,000 a year:

- Section 103 relaxes the eligibility requirements for MGIB by allowing eligibility to be based on any completed period of obligated service. (Prior law required an individual to complete his initial service obligation.) Under this provision, an individual who separates from the service during his or her initial period of duty will be able to qualify for MGIB benefits by completing a subsequent obligated period of service. Based on information from DoD, CBO estimates that, of those individuals separating from the service each year, an additional 65 will be eligible for MGIB benefits. Assuming that about half of those individuals use their benefits and that they train according to current usage rates, the cost will be negligible.

- Section 112 offers certain children, who are eligible for education benefits because of the service-connected death or total disability of a parent, a greater choice as to the beginning date of their eligibility period. Previously, a child who became eligible for such benefits between the ages of 18 and 26 could choose as a starting date either the date of the parent's death or the date the Secretary of Veterans Affairs found the death to be service-connected. Section 112 allows those adult children to begin the period of eligibility at any time between those two dates. Similarly, adult children whose eligibility is based on a parent's disability will be able to choose to begin their eligibility periods at any time between the effective date of the parent's disability and the date the Secretary first finds the disability to be permanent, total, and service-connected. CBO estimates this provision will result in an additional 60 trainees a year.

- Section 121 allows veterans' education benefits to be paid during a term break of up to eight weeks. Under prior law, these monthly benefits were paid between terms only if the break did not exceed one calendar month. Based on information from the VA, CBO expects that this provision will affect the benefits of approximately 300 students annually.

- Section 202 increases the amount VA dentists receive as a bonus for their length of tenure at VA and allows part of that increase to count towards retirement pay. This provision will result in increased payments by VA into the retirement trust fund and increased payments from the trust fund because retired dentists will now have a higher base salary.

- Section 304 extends the benefits of persons disabled by treatment or rehabilitation at a VA facility or by a designated service-provider to include those participating in a compensated work therapy program. Veterans who are injured or die during such programs are awarded compensation benefits just as if the additional disability or death were service-connected. Based on information provided by VA, CBO estimates that few veterans will be affected by this section.

- Section 312 increases the maximum coverage available under Servicemembers' Group Life Insurance (SGLI) from $200,000 to $250,000.

- Section 313 extends eligibility for SGLI to certain members of the Individual Ready Reserve (IRR). All individuals on active duty and members of the National Guard and Selected Reserve are eligible for SGLI. DoD may offer members of the IRR the option to be placed in a mobilization category that makes them eligible to be called to active duty. The act will make the veterans in this mobilization category eligible for the SGLI program. Veterans can remain in this category for up to two years from the date they leave the service. According to information from DoD, about 200 people are in this mobilization category at any one time.

- Section 321 prohibits VA from reducing grants for specially adapted housing in cases where the title for the home is not vested solely in the veteran, but the veteran resides in the home.

- Section 322 provides new or increased burial and plot allowances to certain Filipino veterans of the Philippine Commonwealth Army during World War II if they are naturalized U.S. citizens, or aliens lawfully admitted for permanent residence, living in the United States. Under prior law, some of those veterans received a total allowance of about $225 or half the rate paid for U.S. veterans; the section increases the benefit to the full rate. It also grants the full allowance of $450 for certain Filipino veterans who would not previously have received any benefit, if they meet the income and disability tests for veterans' pensions. Information from the VA indicates that about 80,000 surviving Filipino veterans of World War II served in units covered by the act. According to data from the Immigration and Naturalization Service (INS), 20,000 Filipino veterans have become naturalized U.S. citizens since 1990, but INS does not know where those veterans reside. CBO expects that most

Filipino veterans who have become U.S. citizens since 1990 probably live in the Philippines because the Immigration Act of 1990 (Public Law 101-649) does not require them to reside in the United States and because individuals at their ages are unlikely to emigrate. (These veterans would have been at least in their mid-60s when they became citizens.) CBO has no information on the number or residence of the veterans who became citizens prior to 1990 and will be affected by this act. Of the targeted veterans who reside in the United States, census information indicates that it is likely many do not meet the income or disability tests for benefits under the act. Therefore, CBO expects that only a small percentage of the 80,000 veterans covered by the act will be able to qualify for new or increased benefits.

- Section 331 expands the eligibility for interment in national cemeteries to certain Filipino veterans of World War II. Current law allows for certain members of Philippine military forces that were in service to the Armed Forces of the United States during that war to receive some veterans' benefits. This provision will allow for the burial of those veterans in national cemeteries.

- Section 333 allows state veterans' cemeteries to bury certain veterans not eligible for burial in national cemeteries without losing eligibility for a plot allowance from VA. Under prior law, public cemeteries could receive a plot allowance of $150 per burial to help defray the costs of burying veterans at no charge, but they had to limit interments in the cemetery, or a section of the cemetery, to only those veterans who were eligible for burial in national cemeteries. This section allows cemeteries to bury certain reservists without losing eligibility for the plot allowance. This section also grants eligibility to public cemeteries that previously were ineligible for the plot allowance because of the interment of certain reservists.

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