

VETERANS' COMPENSATION COST-OF-LIVING
ADJUSTMENT ACT OF 2012

MAY 18, 2012.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. MILLER of Florida, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

[To accompany H.R. 4114]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 4114) to increase, effective as of December 1, 2012, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
Purpose and Summary	2
Background and Need for Legislation	2
Hearings	3
Subcommittee Consideration	3
Committee Consideration	3
Committee Votes	3
Committee Oversight Findings	3
Statement of General Performance Goals and Objectives	3
New Budget Authority, Entitlement Authority, and Tax Expenditures	4
Earmarks and Tax and Tariff Benefits	4
Committee Cost Estimate	4
Congressional Budget Office Estimate	4
Federal Mandates Statement	5
Advisory Committee Statement	5
Constitutional Authority Statement	5
Applicability to Legislative Branch	5
Section-by-Section Analysis of the Legislation	5
Changes in Existing Law Made by the Bill as Reported	6

PURPOSE AND SUMMARY

H.R. 4114 was introduced on February 29, 2012, by Representative Jon Runyan of New Jersey. H.R. 4114 would increase, effective as of December 1, 2012, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 4114 would increase, effective December 1, 2012, the rates of compensation for service-connected disabilities and the rates of dependency and indemnity compensation (DIC) for surviving spouses and children of veterans who die of service-connected causes, as well as the additional amounts for dependents and survivors, and clothing allowances for certain veterans. Congress has provided annual increases in these rates for every Fiscal Year since 1976.

The Committee is following its longstanding practice of setting the cost-of-living adjustment (COLA) by reference to the yet-to-be-determined Social Security increase. At the time of the filing of this report, the increase is expected to be 1.3 percent, but it may be higher or lower depending on changes in the Consumer Price Index.

The basic purpose of the disability compensation program is to provide relief from the impaired earning capacity of veterans disabled as the result of their military service. The amount of compensation payable varies according to the degree of disability. This amount in turn is required by law to represent, to the extent practicable, the average impairment in earning capacity in civilian occupations resulting from such disability or combination of disabilities.

To be eligible to receive disability compensation, a veteran must have a disability incurred or aggravated during military service, which is not the result of willful misconduct, and have been discharged under other than dishonorable conditions. The responsibility for determining a veteran's entitlement to service-connection for a disability rests with the Department of Veterans Affairs (VA).

Surviving spouses and dependent children of veterans who died of disabilities determined by VA to be service-connected (including veterans who died while on active duty) or who had a service-connected disability rated at 100 percent for certain periods of time prior to death are entitled to receive monthly DIC benefits. Additional amounts are paid to survivors who are housebound, in need of aid and attendance, or who have minor children. The purpose of DIC benefits authorized under chapter 13 of title 38, United States Code, is to provide partial compensation to the appropriate survivors for the loss in financial support due to the service-connected death. Income and need are not factors in determining a surviving spouse's or child's entitlement because the Nation, in part, assumes the legal and moral obligation of the veteran to support the spouse and children.

HEARINGS

On March 29, 2012, the Subcommittee on Disability Assistance and Memorial Affairs conducted a legislative hearing on various bills introduced during the 112th Congress, including H.R. 4114. The following witnesses testified:

The Honorable Frank Guinta, U.S. House of Representatives; The Honorable Barney Frank, U.S. House of Representatives; The Honorable Mike McIntyre, U.S. House of Representatives; The Honorable Joe Donnelly, U.S. House of Representatives; Colonel Thomas Moe, Director, Ohio Department of Veterans Services; Captain Wilbur Jones, Chairman, World War II Wilmington Home Front Heritage Coalition; Daniel Bendetson; Michael Bendetson; The Honorable Max Cleland, Secretary, the American Battle Monuments Commission; Thomas Murphy, Director of Compensation Services, Veterans Benefits Administration, accompanied by Richard Hipolit, Assistant General Counsel, Department of Veterans Affairs; The Honorable Bruce E. Kasold, Chief Judge, United States Court of Appeals for Veterans Claims; Raymond C. Kelley, Director, National Legislative Services, Veterans of Foreign Wars of the United States; Ms. Verna Jones, Director of the National Veterans Affairs and Rehabilitation Commission, The American Legion.

SUBCOMMITTEE CONSIDERATION

On April 18, 2012, the Subcommittee on Disability Assistance and Memorial Affairs met in an open markup session and ordered favorably forwarded to the full Committee H.R. 4114, by voice vote.

COMMITTEE CONSIDERATION

On April 27, 2012, the full Committee met in an open markup session, a quorum being present and ordered reported favorably to the House of Representatives H.R. 4114, by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report the legislation and amendments thereto. There were no record votes taken on amendments or in connection with ordering H.R. 4114 reported to the House. A motion by Ms. Corrine Brown of Florida to order H.R. 4114 reported favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives are reflected in the descriptive portions of this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 4114 does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 4114, prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 4114, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 9, 2012.

Hon. JEFF MILLER,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4114, the Veterans' Compensation Cost-of-Living Adjustment Act of 2012.

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

Sincerely,

DOUGLAG W. ELMENDORF.

Enclosure.

*H.R. 4114—Veterans' Compensation Cost-of-Living Adjustment Act
of 2012*

H.R. 4114 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase would take effect on December 1, 2012, and the resulting adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in CBO's baseline, consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public

Law 105–33) as extended by the Veterans Benefits Act of 2003 (Public Law 108–183).

Because the COLA is assumed in CBO’s baseline, the COLA provision would have no budgetary effect relative to the baseline. Relative to current law, CBO estimates that enacting this bill would increase spending for those programs by \$686 million in fiscal year 2013. (The annualized cost would be about \$915 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2012, would be 1.3 percent.

H.R. 4114 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Enacting H.R. 4114 would not affect direct spending or revenues relative to CBO’s baseline projections; therefore, pay-as-you-go procedures do not apply.

The CBO staff contact for this estimate is Dwayne M. Wright. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 4114, prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 4114.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress’ power to “provide for the common Defense and general Welfare of the United States.”

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section would provide the short title of H.R. 4114 as the “Veterans’ Compensation Cost-of-Living Adjustment Act of 2012.”

Section 2

Section 2(a) authorizes the Secretary of Veterans Affairs to increase, effective December 1, 2012, the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation.

Section 2(b) specifies the amounts to be increased.

Section 2(b)(1) increases the Wartime Disability Compensation, under section 1114 of title 38, United States Code.

Section 2(b)(2) increases the Additional Compensation for Dependents, under section 1115(1) of title 38, United States Code.

Section 2(b)(3) increases the Clothing Allowance, under section 1162 of title 38, United States Code.

Section 2(b)(4) increases the Dependency and Indemnity Compensation to Surviving Spouses, under section 1311 of title 38, United States Code.

Section 2(b)(5) increases the Dependency and Indemnity Compensation to Children, under section 1313(a) and 1314 of title 38, United States Code.

Section 2(c) addresses how increases shall be determined.

Section 2(c)(1) specifies that each amount shall be increased by the same percentage by which benefits are increased under title II of the Social Security Act (42 U.S.C. 401 et seq.).

Section 2(c)(2) rounds down to the next lower dollar amount all compensation and DIC benefits, when the amount is not a whole dollar amount.

Section 2(d) provides a special rule authorizing the Secretary of Veterans Affairs to adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857, who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

Section 3. Would require the Secretary of Veterans Affairs to publish in the *Federal Register* the amounts specified in subsection 2(b), as increased pursuant to that section.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * *

PART II—GENERAL BENEFITS

* * * * *