

One Hundred Twelfth Congress  
of the  
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,  
the fifth day of January, two thousand and eleven*

An Act

To amend the Internal Revenue Code of 1986 to repeal the imposition of 3 percent withholding on certain payments made to vendors by government entities, to modify the calculation of modified adjusted gross income for purposes of determining eligibility for certain healthcare-related programs, and for other purposes.

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

**SECTION 1. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

Sec. 1. Table of Contents.

TITLE I—THREE PERCENT WITHHOLDING REPEAL AND JOB CREATION  
ACT

Sec. 101. Short title.

Sec. 102. Repeal of imposition of 3 percent withholding on certain payments made to vendors by government entities.

TITLE II—VOW TO HIRE HEROES

Sec. 201. Short title.

Subtitle A—Retraining Veterans

Sec. 211. Veterans retraining assistance program.

Subtitle B—Improving the Transition Assistance Program

Sec. 221. Mandatory participation of members of the Armed Forces in the Transition Assistance Program of Department of Defense.

Sec. 222. Individualized assessment for members of the Armed Forces under transition assistance on equivalence between skills developed in military occupational specialties and qualifications required for civilian employment with the private sector.

Sec. 223. Transition Assistance Program contracting.

Sec. 224. Contracts with private entities to assist in carrying out Transition Assistance Program of Department of Defense.

Sec. 225. Improved access to apprenticeship programs for members of the Armed Forces who are being separated from active duty or retired.

Sec. 226. Comptroller General review.

Subtitle C—Improving the Transition of Veterans to Civilian Employment

Sec. 231. Two-year extension of authority of Secretary of Veterans Affairs to provide rehabilitation and vocational benefits to members of the Armed Forces with severe injuries or illnesses.

Sec. 232. Expansion of authority of Secretary of Veterans Affairs to pay employers for providing on-job training to veterans who have not been rehabilitated to point of employability.

Sec. 233. Training and rehabilitation for veterans with service-connected disabilities who have exhausted rights to unemployment benefits under State law.

Sec. 234. Collaborative veterans' training, mentoring, and placement program.

Sec. 235. Appointment of honorably discharged members and other employment assistance.

Sec. 236. Department of Defense pilot program on work experience for members of the Armed Forces on terminal leave.

H. R. 674—2

- Sec. 237. Enhancement of demonstration program on credentialing and licensing of veterans.
- Sec. 238. Inclusion of performance measures in annual report on veteran job counseling, training, and placement programs of the Department of Labor.
- Sec. 239. Clarification of priority of service for veterans in Department of Labor job training programs.
- Sec. 240. Evaluation of individuals receiving training at the National Veterans' Employment and Training Services Institute.
- Sec. 241. Requirements for full-time disabled veterans' outreach program specialists and local veterans' employment representatives.

Subtitle D—Improvements to Uniformed Services Employment and Reemployment Rights

- Sec. 251. Clarification of benefits of employment covered under USERRA.

Subtitle E—Other Matters

- Sec. 261. Returning heroes and wounded warriors work opportunity tax credits.
- Sec. 262. Extension of reduced pension for certain veterans covered by Medicaid plans for services furnished by nursing facilities.
- Sec. 263. Reimbursement rate for ambulance services.
- Sec. 264. Extension of authority for Secretary of Veterans Affairs to obtain information from Secretary of Treasury and Commissioner of Social Security for income verification purposes.
- Sec. 265. Modification of loan guaranty fee for certain subsequent loans.

TITLE III—OTHER PROVISIONS RELATING TO FEDERAL VENDORS

- Sec. 301. One hundred percent levy for payments to Federal vendors relating to property.
- Sec. 302. Study and report on reducing the amount of the tax gap owed by Federal contractors.

TITLE IV—MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY

- Sec. 401. Modification of calculation of modified adjusted gross income for determining certain healthcare program eligibility.

TITLE V—BUDGETARY EFFECTS

- Sec. 501. Statutory Pay-As-You-Go Act of 2010.

**TITLE I—THREE PERCENT WITHHOLDING REPEAL AND JOB CREATION ACT**

**SEC. 101. SHORT TITLE.**

This title may be cited as the “3% Withholding Repeal and Job Creation Act”.

**SEC. 102. REPEAL OF IMPOSITION OF 3 PERCENT WITHHOLDING ON CERTAIN PAYMENTS MADE TO VENDORS BY GOVERNMENT ENTITIES.**

(a) **IN GENERAL.**—Section 3402 of the Internal Revenue Code of 1986 is amended by striking subsection (t).

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to payments made after December 31, 2011.

**TITLE II—VOW TO HIRE HEROES**

**SEC. 201. SHORT TITLE.**

This title may be cited as the “VOW to Hire Heroes Act of 2011”.

## Subtitle A—Retraining Veterans

### SEC. 211. VETERANS RETRAINING ASSISTANCE PROGRAM.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—Not later than July 1, 2012, the Secretary of Veterans Affairs shall, in collaboration with the Secretary of Labor, establish and commence a program of retraining assistance for eligible veterans.

(2) NUMBER OF ELIGIBLE VETERANS.—The number of unique eligible veterans who participate in the program established under paragraph (1) may not exceed—

(A) 45,000 during fiscal year 2012; and

(B) 54,000 during the period beginning October 1, 2012, and ending March 31, 2014.

(b) RETRAINING ASSISTANCE.—Except as provided by subsection (k), each veteran who participates in the program established under subsection (a)(1) shall be entitled to up to 12 months of retraining assistance provided by the Secretary of Veterans Affairs. Such retraining assistance may only be used by the veteran to pursue a program of education (as such term is defined in section 3452(b) of title 38, United States Code) for training, on a full-time basis, that—

(1) is approved under chapter 36 of such title;

(2) is offered by a community college or technical school;

(3) leads to an associate degree or a certificate (or other similar evidence of the completion of the program of education or training);

(4) is designed to provide training for a high-demand occupation, as determined by the Commissioner of Labor Statistics; and

(5) begins on or after July 1, 2012.

(c) MONTHLY CERTIFICATION.—Each veteran who participates in the program established under subsection (a)(1) shall certify to the Secretary of Veterans Affairs the enrollment of the veteran in a program of education described in subsection (b) for each month in which the veteran participates in the program.

(d) AMOUNT OF ASSISTANCE.—The monthly amount of the retraining assistance payable under this section is the amount in effect under section 3015(a)(1) of title 38, United States Code.

(e) ELIGIBILITY.—

(1) IN GENERAL.—For purposes of this section, an eligible veteran is a veteran who—

(A) as of the date of the submittal of the application for assistance under this section, is at least 35 years of age but not more than 60 years of age;

(B) was last discharged from active duty service in the Armed Forces under conditions other than dishonorable;

(C) as of the date of the submittal of the application for assistance under this section, is unemployed;

(D) as of the date of the submittal of the application for assistance under this section, is not eligible to receive educational assistance under chapter 30, 31, 32, 33, or 35 of title 38, United States Code, or chapter 1606 or 1607 of title 10, United States Code;

(E) is not in receipt of compensation for a service-connected disability rated totally disabling by reason of unemployability;

(F) was not and is not enrolled in any Federal or State job training program at any time during the 180-day period ending on the date of the submittal of the application for assistance under this section; and

(G) by not later than October 1, 2013, submits to the Secretary of Labor an application for assistance under this section containing such information and assurances as that Secretary may require.

(2) DETERMINATION OF ELIGIBILITY.—

(A) DETERMINATION BY SECRETARY OF LABOR.—

(i) IN GENERAL.—For each application for assistance under this section received by the Secretary of Labor from an applicant, the Secretary of Labor shall determine whether the applicant is eligible for such assistance under subparagraphs (A), (C), (F), and (G) of paragraph (1).

(ii) REFERRAL TO SECRETARY OF VETERANS AFFAIRS.—If the Secretary of Labor determines under clause (i) that an applicant is eligible for assistance under this section, the Secretary of Labor shall forward the application of such applicant to the Secretary of Veterans Affairs in accordance with the terms of the agreement required by subsection (h).

(B) DETERMINATION BY SECRETARY OF VETERANS AFFAIRS.—For each application relating to an applicant received by the Secretary of Veterans Affairs under subparagraph (A)(ii), the Secretary of Veterans Affairs shall determine under subparagraphs (B), (D), and (E) of paragraph (1) whether such applicant is eligible for assistance under this section.

(f) EMPLOYMENT ASSISTANCE.—For each veteran who participates in the program established under subsection (a)(1), the Secretary of Labor shall contact such veteran not later than 30 days after the date on which the veteran completes, or terminates participation in, such program to facilitate employment of such veteran and availability or provision of employment placement services to such veteran.

(g) CHARGING OF ASSISTANCE AGAINST OTHER ENTITLEMENT.—Assistance provided under this section shall be counted against the aggregate period for which section 3695 of title 38, United States Code, limits the individual's receipt of educational assistance under laws administered by the Secretary of Veterans Affairs.

(h) JOINT AGREEMENT.—

(1) IN GENERAL.—The Secretary of Veterans Affairs and the Secretary of Labor shall enter into an agreement to carry out this section.

(2) APPEALS PROCESS.—The agreement required by paragraph (1) shall include establishment of a process for resolving disputes relating to and appeals of decisions of the Secretaries under subsection (e)(2).

(i) REPORT.—

(1) IN GENERAL.—Not later than July 1, 2014, the Secretary of Veterans Affairs shall, in collaboration with the Secretary of Labor, submit to the appropriate committees of Congress

a report on the retraining assistance provided under this section.

(2) ELEMENTS.—The report required by paragraph (1) shall include the following:

(A) The total number of—

- (i) eligible veterans who participated; and
- (ii) associates degrees or certificates awarded (or other similar evidence of the completion of the program of education or training earned).

(B) Data related to the employment status of eligible veterans who participated.

(j) FUNDING.—Payments under this section shall be made from amounts appropriated to or otherwise made available to the Department of Veterans Affairs for the payment of readjustment benefits. Not more than \$2,000,000 shall be made available from such amounts for information technology expenses (not including personnel costs) associated with the administration of the program established under subsection (a)(1).

(k) TERMINATION OF AUTHORITY.—The authority to make payments under this section shall terminate on March 31, 2014.

(l) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term “appropriate committees of Congress” means—

(1) the Committee on Veterans’ Affairs and the Committee on Health, Education, Labor, and Pension of the Senate; and

(2) the Committee on Veterans’ Affairs and the Committee on Education and the Workforce of the House of Representatives.

## **Subtitle B—Improving the Transition Assistance Program**

### **SEC. 221. MANDATORY PARTICIPATION OF MEMBERS OF THE ARMED FORCES IN THE TRANSITION ASSISTANCE PROGRAM OF DEPARTMENT OF DEFENSE.**

(a) IN GENERAL.—Subsection (c) of section 1144 of title 10, United States Code, is amended to read as follows:

“(c) PARTICIPATION.—(1) Except as provided in paragraph (2), the Secretary of Defense and the Secretary of Homeland Security shall require the participation in the program carried out under this section of the members eligible for assistance under the program.

“(2) The Secretary of Defense and the Secretary of Homeland Security may, under regulations such Secretaries shall prescribe, waive the participation requirement of paragraph (1) with respect to—

“(A) such groups or classifications of members as the Secretaries determine, after consultation with the Secretary of Labor and the Secretary of Veterans Affairs, for whom participation is not and would not be of assistance to such members based on the Secretaries’ articulable justification that there is extraordinarily high reason to believe the exempted members are unlikely to face major readjustment, health care, employment, or other challenges associated with transition to civilian life; and

“(B) individual members possessing specialized skills who, due to unavoidable circumstances, are needed to support a unit’s imminent deployment.”.

(b) **REQUIRED USE OF EMPLOYMENT ASSISTANCE, JOB TRAINING ASSISTANCE, AND OTHER TRANSITIONAL SERVICES IN PRESEPARATION COUNSELING.**—Section 1142(a)(2) of such title is amended by striking “may” and inserting “shall”.

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall take effect on the date that is 1 year after the date of the enactment of this Act.

**SEC. 222. INDIVIDUALIZED ASSESSMENT FOR MEMBERS OF THE ARMED FORCES UNDER TRANSITION ASSISTANCE ON EQUIVALENCE BETWEEN SKILLS DEVELOPED IN MILITARY OCCUPATIONAL SPECIALTIES AND QUALIFICATIONS REQUIRED FOR CIVILIAN EMPLOYMENT WITH THE PRIVATE SECTOR.**

(a) **STUDY ON EQUIVALENCE REQUIRED.**—

(1) **IN GENERAL.**—The Secretary of Labor shall, in consultation with the Secretary of Defense and the Secretary of Veterans Affairs, enter into a contract with a qualified organization to conduct a study to identify any equivalences between the skills developed by members of the Armed Forces through various military occupational specialties (MOS), successful completion of resident training courses, attaining various military ranks or rates, or other military experiences and the qualifications required for various positions of civilian employment in the private sector.

(2) **COOPERATION OF FEDERAL AGENCIES.**—The departments and agencies of the Federal Government, including the Office of Personnel Management, the General Services Administration, the Government Accountability Office, the Department of Education, and other appropriate departments and agencies, shall cooperate with the contractor under paragraph (1) to conduct the study required under that paragraph.

(3) **REPORT.**—Upon completion of the study conducted under paragraph (1), the contractor under that paragraph shall submit to the Secretary of Defense, the Secretary of Veterans Affairs, and the Secretary of Labor a report setting forth the results of the study. The report shall include such information as the Secretaries shall specify in the contract under paragraph (1) for purposes of this section.

(4) **TRANSMITTAL TO CONGRESS.**—The Secretary of Labor shall transmit to the appropriate committees of Congress the report submitted under paragraph (3), together with such comments on the report as the Secretary considers appropriate.

(5) **APPROPRIATE COMMITTEES OF CONGRESS DEFINED.**—In this subsection, the term “appropriate committees of Congress” means—

(A) the Committee on Veterans’ Affairs, the Committee on Armed Services, and the Committee on Health, Education, Labor, and Pension of the Senate; and

(B) the Committee on Veterans’ Affairs, the Committee on Armed Services, and the Committee on Education and the Workforce of the House of Representatives.

(b) PUBLICATION.—The secretaries described in subsection (a)(1) shall ensure that the equivalences identified under subsection (a)(1) are—

- (1) made publicly available on an Internet website; and
- (2) regularly updated to reflect the most recent findings of the secretaries with respect to such equivalences.

(c) INDIVIDUALIZED ASSESSMENT OF CIVILIAN POSITIONS AVAILABLE THROUGH MILITARY EXPERIENCES.—The Secretary of Defense shall ensure that each member of the Armed Forces who is participating in the Transition Assistance Program (TAP) of the Department of Defense receives, as part of such member's participation in that program, an individualized assessment of the various positions of civilian employment in the private sector for which such member may be qualified as a result of the skills developed by such member through various military occupational specialties (MOS), successful completion of resident training courses, attaining various military ranks or rates, or other military experiences. The assessment shall be performed using the results of the study conducted under subsection (a) and such other information as the Secretary of Defense, in consultation with the Secretary of Veterans Affairs and the Secretary of Labor, considers appropriate for that purpose.

(d) FURTHER USE IN EMPLOYMENT-RELATED TRANSITION ASSISTANCE.—

(1) TRANSMITTAL OF ASSESSMENT.—The Secretary of Defense shall make the individualized assessment provided a member under subsection (a) available electronically to the Secretary of Veterans Affairs and the Secretary of Labor.

(2) USE IN ASSISTANCE.—The Secretary of Veterans Affairs and the Secretary of Labor may use an individualized assessment with respect to an individual under paragraph (1) for employment-related assistance in the transition from military service to civilian life provided the individual by such Secretary and to otherwise facilitate and enhance the transition of the individual from military service to civilian life.

(e) EFFECTIVE DATE.—This section shall take effect on the date that is one year after the date of the enactment of this Act.

**SEC. 223. TRANSITION ASSISTANCE PROGRAM CONTRACTING.**

(a) TRANSITION ASSISTANCE PROGRAM CONTRACTING.—

(1) IN GENERAL.—Section 4113 of title 38, United States Code, is amended to read as follows:

**“§ 4113. Transition Assistance Program personnel**

“(a) REQUIREMENT TO CONTRACT.—In accordance with section 1144 of title 10, the Secretary shall enter into a contract with an appropriate private entity or entities to provide the functions described in subsection (b) at all locations where the program described in such section is carried out.

“(b) FUNCTIONS.—Contractors under subsection (a) shall provide to members of the Armed Forces who are being separated from active duty (and the spouses of such members) the services described in section 1144(a)(1) of title 10, including the following:

- “(1) Counseling.

“(2) Assistance in identifying employment and training opportunities and help in obtaining such employment and training.

“(3) Assessment of academic preparation for enrollment in an institution of higher learning or occupational training.

“(4) Other related information and services under such section.

“(5) Such other services as the Secretary considers appropriate.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 41 of title 38, United States Code, is amended by striking the item relating to section 4113 and inserting the following new item:

“4113. Transition Assistance Program personnel.”.

(b) DEADLINE FOR IMPLEMENTATION.—The Secretary of Labor shall enter into the contract required by section 4113 of title 38, United States Code, as added by subsection (a), not later than two years after the date of the enactment of this Act.

**SEC. 224. CONTRACTS WITH PRIVATE ENTITIES TO ASSIST IN CARRYING OUT TRANSITION ASSISTANCE PROGRAM OF DEPARTMENT OF DEFENSE.**

Section 1144(d) of title 10, United States Code, is amended—

(1) in paragraph (5), by striking “public or private entities; and” and inserting “public entities;”;

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting after paragraph (5), the following new paragraph (6):

“(6) enter into contracts with private entities, particularly with qualified private entities that have experience with instructing members of the armed forces eligible for assistance under the program carried out under this section on—

“(A) private sector culture, resume writing, career networking, and training on job search technologies;

“(B) academic readiness and educational opportunities;

or

“(C) other relevant topics; and”.

**SEC. 225. IMPROVED ACCESS TO APPRENTICESHIP PROGRAMS FOR MEMBERS OF THE ARMED FORCES WHO ARE BEING SEPARATED FROM ACTIVE DUTY OR RETIRED.**

Section 1144 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(e) PARTICIPATION IN APPRENTICESHIP PROGRAMS.—As part of the program carried out under this section, the Secretary of Defense and the Secretary of Homeland Security may permit a member of the armed forces eligible for assistance under the program to participate in an apprenticeship program registered under the Act of August 16, 1937 (commonly known as the ‘National Apprenticeship Act’; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.), or a pre-apprenticeship program that provides credit toward a program registered under such Act, that provides members of the armed forces with the education, training, and services necessary to transition to meaningful employment that leads to economic self-sufficiency.”.



**SEC. 226. COMPTROLLER GENERAL REVIEW.**

Not later than two years after the date of the enactment of this Act, the Comptroller General of the United States shall conduct a review of the Transition Assistance Program (TAP) and submit to Congress a report on the results of the review and any recommendations of the Comptroller General for improving the program.

**Subtitle C—Improving the Transition of  
Veterans to Civilian Employment**

**SEC. 231. TWO-YEAR EXTENSION OF AUTHORITY OF SECRETARY OF VETERANS AFFAIRS TO PROVIDE REHABILITATION AND VOCATIONAL BENEFITS TO MEMBERS OF THE ARMED FORCES WITH SEVERE INJURIES OR ILLNESSES.**

Section 1631(b)(2) of the Wounded Warrior Act (title XVI of Public Law 110–181; 10 U.S.C. 1071 note) is amended by striking “December 31, 2012” and inserting “December 31, 2014”.

**SEC. 232. EXPANSION OF AUTHORITY OF SECRETARY OF VETERANS AFFAIRS TO PAY EMPLOYERS FOR PROVIDING ON-JOB TRAINING TO VETERANS WHO HAVE NOT BEEN REHABILITATED TO POINT OF EMPLOYABILITY.**

Section 3116(b)(1) of title 38, United States Code, is amended by striking “who have been rehabilitated to the point of employability”.

**SEC. 233. TRAINING AND REHABILITATION FOR VETERANS WITH SERVICE-CONNECTED DISABILITIES WHO HAVE EXHAUSTED RIGHTS TO UNEMPLOYMENT BENEFITS UNDER STATE LAW.**

(a) ENTITLEMENT TO ADDITIONAL REHABILITATION PROGRAMS.—

(1) IN GENERAL.—Section 3102 of title 38, United States Code, is amended—

(A) in the matter before paragraph (1), by striking

“A person” and inserting the following:

“(a) IN GENERAL.—A person”; and

(B) by adding at the end the following new paragraph:

“(b) ADDITIONAL REHABILITATION PROGRAMS FOR PERSONS WHO HAVE EXHAUSTED RIGHTS TO UNEMPLOYMENT BENEFITS UNDER STATE LAW.—(1) Except as provided in paragraph (4), a person who has completed a rehabilitation program under this chapter shall be entitled to an additional rehabilitation program under the terms and conditions of this chapter if—

“(A) the person is described by paragraph (1) or (2) of subsection (a); and

“(B) the person—

“(i) has exhausted all rights to regular compensation under the State law or under Federal law with respect to a benefit year;

“(ii) has no rights to regular compensation with respect to a week under such State or Federal law; and

“(iii) is not receiving compensation with respect to such week under the unemployment compensation law of Canada; and

“(C) begins such additional rehabilitation program within six months of the date of such exhaustion.

“(2) For purposes of paragraph (1)(B)(i), a person shall be considered to have exhausted such person’s rights to regular compensation under a State law when—

“(A) no payments of regular compensation can be made under such law because such person has received all regular compensation available to such person based on employment or wages during such person’s base period; or

“(B) such person’s rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

“(3) In this subsection, the terms ‘compensation’, ‘regular compensation’, ‘benefit year’, ‘State’, ‘State law’, and ‘week’ have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note).

“(4) No person shall be entitled to an additional rehabilitation program under paragraph (1) from whom the Secretary receives an application therefor after March 31, 2014.”.

(2) DURATION OF ADDITIONAL REHABILITATION PROGRAM.—

Section 3105(b) of such title is amended—

(A) by striking “Except as provided in subsection (c) of this section,” and inserting “(1) Except as provided in paragraph (2) and in subsection (c),”; and

(B) by adding at the end the following new paragraph:

“(2) The period of a vocational rehabilitation program pursued by a veteran under section 3102(b) of this title following a determination of the current reasonable feasibility of achieving a vocational goal may not exceed 12 months.”.

(b) EXTENSION OF PERIOD OF ELIGIBILITY.—Section 3103 of such title is amended—

(1) in subsection (a), by striking “in subsection (b), (c), or (d)” and inserting “in subsection (b), (c), (d), or (e)”; and

(2) by redesignating subsection (e) as subsection (f); and

(3) by inserting after subsection (d) the following new subsection (e):

“(e)(1) The limitation in subsection (a) shall not apply to a rehabilitation program described in paragraph (2).

“(2) A rehabilitation program described in this paragraph is a rehabilitation program pursued by a veteran under section 3102(b) of this title.”.

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on June 1, 2012, and shall apply with respect to rehabilitation programs beginning after such date.

(d) COMPTROLLER GENERAL REVIEW.—Not later than two years after the date of the enactment of this Act, the Comptroller General of the United States shall—

(1) conduct a review of the training and rehabilitation under chapter 31 of title 38, United States Code; and

(2) submit to Congress a report on the findings of the Comptroller General with respect to the review and any recommendations of the Comptroller General for improving such training and rehabilitation.

**SEC. 234. COLLABORATIVE VETERANS' TRAINING, MENTORING, AND PLACEMENT PROGRAM.**

(a) **IN GENERAL.**—Chapter 41 of title 38, United States Code, is amended by inserting after section 4104 the following new section:

**“§ 4104A. Collaborative veterans' training, mentoring, and placement program**

“(a) **GRANTS.**—The Secretary shall award grants to eligible non-profit organizations to provide training and mentoring for eligible veterans who seek employment. The Secretary shall award the grants to not more than three organizations, for periods of two years.

“(b) **COLLABORATION AND FACILITATION.**—The Secretary shall ensure that the recipients of the grants—

“(1) collaborate with—

“(A) the appropriate disabled veterans' outreach specialists (in carrying out the functions described in section 4103A(a)) and the appropriate local veterans' employment representatives (in carrying out the functions described in section 4104); and

“(B) the appropriate State boards and local boards (as such terms are defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801)) for the areas to be served by recipients of the grants; and

“(2) based on the collaboration, facilitate the placement of the veterans that complete the training in meaningful employment that leads to economic self-sufficiency.

“(c) **APPLICATION.**—To be eligible to receive a grant under this section, a nonprofit organization shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. At a minimum, the information shall include—

“(1) information describing how the organization will—

“(A) collaborate with disabled veterans' outreach specialists and local veterans' employment representatives and the appropriate State boards and local boards (as such terms are defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801));

“(B) based on the collaboration, provide training that facilitates the placement described in subsection (b)(2); and

“(C) make available, for each veteran receiving the training, a mentor to provide career advice to the veteran and assist the veteran in preparing a resume and developing job interviewing skills; and

“(2) an assurance that the organization will provide the information necessary for the Secretary to prepare the reports described in subsection (d).

“(d) **REPORTS.**—(1) Not later than six months after the date of the enactment of the VOW to Hire Heroes Act of 2011, the Secretary shall prepare and submit to the appropriate committees of Congress a report that describes the process for awarding grants under this section, the recipients of the grants, and the collaboration described in subsections (b) and (c).

“(2) Not later than 18 months after the date of enactment of the VOW to Hire Heroes Act of 2011, the Secretary shall—

“(A) conduct an assessment of the performance of the grant recipients, disabled veterans' outreach specialists, and local

veterans' employment representatives in carrying out activities under this section, which assessment shall include collecting information on the number of—

- “(i) veterans who applied for training under this section;
  - “(ii) veterans who entered the training;
  - “(iii) veterans who completed the training;
  - “(iv) veterans who were placed in meaningful employment under this section; and
  - “(v) veterans who remained in such employment as of the date of the assessment; and
- “(B) submit to the appropriate committees of Congress a report that includes—
- “(i) a description of how the grant recipients used the funds made available under this section;
  - “(ii) the results of the assessment conducted under subparagraph (A); and
  - “(iii) the recommendations of the Secretary as to whether amounts should be appropriated to carry out this section for fiscal years after 2013.

“(e) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to carry out this section \$4,500,000 for the period consisting of fiscal years 2012 and 2013.

“(f) **DEFINITIONS.**—In this section—

“(1) the term ‘appropriate committees of Congress’ means—

“(A) the Committee on Veterans' Affairs and the Committee on Health, Education, Labor, and Pension of the Senate; and

“(B) the Committee on Veterans' Affairs and the Committee on Education and Workforce of the House of Representatives; and

“(2) the term ‘nonprofit organization’ means an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code.”.

(b) **CONFORMING AMENDMENT.**—Section 4103A(a) of title 38, United States Code, is amended—

(1) in paragraph (1), by inserting “and facilitate placements” after “intensive services”; and

(2) by adding at the end the following:

“(3) In facilitating placement of a veteran under this program, a disabled veterans' outreach program specialist shall help to identify job opportunities that are appropriate for the veteran's employment goals and assist that veteran in developing a cover letter and resume that are targeted for those particular jobs.”.

(c) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 41 of such title is amended by inserting after the item relating to section 4104 the following new item:

“4104A. Collaborative veterans' training, mentoring, and placement program.”.

**SEC. 235. APPOINTMENT OF HONORABLY DISCHARGED MEMBERS AND OTHER EMPLOYMENT ASSISTANCE.**

(a) **APPOINTMENTS TO COMPETITIVE SERVICE POSITIONS.**—

(1) **IN GENERAL.**—Chapter 21 of title 5, United States Code, is amended by inserting after section 2108 the following:

**“§ 2108a. Treatment of certain individuals as veterans, disabled veterans, and preference eligibles**

“(a) VETERAN.—

“(1) IN GENERAL.—Except as provided under paragraph (3), an individual shall be treated as a veteran defined under section 2108(1) for purposes of making an appointment in the competitive service, if the individual—

“(A) meets the definition of a veteran under section 2108(1), except for the requirement that the individual has been discharged or released from active duty in the armed forces under honorable conditions; and

“(B) submits a certification described under paragraph (2) to the Federal officer making the appointment.

“(2) CERTIFICATION.—A certification referred to under paragraph (1) is a certification that the individual is expected to be discharged or released from active duty in the armed forces under honorable conditions not later than 120 days after the date of the submission of the certification.

“(b) DISABLED VETERAN.—

“(1) IN GENERAL.—Except as provided under paragraph (3), an individual shall be treated as a disabled veteran defined under section 2108(2) for purposes of making an appointment in the competitive service, if the individual—

“(A) meets the definition of a disabled veteran under section 2108(2), except for the requirement that the individual has been separated from active duty in the armed forces under honorable conditions; and

“(B) submits a certification described under paragraph (2) to the Federal officer making the appointment.

“(2) CERTIFICATION.—A certification referred to under paragraph (1) is a certification that the individual is expected to be separated from active duty in the armed forces under honorable conditions not later than 120 days after the date of the submission of the certification.

“(c) PREFERENCE ELIGIBLE.—Subsections (a) and (b) shall apply with respect to determining whether an individual is a preference eligible under section 2108(3) for purposes of making an appointment in the competitive service.”

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) DEFINITIONS.—Section 2108 of title 5, United States Code, is amended—

(i) in paragraph (1), in the matter following subparagraph (D), by inserting “, except as provided under section 2108a,” before “who has been”;

(ii) in paragraph (2), by inserting “(except as provided under section 2108a)” before “has been separated”; and

(iii) in paragraph (3), in the matter preceding subparagraph (A), by inserting “or section 2108a(c)” after “paragraph (4) of this section”.

(B) TABLE OF SECTIONS.—The table of sections for chapter 21 of title 5, United States Code, is amended

by adding after the item relating to section 2108 the following:

“2108a. Treatment of certain individuals as veterans, disabled veterans, and preference eligibles.”.

(b) **EMPLOYMENT ASSISTANCE: OTHER FEDERAL AGENCIES.—**

(1) **DEFINITIONS.—**In this subsection—

(A) the term “agency” has the meaning given the term “Executive agency” in section 105 of title 5, United States Code; and

(B) the term “veteran” has the meaning given that term in section 101 of title 38, United States Code.

(2) **RESPONSIBILITIES OF OFFICE OF PERSONNEL MANAGEMENT.—**The Director of the Office of Personnel Management shall—

(A) designate agencies that shall establish a program to provide employment assistance to members of the Armed Forces who are being separated from active duty in accordance with paragraph (3); and

(B) ensure that the programs established under this subsection are coordinated with the Transition Assistance Program (TAP) of the Department of Defense.

(3) **ELEMENTS OF PROGRAM.—**The head of each agency designated under paragraph (2)(A), in consultation with the Director of the Office of Personnel Management, and acting through the Veterans Employment Program Office of the agency established under Executive Order 13518 (74 Fed. Reg. 58533; relating to employment of veterans in the Federal Government), or any successor thereto, shall—

(A) establish a program to provide employment assistance to members of the Armed Forces who are being separated from active duty, including assisting such members in seeking employment with the agency;

(B) provide such members with information regarding the program of the agency established under subparagraph (A); and

(C) promote the recruiting, hiring, training and development, and retention of such members and veterans by the agency.

(4) **OTHER OFFICE.—**If an agency designated under paragraph (2)(A) does not have a Veterans Employment Program Office, the head of the agency, in consultation with the Director of the Office of Personnel Management, shall select an appropriate office of the agency to carry out the responsibilities of the agency under paragraph (3).

**SEC. 236. DEPARTMENT OF DEFENSE PILOT PROGRAM ON WORK EXPERIENCE FOR MEMBERS OF THE ARMED FORCES ON TERMINAL LEAVE.**

(a) **IN GENERAL.—**The Secretary of Defense may establish a pilot program to assess the feasibility and advisability of providing to members of the Armed Forces on terminal leave work experience with civilian employees and contractors of the Department of Defense to facilitate the transition of the individuals from service in the Armed Forces to employment in the civilian labor market.

(b) **DURATION.—**The pilot program shall be carried out during the two-year period beginning on the date of the commencement of the pilot program.

(c) REPORT.—Not later than 540 days after the date of the commencement of the pilot program, the Secretary shall submit to the Committee on Armed Services and the Committee on Veterans' Affairs of the Senate and the Committee on Armed Services and the Committee on Veterans' Affairs of the House of Representatives an interim report on the pilot program that includes the findings of the Secretary with respect to the feasibility and advisability of providing covered individuals with work experience as described in subsection (a).

**SEC. 237. ENHANCEMENT OF DEMONSTRATION PROGRAM ON CREDENTIALING AND LICENSING OF VETERANS.**

(a) IN GENERAL.—Section 4114 of title 38, United States Code, is amended—

(1) in subsection (a), by striking “may” and inserting “shall”;

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking “Assistant Secretary shall” and inserting “Assistant Secretary for Veterans' Employment and Training shall, in consultation with the Assistant Secretary for Employment and Training,”;

(ii) by striking “not less than 10 military” and inserting “not more than five military”; and

(iii) by inserting “for Veterans' Employment and Training” after “selected by the Assistant Secretary”; and

(B) in paragraph (2), by striking “consult with appropriate Federal, State, and industry officials to” and inserting “enter into a contract with an appropriate entity representing a coalition of State governors to consult with appropriate Federal, State, and industry officials and”; and

(3) by striking subsections (d) through (h) and inserting

the following:

“(d) PERIOD OF PROJECT.—The period during which the Assistant Secretary shall carry out the demonstration project under this section shall be the two-year period beginning on the date of the enactment of the VOW to Hire Heroes Act of 2011.”.

(b) STUDY COMPARING COSTS INCURRED BY SECRETARY OF DEFENSE FOR TRAINING FOR MILITARY OCCUPATIONAL SPECIALTIES WITHOUT CREDENTIALING OR LICENSING WITH COSTS INCURRED BY SECRETARY OF VETERANS AFFAIRS AND SECRETARY OF LABOR IN PROVIDING EMPLOYMENT-RELATED ASSISTANCE.—

(1) IN GENERAL.—Not later than 180 days after the conclusion of the period described in subsection (d) of section 4114 of title 38, United States Code, as added by subsection (a), the Assistant Secretary of Labor of Veterans' Employment and Training shall, in consultation with the Secretary of Defense and the Secretary of Veterans Affairs, complete a study comparing the costs incurred by the Secretary of Defense in training members of the Armed Forces for the military occupational specialties selected by the Assistant Secretary of Labor of Veterans' Employment and Training pursuant to the demonstration project provided for in such section 4114, as amended by subsection (a), with the costs incurred by the Secretary of Veterans Affairs and the Secretary of Labor in providing employment-related assistance to veterans who previously held such military occupational specialties, including—

(A) providing educational assistance under laws administered by the Secretary of Veterans Affairs to veterans to obtain credentialing and licensing for civilian occupations that are similar to such military occupational specialties;

(B) providing assistance to unemployed veterans who, while serving in the Armed Forces, were trained in a military occupational specialty; and

(C) providing vocational training or counseling to veterans described in subparagraph (B).

(2) REPORT.—

(A) IN GENERAL.—Not later than 180 days after the conclusion of the period described in subsection (d) of section 4114 of title 38, United States Code, as added by subsection (a), the Assistant Secretary of Labor of Veterans' Employment and Training shall submit to Congress a report on the study carried out under paragraph (1).

(B) ELEMENTS.—The report required by subparagraph (A) shall include the following:

(i) The findings of the Assistant Secretary with respect to the study required by paragraph (1).

(ii) A detailed description of the costs compared under the study required by paragraph (1).

**SEC. 238. INCLUSION OF PERFORMANCE MEASURES IN ANNUAL REPORT ON VETERAN JOB COUNSELING, TRAINING, AND PLACEMENT PROGRAMS OF THE DEPARTMENT OF LABOR.**

Section 4107(c) of title 38, United States Code, is amended—

(1) in paragraph (2), by striking “clause (1)” and inserting “paragraph (1)”;

(2) in paragraph (5), by striking “and” at the end;

(3) in paragraph (6), by striking the period and inserting “; and”; and

(4) by adding at the end the following new paragraph:  
“(7) performance measures for the provision of assistance under this chapter, including—

“(A) the percentage of participants in programs under this chapter who find employment before the end of the first 90-day period following their completion of the program;

“(B) the percentage of participants described in subparagraph (A) who are employed during the first 180-day period following the period described in such subparagraph;

“(C) the median earnings of participants described in subparagraph (A) during the period described in such subparagraph;

“(D) the median earnings of participants described in subparagraph (B) during the period described in such subparagraph; and

“(E) the percentage of participants in programs under this chapter who obtain a certificate, degree, diploma, licensure, or industry-recognized credential relating to the program in which they participated under this chapter during the third 90-day period following their completion of the program.”.



**SEC. 239. CLARIFICATION OF PRIORITY OF SERVICE FOR VETERANS  
IN DEPARTMENT OF LABOR JOB TRAINING PROGRAMS.**

Section 4215 of title 38, United States Code, is amended—

(1) in subsection (a)(3), by adding at the end the following:  
“Such priority includes giving access to such services to a covered person before a non-covered person or, if resources are limited, giving access to such services to a covered person instead of a non-covered person.”; and

(2) by amending subsection (d) to read as follows:

“(d) ADDITION TO ANNUAL REPORT.—(1) In the annual report required under section 4107(c) of this title for the program year beginning in 2003 and each subsequent program year, the Secretary of Labor shall evaluate whether covered persons are receiving priority of service and are being fully served by qualified job training programs. Such evaluation shall include—

“(A) an analysis of the implementation of providing such priority at the local level;

“(B) whether the representation of veterans in such programs is in proportion to the incidence of representation of veterans in the labor market, including within groups that the Secretary may designate for priority under such programs, if any; and

“(C) performance measures, as determined by the Secretary, to determine whether veterans are receiving priority of service and are being fully served by qualified job training programs.

“(2) The Secretary may not use the proportion of representation of veterans described in subparagraph (B) of paragraph (1) as the basis for determining under such paragraph whether veterans are receiving priority of service and are being fully served by qualified job training programs.”.

**SEC. 240. EVALUATION OF INDIVIDUALS RECEIVING TRAINING AT THE  
NATIONAL VETERANS' EMPLOYMENT AND TRAINING SERVICES INSTITUTE.**

(a) IN GENERAL.—Section 4109 of title 38, United States Code, is amended by adding at the end the following new subsection:

“(d)(1) The Secretary shall require that each disabled veterans' outreach program specialist and local veterans' employment representative who receives training provided by the Institute, or its successor, is given a final examination to evaluate the specialist's or representative's performance in receiving such training.

“(2) The results of such final examination shall be provided to the entity that sponsored the specialist or representative who received the training.”.

(b) EFFECTIVE DATE.—Subsection (d) of section 4109 of title 38, United States Code, as added by subsection (a), shall apply with respect to training provided by the National Veterans' Employment and Training Services Institute that begins on or after the date that is 180 days after the date of the enactment of this Act.

**SEC. 241. REQUIREMENTS FOR FULL-TIME DISABLED VETERANS' OUTREACH PROGRAM SPECIALISTS AND LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES.**

(a) **DISABLED VETERANS' OUTREACH PROGRAM SPECIALISTS.**—Section 4103A of title 38, United States Code, is amended by adding at the end the following new subsection:

“(d) **ADDITIONAL REQUIREMENT FOR FULL-TIME EMPLOYEES.**—

(1) A full-time disabled veterans' outreach program specialist shall perform only duties related to meeting the employment needs of eligible veterans, as described in subsection (a), and shall not perform other non-veteran-related duties that detract from the specialist's ability to perform the specialist's duties related to meeting the employment needs of eligible veterans.

“(2) The Secretary shall conduct regular audits to ensure compliance with paragraph (1). If, on the basis of such an audit, the Secretary determines that a State is not in compliance with paragraph (1), the Secretary may reduce the amount of a grant made to the State under section 4102A(b)(5) of this title.”

(b) **LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES.**—Section 4104 of such title is amended—

(1) by redesignating subsection (e) as subsection (f); and

(2) by inserting after subsection (d) the following new subsection (e):

“(e) **ADDITIONAL REQUIREMENTS FOR FULL-TIME EMPLOYEES.**—

(1) A full-time local veterans' employment representative shall perform only duties related to the employment, training, and placement services under this chapter, and shall not perform other non-veteran-related duties that detract from the representative's ability to perform the representative's duties related to employment, training, and placement services under this chapter.

“(2) The Secretary shall conduct regular audits to ensure compliance with paragraph (1). If, on the basis of such an audit, the Secretary determines that a State is not in compliance with paragraph (1), the Secretary may reduce the amount of a grant made to the State under section 4102A(b)(5) of this title.”

(c) **CONSOLIDATION.**—Section 4102A of such title is amended by adding at the end the following new subsection:

“(h) **CONSOLIDATION OF DISABLED VETERANS' OUTREACH PROGRAM SPECIALISTS AND VETERANS' EMPLOYMENT REPRESENTATIVES.**—The Secretary may allow the Governor of a State receiving funds under subsection (b)(5) to support specialists and representatives as described in such subsection to consolidate the functions of such specialists and representatives if—

“(1) the Governor determines, and the Secretary concurs, that such consolidation—

“(A) promotes a more efficient administration of services to veterans with a particular emphasis on services to disabled veterans; and

“(B) does not hinder the provision of services to veterans and employers; and

“(2) the Governor submits to the Secretary a proposal therefor at such time, in such manner, and containing such information as the Secretary may require.”

## **Subtitle D—Improvements to Uniformed Services Employment and Reemployment Rights**

### **SEC. 251. CLARIFICATION OF BENEFITS OF EMPLOYMENT COVERED UNDER USERRA.**

Section 4303(2) of title 38, United States Code, is amended by inserting “the terms, conditions, or privileges of employment, including” after “means”.

## **Subtitle E—Other Matters**

### **SEC. 261. RETURNING HEROES AND WOUNDED WARRIORS WORK OPPORTUNITY TAX CREDITS.**

(a) **IN GENERAL.**—Paragraph (3) of section 51(b) of the Internal Revenue Code of 1986 is amended by striking “(\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii))” and inserting “(\$12,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(I), \$14,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(iv), and \$24,000 per year in the case of any individual who is a qualified veteran by reason of subsection (d)(3)(A)(ii)(II))”.

(b) **RETURNING HEROES TAX CREDITS.**—Subparagraph (A) of section 51(d)(3) of the Internal Revenue Code of 1986 is amended—

(1) by striking “or” at the end of clause (i),

(2) by striking the period at the end of clause (ii)(II),

and

(3) by adding at the end the following new clauses:

“(iii) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 4 weeks (but less than 6 months), or

“(iv) having aggregate periods of unemployment during the 1-year period ending on the hiring date which equal or exceed 6 months.”.

(c) **SIMPLIFIED CERTIFICATION.**—Paragraph (13) of section 51(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(D) **CREDIT FOR UNEMPLOYED VETERANS.**—

“(i) **IN GENERAL.**—Notwithstanding subparagraph (A), for purposes of paragraph (3)(A)—

“(I) a veteran will be treated as certified by the designated local agency as having aggregate periods of unemployment meeting the requirements of clause (ii)(II) or (iv) of such paragraph (whichever is applicable) if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 6 months during the 1-year period ending on the hiring date, and

“(II) a veteran will be treated as certified by the designated local agency as having aggregate

periods of unemployment meeting the requirements of clause (iii) of such paragraph if such veteran is certified by such agency as being in receipt of unemployment compensation under State or Federal law for not less than 4 weeks (but less than 6 months) during the 1-year period ending on the hiring date.

“(ii) REGULATORY AUTHORITY.—The Secretary may provide alternative methods for certification of a veteran as a qualified veteran described in clause (ii)(II), (iii), or (iv) of paragraph (3)(A), at the Secretary’s discretion.”

(d) EXTENSION OF CREDIT.—Subparagraph (B) of section 51(c)(4) of the Internal Revenue Code of 1986 is amended to read as follows:

“(B) after—

“(i) December 31, 2012, in the case of a qualified veteran, and

“(ii) December 31, 2011, in the case of any other individual.”

(e) CREDIT MADE AVAILABLE TO TAX-EXEMPT ORGANIZATIONS IN CERTAIN CIRCUMSTANCES.—

(1) IN GENERAL.—Subsection (c) of section 52 of the Internal Revenue Code of 1986 is amended—

(A) by inserting “(1) IN GENERAL.—” before “No credit”,

and

(B) by adding at the end the following new paragraph:

“(2) CREDIT MADE AVAILABLE TO QUALIFIED TAX-EXEMPT ORGANIZATIONS EMPLOYING QUALIFIED VETERANS.—For credit against payroll taxes for employment of qualified veterans by qualified tax-exempt organizations, see section 3111(e).”

(2) CREDIT ALLOWABLE.—Section 3111 of such Code is amended by adding at the end the following new subsection:

“(e) CREDIT FOR EMPLOYMENT OF QUALIFIED VETERANS.—

“(1) IN GENERAL.—If a qualified tax-exempt organization hires a qualified veteran with respect to whom a credit would be allowable under section 38 by reason of section 51 if the organization were not a qualified tax-exempt organization, then there shall be allowed as a credit against the tax imposed by subsection (a) on wages paid with respect to employment of all employees of the organization during the applicable period an amount equal to the credit determined under section 51 (after application of the modifications under paragraph (3)) with respect to wages paid to such qualified veteran during such period.

“(2) OVERALL LIMITATION.—The aggregate amount allowed as a credit under this subsection for all qualified veterans for any period with respect to which tax is imposed under subsection (a) shall not exceed the amount of the tax imposed by subsection (a) on wages paid with respect to employment of all employees of the organization during such period.

“(3) MODIFICATIONS.—For purposes of paragraph (1), section 51 shall be applied—

“(A) by substituting ‘26 percent’ for ‘40 percent’ in subsection (a) thereof,

“(B) by substituting ‘16.25 percent’ for ‘25 percent’ in subsection (i)(3)(A) thereof, and

“(C) by only taking into account wages paid to a qualified veteran for services in furtherance of the activities related to the purpose or function constituting the basis of the organization’s exemption under section 501.

“(4) APPLICABLE PERIOD.—The term ‘applicable period’ means, with respect to any qualified veteran, the 1-year period beginning with the day such qualified veteran begins work for the organization.

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

“(A) the term ‘qualified tax-exempt organization’ means an employer that is an organization described in section 501(c) and exempt from taxation under section 501(a), and

“(B) the term ‘qualified veteran’ has meaning given such term by section 51(d)(3).”

(3) TRANSFERS TO FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—There are hereby appropriated to the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund established under section 201 of the Social Security Act (42 U.S.C. 401) amounts equal to the reduction in revenues to the Treasury by reason of the amendments made by paragraphs (1) and (2). Amounts appropriated by the preceding sentence shall be transferred from the general fund at such times and in such manner as to replicate to the extent possible the transfers which would have occurred to such Trust Fund had such amendments not been enacted.

(f) TREATMENT OF POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS.—

(A) MIRROR CODE POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States with a mirror code tax system amounts equal to the loss to that possession by reason of the amendments made by this section. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession of the United States.

(B) OTHER POSSESSIONS.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system the amount estimated by the Secretary of the Treasury as being equal to the loss to that possession that would have occurred by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply with respect to any possession of the United States unless such possession establishes to the satisfaction of the Secretary that the possession has implemented (or, at the discretion of the Secretary, will implement) an income tax benefit which is substantially equivalent to the income tax credit in effect after the amendments made by this section.

(2) COORDINATION WITH CREDIT ALLOWED AGAINST UNITED STATES INCOME TAXES.—The credit allowed against United States income taxes for any taxable year under the amendments made by this section to section 51 of the Internal Revenue Code of 1986 to any person with respect to any qualified veteran shall be reduced by the amount of any credit (or other tax benefit described in paragraph (1)(B)) allowed to such person

against income taxes imposed by the possession of the United States by reason of this subsection with respect to such qualified veteran for such taxable year.

(3) DEFINITIONS AND SPECIAL RULES.—

(A) POSSESSION OF THE UNITED STATES.—For purposes of this subsection, the term “possession of the United States” includes American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the United States Virgin Islands.

(B) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(C) TREATMENT OF PAYMENTS.—For purposes of section 1324(b)(2) of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from credit provisions described in such section.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

**SEC. 262. EXTENSION OF REDUCED PENSION FOR CERTAIN VETERANS COVERED BY MEDICAID PLANS FOR SERVICES FURNISHED BY NURSING FACILITIES.**

Section 5503(d)(7) of title 38, United States Code, is amended by striking “May 31, 2015” and inserting “September 30, 2016”.

**SEC. 263. REIMBURSEMENT RATE FOR AMBULANCE SERVICES.**

Section 111(b)(3) of title 38, United States Code, is amended by adding at the end the following new subparagraph:

“(C) In the case of transportation of a person under subparagraph (B) by ambulance, the Secretary may pay the provider of the transportation the lesser of the actual charge for the transportation or the amount determined by the fee schedule established under section 1834(l) of the Social Security Act (42 U.S.C. 1395(l)) unless the Secretary has entered into a contract for that transportation with the provider.”.

**SEC. 264. EXTENSION OF AUTHORITY FOR SECRETARY OF VETERANS AFFAIRS TO OBTAIN INFORMATION FROM SECRETARY OF TREASURY AND COMMISSIONER OF SOCIAL SECURITY FOR INCOME VERIFICATION PURPOSES.**

Section 5317(g) of title 38, United States Code, is amended by striking “September 30, 2011” and inserting “September 30, 2016”.

**SEC. 265. MODIFICATION OF LOAN GUARANTY FEE FOR CERTAIN SUBSEQUENT LOANS.**

(a) IN GENERAL.—Section 3729(b)(2) of title 38, United States Code, is amended—

(1) in subparagraph (A)—

(A) in clause (iii), by striking “November 18, 2011” and inserting “October 1, 2016”; and

- (B) in clause (iv), by striking “November 18, 2011” and inserting “October 1, 2016”;
- (2) in subparagraph (B)—
- (A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”;
- (B) by striking clauses (ii) and (iii);
- (C) by redesignating clause (iv) as clause (ii); and
- (D) in clause (ii), as redesignated by subparagraph (C), by striking “October 1, 2013” and inserting “October 1, 2016”;
- (3) in subparagraph (C)—
- (A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”; and
- (B) in clause (ii), by striking “November 18, 2011” and inserting “October 1, 2016”; and
- (4) in subparagraph (D)—
- (A) in clause (i), by striking “November 18, 2011” and inserting “October 1, 2016”; and
- (B) in clause (ii), by striking “November 18, 2011” and inserting “October 1, 2016”.
- (b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the later of—
- (1) November 18, 2011; or
- (2) the date of the enactment of this Act.

### **TITLE III—OTHER PROVISIONS RELATING TO FEDERAL VENDORS**

#### **SEC. 301. ONE HUNDRED PERCENT LEVY FOR PAYMENTS TO FEDERAL VENDORS RELATING TO PROPERTY.**

(a) IN GENERAL.—Section 6331(h)(3) of the Internal Revenue Code of 1986 is amended by striking “goods or services” and inserting “property, goods, or services”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to levies issued after the date of the enactment of this Act.

#### **SEC. 302. STUDY AND REPORT ON REDUCING THE AMOUNT OF THE TAX GAP OWED BY FEDERAL CONTRACTORS.**

(a) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury, or the Secretary’s delegate, in consultation with the Director of the Office of Management and Budget and the heads of such other Federal agencies as the Secretary determines appropriate, shall conduct a study on ways to reduce the amount of Federal tax owed but not paid by persons submitting bids or proposals for the procurement of property or services by the Federal government.

(2) MATTERS STUDIED.—The study conducted under paragraph (1) shall include the following matters:

(A) An estimate of the amount of delinquent taxes owed by Federal contractors.

(B) The extent to which the requirement that persons submitting bids or proposals certify whether such persons have delinquent tax debts has—

(i) improved tax compliance; and

(ii) been a factor in Federal agency decisions not to enter into or renew contracts with such contractors.

(C) In cases in which Federal agencies continue to contract with persons who report having delinquent tax debt, the factors taken into consideration in awarding such contracts.

(D) The degree of the success of the Federal lien and levy system in recouping delinquent Federal taxes from Federal contractors.

(E) The number of persons who have been suspended or debarred because of a delinquent tax debt over the past 3 years.

(F) An estimate of the extent to which the subcontractors under Federal contracts have delinquent tax debt.

(G) The Federal agencies which have most frequently awarded contracts to persons notwithstanding any certification by such person that the person has delinquent tax debt.

(H) Recommendations on ways to better identify Federal contractors with delinquent tax debts.

(b) REPORT.—Not later than 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and the Committee on Homeland Security and Government Affairs of the Senate, a report on the study conducted under subsection (a), together with any legislative recommendations.

#### **TITLE IV—MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY**

##### **SEC. 401. MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY.**

(a) IN GENERAL.—Subparagraph (B) of section 36B(d)(2) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) an amount equal to the portion of the taxpayer’s social security benefits (as defined in section 86(d)) which is not included in gross income under section 86 for the taxable year.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(c) NO IMPACT ON SOCIAL SECURITY TRUST FUNDS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury, or the Secretary’s delegate, shall annually estimate the impact that the amendments made by subsection (a) have on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).



(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury or the Secretary's delegate estimates that such amendments have a negative impact on the income and balances of such trust funds, the Secretary shall transfer, not less frequently than quarterly, from the general fund an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of such amendments.

## **TITLE V—BUDGETARY EFFECTS**

### **SEC. 501. STATUTORY PAY-AS-YOU-GO ACT OF 2010.**

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*