



Report of the Military Compensation and Retirement Modernization Commission

LEGISLATIVE PROPOSALS

January 2015



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Legislative Proposals Implementing MCRMC Recommendations

Proposed Section	Title	Synopsis
101	Thrift Savings Plan Participation for Members of the Uniformed Services	This proposal amends multiple sections of chapter 84 of title 5, United States Code, to modernize the retirement system of the uniformed services by providing Thrift Savings Plan (TSP) matching contributions for certain members of the uniformed services, requiring annual automatic enrollment in the TSP program for certain members, providing certain members with full vesting in the TSP program at 2 years of service, and changing the TSP default investment fund to the age-appropriate target date asset allocation investment fund.
102	Modernized Retirement System for Members and Retirees	This proposal amends 10 U.S.C. 1409(b) to establish a modernized retirement system by providing certain members of the uniformed services and retirees with the option to receive TSP matching contributions, accept reduced retirement multipliers, and receive lump sum retirement payments. The proposal also makes conforming amendments to other retirement authorities throughout the United States Code.
103	Lump Sum Payments	This proposal adds a new section 1415 to chapter 71 of title 10, United States Code, that provides for lump sum payments of certain retired pay.
104	Authority for Retirement Flexibility	This proposal adds a new section 1416 to chapter 71 of title 10, United States Code, that allows the Secretary of Defense to modify the years of service required for a member to retire in order to facilitate management actions that shape the personnel profile or correct manpower shortages within an occupational specialty or other grouping.
105	Treatment of the Department of Defense Military Retirement Fund as a Qualified Trust Fund	This proposal adds a new section 1468 to chapter 74 of title 10, United States Code, that requires the Department of Defense Military Retirement Fund to be treated as a trust described in section 401(a) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Act.
106	Modernized Retirement System for Reserve Component Members	This proposal amends 10 U.S.C. 12739 to provide reserve component members with the option to receive TSP matching contributions, accept reduced retirement multipliers, and receive lump sum retirement payments.
107	Continuation Pay	This proposal adds a new section 356 to chapter 5 of title 37, United States Code, that requires the Secretary of Defense to award continuation payments to certain members of the uniformed services who have 12 years of service and agree to 4 additional years of service, and a new section 357 of such title that permits the Secretary of Defense to award continuation payments to certain members who have 12 years of service and agree to 4 additional years of service.
108	Lump Sum Repayments	This proposal adds a new subsection (d) to 38 U.S.C. 5304 that reduces the amount of pension and compensation payments made to a person by the Department of Veterans Affairs by the amount of any lump sum payment received by the person under proposed section 1415 of title 10, United States Code.
201	Increased Service Member Choice in Survivor Benefit Plan	This proposal amends 10 U.S.C. 1452 to provide members with the option of new Survivor Benefit Plan (SBP) coverage that is not offset by the Dependency and Indemnity Compensation (DIC) Program.
301	Improving Financial Literacy and Preparedness	This proposal amends 10 U.S.C. 992 to increase the frequency and strengthen the content of financial literacy training. The proposal also requires that a survey of the status of the financial literacy and preparedness of members of the Armed Forces be included in the annual status of forces survey.
302	Financial Literacy Training for Members of the Uniformed Services	The proposal requires the Secretary concerned to provide the financial literacy training under 10 U.S.C 992 that is related to health insurance, budget management, the Thrift Savings Plan (TSP), retirement lump sum payments, and the Survivor Benefit Plan (SBP) to members of the uniformed services not later than 6 months after the date of enactment.
303	Sense of Congress Regarding Financial Literacy and Preparedness	This proposal expresses the sense of Congress that the Secretary of Defense should strengthen arrangements with other Federal agencies and nonprofit organizations to improve the financial literacy and preparedness of members of the Armed Forces. The proposal also encourages the Chairman of the Joint Chiefs of Staff and the Service Chiefs to provide support for financial literacy and preparedness training.
401	Consolidation of Authorities to Order Reserve Component Members to Perform Duty	This proposal amends chapter 1209 of title 10, United States Code, to provide for a streamlined, consolidated Reserve Component status system by replacing the current 30 Reserve Component duty statuses with 6 broader statuses. The proposal also makes conforming amendments throughout the United States Code to reflect the consolidation.

Proposed Section	Title	Synopsis
402	General Technical Amendments	This proposal requires the Secretary of Defense to submit to the Committees on Armed Services of the Senate and House of Representatives a draft of legislation to make any technical or conforming amendments that are required or should be made by reason of the amendments made by section 401.
501	Directorate for Medical Readiness	This proposal adds a new subsection (h) to 10 U.S.C. 155 that establishes within the Joint Staff a Directorate for Medical Readiness to advise the Chairman of the Joint Chiefs of Staff on medical readiness.
502	Joint Readiness Command	This proposal adds a new section 169 to chapter 6 of title 10, United States Code, that establishes a Joint Readiness Command as a unified combatant command for readiness.
503	Joint Requirements Oversight Council	This proposal amends section 10 U.S.C. 181(d)(1) to include the Director for Medical Readiness as an advisor to the Joint Requirements Oversight Council with respect to matters related to medical readiness.
504	Joint Medical Readiness Oversight Council	This proposal adds a new section 181a to chapter 7 of title 10, United States Code, that establishes a Joint Medical Readiness Oversight Council to assist and advise the Chairman of the Joint Chiefs of Staff with respect to joint medical readiness matters.
505	Treatment of Veterans and Civilians at Military Medical Treatment Facilities	This proposal adds a new section 1110c to chapter 55 of title 10, United States Code, that allows a veteran or civilian to be treated at certain military medical treatment facilities in order to maintain the military's essential medical capabilities.
506	Military Medical Personnel Training	This proposal adds a new section 2017 to chapter 101 of title 10, United States Code, that authorizes military medical personnel to train in Department of Veterans Affairs facilities or in civilian facilities in order to maintain the military's essential medical capabilities.
507	Military Medical Treatment Facilities Working-Capital Funds	This proposal adds a new section 2208a to chapter 131 of title 10, United States Code, that establishes a working-capital fund for each military department for the operation of military medical treatment facilities under the jurisdiction of the military department.
508	Sustainment of Essential Medical Capabilities	This proposal adds a new chapter 174 to title 10, United States Code, that requires the Secretary of Defense to establish essential medical capabilities for the Armed Forces.
601	Health Insurance	This proposal adds a new chapter 55A to title 10, United States Code, that establishes a new health insurance program to provide health insurance coverage to certain dependents of members of the uniformed services, certain reserve component members of the Armed Forces, non-Medicare eligible members or former members of a uniformed service entitled to retired or retainer pay, or equivalent pay, the dependents of such non-Medicare eligible members or former members, and certain Medal of Honor recipients and their dependents.
602	Department of Defense Health Care Trust Fund	This proposal adds a new section 1110c to chapter 55 of title 10, United States Code, that establishes the Department of Defense Health Care Trust Fund to finance health, dental and pharmacy benefits for certain members of the uniformed services and the dependents of such members.
603	Retiree Health Care Fund	This proposal amends chapter 56 of title 10, United States Code, to expand the scope of the existing Department of Defense Medicare-Eligible Retiree Health Care Trust Fund in order to finance the liabilities of non-Medicare eligible retirees under certain uniformed services retiree health care programs.
604	Basic Allowance for Health Care	This proposal adds a new section 402b to chapter 7 of title 37, United States Code, that provides a basic allowance for health care to members of the uniformed services who are on active duty for a period of more than 30 days and have dependents. The proposal also makes conforming amendments to the Internal Revenue Code of 1986 with respect to the basic allowance for health care.
605	General Technical Amendments	This proposal requires the Secretary of Defense to submit to the Committees on Armed Services of the Senate and House of Representatives a draft of legislation to make any technical or conforming amendments that are required or should be made by reason of the amendments made by sections 601 through 604.
801	Uniform Formulary	This proposal adds a new subparagraph (G) to 10 U.S.C. 1074g(a)(2) that requires the Joint Executive Committee to determine the classes of drugs that are critical for the transition from military service, and creates a strategic uniform formulary that includes the drugs that are critical for the transition from military service.

Proposed Section	Title	Synopsis
802	Resource Sharing Agreements	This proposal adds a new subsection (e) to 10 U.S.C 1104 and a new subsection (g) to 38 U.S.C 8111 requiring the Secretaries of Defense and Veterans Affairs to establish categories of resource sharing agreements that can be quickly and efficiently implemented by the heads of local medical facilities, and requiring the Secretaries to establish standardized model resource sharing agreements.
803	Joint Executive Committee	This proposal amends 38 U.S.C. 320 to require the Joint Executive Committee to develop a common services definition and to establish a strategic plan for the joint coordination and sharing efforts between the Department of Defense and the Department of Veterans Affairs. The proposal also establishes interagency agreements between the two departments and requires the Joint Executive Committee to review and approve or disapprove any acquisition, sustainment, restoration or modernization of certain medical capital assets of the two departments.
804	Electronic Health Records	This proposal requires the Secretary of Defense and the Secretary of Veterans Affairs jointly to establish an electronic health record within the health record system of the Department of Veterans Affairs for each member of the Armed Forces and each individual who completes a military service specific enlisted or officer accession program.
901	Definition of Employee	This proposal amends the 5 U.S.C. 2105(c) definition of employee to refer to the defense resale system rather than the exchanges of the individual military services.
902	Defense Resale System	This proposal amends 10 U.S.C 2481 to consolidate DOD's commissaries and exchange systems into a single defense resale system that combines resources, increases operational flexibility, and better aligns incentives and policies.
903	Commissary Stores: Use of Appropriated Funds to Cover Operating Expenses	This proposal amends 10 U.S.C 2483 to provide that the operation of the defense resale system related to commissaries may be funded using appropriated funds. The proposal requires the executive governing body of the defense resale system to approve the portion of commissary operating expenses to be funded with appropriated funds. The proposal also permits nonappropriated funds generated by the defense resale system and certain other additional funds to be used to supplement the expenses of operating the defense resale system and commissary stores.
904	Commissary Stores: Merchandise That May Be Sold; Uniform Surcharges and Pricing	This proposal amends 10 U.S.C. 2484 to require the Secretary of Defense to establish the sales price of each item of merchandise, within certain revised categories, that is sold in, at, or by commissaries.
905	Defense Resale System Operations	This proposal amends 10 U.S.C. 2485 with respect to the operations of the defense resale system, and establishes an executive governing body for the defense resale system to oversee operations of the system, including personnel matters. The proposal also amends the type of commercially valuable information of the defense resale system that may be released to the public.
906	Consolidation of the Defense Resale System	This proposal amends 10 U.S.C. 2487 to consolidate the operation and administration of the commissary system and exchange system into a single defense resale system, and disestablishes to Defense Commissary Agency.
907	Combined Exchange and Commissary Stores	This proposal repeals section 2488 of title 10, United States Code, relating to combined exchange and commissary stores.
908	Overseas Commissary and Exchange Stores: Access and Purchase Restrictions	This proposal amends 10 U.S.C. 2489 to change references to the commissary and exchange system to references to the defense resale system.
909	Clerical Amendments and References	This proposal makes technical and clerical conforming amendments throughout chapter 147 of title 10, United States Code, changing references from the commissary and exchange system to the defense resale system.
1001	Child Care Services	This proposal amends 10 U.S.C. 2805 to raise the threshold for a minor military construction project to \$15,000,000 when the minor military construction project creates, expands, or modifies a child development facility serving children from birth through 12 years of age. The proposal also allows the Secretary concerned to spend for such projects not more than \$7,500,000 from appropriations available for operations and maintenance.
1101	Montgomery GI Bill Sunset	This proposal adds a new section 3037 to chapter 30 of title 38, United States Code, that limits the availability of the Montgomery GI Bill Program to eligible individuals who have had a reduction in basic pay for educational assistance under chapter 30 of title 38, United States Code, before October 1, 2015.
1102	Reserve Education Assistance Program Continuing Eligibility and Sunset	This proposal adds a new section 16167 to chapter 1607 of title 10, United States Code, that provides continuing eligibility for the Reserve Education Assistance Program to members who entered service before the date of enactment and were enrolled in a course of study for the period of enrollment immediately preceding the date of enactment. The new section also sunsets the authority to provide educational assistance under the program 4 years after the date of enactment.

Proposed Section	Title	Synopsis
1103	Tuition Assistance	This proposal amends 10 U.S.C 2007(a) to limit the payment of tuition for off-duty training or education to training or education that is likely to contribute to the member's professional development.
1104	Post-9/11 GI Bill Transferability	This proposal amends 38 U.S.C. 3319(b)(1) to allow members of the uniformed services to transfer unused education benefits to family members after the member has completed 10 years of service and agrees to serve for 2 more years. The prior provision required 6 years of service and agreement to serve for 4 more years.
1105	Sense of Congress Regarding Transferability of Unused Education Benefits to Family Members	This proposal expresses the sense of Congress that each Secretary concerned should exercise the discretionary authority to transfer unused education benefits to family members under section 3319(a)(2) of title 10, United States Code, in a manner that encourages retention of individuals in the uniformed services. The proposal also expresses the sense of Congress that the Secretary concerned be more selective in permitting such transferability.
1106	Report on Educational Attainment	This proposal amends 38 U.S.C. 3325(b)(1) to require the Secretary of Defense to include in the annual report on the programs under chapters 33 and 35 of title 38, United States Code, information on the highest level of education obtained by each individual who transfers an education benefit under section 3319 of such title.
1107	Report on Educational Levels of Service Members at Separation	This proposal adds a new subsection (d) to 10 U.S.C. 1142 that requires the Secretary concerned to collect information, at the time of separation, on the highest level of education obtained by individuals who transfer an education benefit under section 3319 of title 38, United States Code. The proposal also requires the Secretary concerned to prepare and submit annually to Congress a report that contains such information.
1108	Termination of BAH Payments for Dependents Using Transferred Education Benefits	This proposal amends 38 U.S.C 3319(h)(2) to terminate basic allowance for housing payments on or after July 1, 2017, for dependent spouses and children who use transferred education benefits under section 3319 of title 38, United States Code.
1109	Unemployment Insurance	This proposal amends 5 U.S.C 8525(b) to prohibit an individual from receiving unemployment compensation for any period for which the individual receives an educational assistance allowance under chapter 33 of title 38, United States Code.
1110	Reporting on Student Progress	This proposal adds a new section 3326 to chapter 33 of title 38, United States Code, that requires each educational institution receiving a payment on behalf of an individual who receives educational assistance under chapter 33 of title 38, United States Code, to report annually to the Secretary of Veterans Affairs information regarding the academic progress of the individual. The proposal also amends 38 U.S.C 3325(c) to require the Secretary of Veterans Affairs to include in the report submitted under 38 U.S.C. 3325(c) student academic progress information received under the new section 3326 of title 38, United States Code.
1201	Job Fair Participation Rates	This proposal amends section 136(d)(1) of the Workforce Investment Act of 1998 (29 U.S.C. 2871(d)(1)) to require information be reported on the number of job fairs attended by one-stop career center employees at which the employees had contact with a veteran and the number of veterans so contacted.
1202	Coordination with State Departments of Labor and Veterans Affairs	This proposal adds a new subsection (c) to section 4103 of title 38, United States Code, requiring each Director for Veterans' Employment and Training for a State to coordinate activities under chapter 41 of such title with the State Department of Labor and the State Department of Veterans Affairs.
1203	Veterans Unemployment Review and Report	This section requires the Secretary of Labor, in consultation with the Secretary of Defense and the Secretary of Veterans Affairs, to review matters related to the challenges faced by employers that seek to hire veterans, and matters related to information sharing among Federal departments and agencies serving veterans. The section also requires the Secretary of Labor, in consultation with the Secretary of Defense and the Secretary of Veterans Affairs, to prepare and submit to Congress a report making recommendations regarding the matters reviewed.
1204	Transition GPS Program Core Curriculum Review and Report	This section requires the Secretary of Defense, in consultation with the Secretary of Veterans Affairs and the Secretary of Labor, to conduct a review of the Transition GPS Program Core Curriculum in effect on the date of enactment. The section also requires the Secretary of Defense, in consultation with the Secretary of Veterans Affairs and the Secretary of Labor, to prepare and submit to Congress a report that makes recommendations regarding the Transition GPS Program Core Curriculum.

Proposed Section	Title	Synopsis
1301	Supplemental Nutrition Assistance Program Information	This proposal adds a new subparagraph (G) to section 11(e)(8) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)(8)) clarifying that the safeguards described in the State plan of operation under the Supplemental Nutrition Assistance Program shall not prevent the use of information obtained from applicant households by, or the disclosure of such information to, the Department of Defense for the purposes of determining the number of applicant households that contain one or more members of an active component or reserve component of the Armed Forces.
1302	Supplemental Subsistence Allowance	This proposal adds a new paragraph (4) to 37 U.S.C 402a(b) clarifying that only members of the Armed Forces serving outside the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, or Guam may receive a supplemental subsistence allowance under section 402a of title 37, United States Code, after September 30, 2016.
1501	National Military Dependent Student Identifier	This proposal amends clause (xiii) of section 1111(b)(3)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311(b)(3)(C)) to require that any State receiving a grant under part A of title I of such Act (20 U.S.C. 6311 et seq.) disaggregate assessment data by students whose parent or guardian is an active duty member of the Armed Forces. The proposal also requires that the assessment data be disaggregated further by branch of the Armed Forces in which such parent or guardian serves.

PAY AND RETIREMENT

1 **SEC. 101. THRIFT SAVINGS PLAN PARTICIPATION FOR MEMBERS OF THE**
2 **UNIFORMED SERVICES.**

3 (a) MODERNIZED RETIREMENT SYSTEM.—Section 8440e of title 5, United States Code, is
4 amended by adding at the end the following:

5 “(f) MODERNIZED RETIREMENT SYSTEM.—

6 “(1) TSP MATCHING CONTRIBUTIONS.—Notwithstanding any other provision of
7 law, the Secretary concerned shall make contributions to the Thrift Savings Fund, in
8 accordance with the provisions of section 8432 of this title that do not conflict with this
9 subsection, for the benefit of a member who—

10 “(A) first enters a uniformed service after the date of enactment of the

11 _____ Act; or

12 “(B) makes the election described in section 1409(b)(4) of title 10.

13 “(2) MATCHING AMOUNT.—The amount contributed under this subsection by the
14 Secretary concerned with respect to any contribution made by a member described in
15 paragraph (1) for any pay period shall be equal to such portion of the total amount of the
16 member’s contribution as does not exceed 5 percent of such member’s basic pay for such
17 pay period.

18 “(3) TIMING AND DURATION OF MATCHING CONTRIBUTIONS.—The Secretary
19 concerned shall make a contribution under this subsection on behalf of a member
20 described in paragraph (1) for any pay period—

21 “(A) that begins on or after the day that is 60 days after the date of

22 enactment of the _____ Act; and

1 “(B) covering a period of service that begins on the day after such member
2 completes 2 years of service and ends on the day such member completes 20
3 years of service.

4 “(4) PROTECTIONS FOR SPOUSES AND FORMER SPOUSES.—Section 8435 shall apply
5 to a member described in paragraph (1) in the same manner as such section is applied to
6 an employee or Member under such section.

7 “(5) DEFINITION OF SECRETARY CONCERNED.—In this subsection the term
8 ‘Secretary concerned’ has the meaning given the term in section 101 of title 37, United
9 States Code.”.

10 (b) AUTOMATIC ENROLLMENT IN TSP.—Paragraph (2) of section 8432(b) of title 5,
11 United States Code, is amended—

12 (1) in clause (ii) of subparagraph (D)—

13 (A) by striking “(ii) Members” and inserting “(ii)(I) Except as provided in
14 subclause (II), members”; and

15 (B) by adding at the end the following:

16 “(II) A member shall be an eligible individual for purposes of this paragraph, if the
17 member—

18 “(aa) first enters a uniformed service after the date of enactment of the
19 _____ Act; or

20 “(bb) makes the election described in section 1409(b)(4) of title 10.”; and

21 (2) by adding at the end the following new subparagraphs:

22 “(F) Notwithstanding any other provision of this paragraph, a member who has declined
23 automatic enrollment into the Thrift Savings Plan shall be automatically reenrolled, on January 1

1 of the year succeeding the year for which the determination is made, to make contributions under
2 subsection (a) at the default percentage of basic pay.

3 “(G) In this paragraph the term ‘member’ has the meaning given the term in section 211
4 of title 37.”.

5 (c) VESTING.—Paragraph (2) of section 8432(g) of title 5, United States Code, is
6 amended—

7 (1) in subparagraph (A)(iii), by striking “or” after the semicolon;

8 (2) in subparagraph (B), by striking the period and inserting “; or”; and

9 (3) by adding at the end the following:

10 “(C) 2 years of service in the case of a member of the uniformed services.”.

11 (d) THRIFT SAVINGS PLAN DEFAULT INVESTMENT FUND.—Paragraph (2) of section
12 8438(c) of title 5, United States Code (as amended by the Smart Savings Act; Public Law 113-
13 255), is amended—

14 (1) in subparagraph (A), by striking “(A) Consistent with the requirements of
15 subparagraph (B), if an” and inserting “If an”; and

16 (2) by striking subparagraph (B).

17 (e) CONFORMING REPEALERS.—

18 (1) TITLE 5, UNITED STATES CODE.—Subsection (e) of section 8440e of title 5,
19 United States Code, is repealed.

20 (2) TITLE 37, UNITED STATES CODE.—Subsection (d) of section 211 of title 37,
21 United States Code, is repealed.

22 **SEC. 102. MODERNIZED RETIREMENT SYSTEM FOR MEMBERS AND RETIREES.**

1 (a) MODERNIZED RETIREMENT SYSTEM.—Subsection (b) of section 1409 of title 10,
2 United States Code, is amended by adding at the end the following new paragraph:

3 “(4) MODERNIZED RETIREMENT SYSTEM.—

4 “(A) REDUCED MULTIPLIER FOR MEMBERS RECEIVING TSP MATCHING
5 CONTRIBUTIONS.—Notwithstanding paragraphs (1), (2), and (3), in the case of a
6 member who first enters a uniformed service after the date of enactment of the
7 _____ Act, or a member who makes the election
8 described in subparagraph (B)—

9 “(i) subparagraph (A) of paragraph (1) shall be applied by
10 substituting ‘2.0’ for ‘2 ½’;

11 “(ii) clause (i) of paragraph (3)(B) shall be applied by substituting
12 ‘60’ for ‘75’; and

13 “(iii) subclause (I) of paragraph (3)(B)(ii) shall be applied by
14 substituting ‘2.0’ for ‘2 ½’.

15 “(B) ELECTION TO PARTICIPATE IN THE MODERNIZED RETIREMENT
16 SYSTEM.—

17 “(i) DEFINITION OF RETIREE.—In this subparagraph the term
18 ‘retiree’ means a member or former member of a uniformed service who is
19 entitled to retired or retainer pay, or equivalent pay.

20 “(ii) ELECTION.—A member of a uniformed service serving on the
21 date of enactment of the _____ Act or a retiree
22 may elect—

1 “(I) to receive Thrift Savings Plan (TSP) matching
2 contributions pursuant to section 8440e(f) of title 5;

3 “(II) to accept the reduced multipliers described in
4 subparagraph (A) for purposes of calculating such member’s
5 retired pay; and

6 “(III) to be eligible for lump sum payments under section
7 1415 of this title.

8 “(iii) ELECTION PERIOD.—

9 “(I) IN GENERAL.—Except as provided in subclauses (II)
10 and (III), a member of a uniformed service or a retiree may make
11 the election described in clause (ii) during the period that begins on
12 the day that is 180 days after the date of enactment of the
13 _____ Act and ends on the day that is 360
14 days after such date of enactment.

15 “(II) HARDSHIP EXTENSION.—The Secretary concerned may
16 extend the election period described in subclause (I) for a member
17 or retiree who experiences a hardship as determined by the
18 Secretary concerned.

19 “(III) SPECIAL RULE FOR MEMBERS WHO EXPERIENCE A
20 BREAK IN SERVICE.—A member of a uniformed service or a retiree
21 returning to service after a break in service shall make the election
22 described in clause (ii) on the member’s or retiree’s reentry date.
23

1 “(C) REGULATIONS.—The Secretary concerned shall promulgate
2 regulations implementing this paragraph.”.

3 (b) CONFORMING AMENDMENTS TO OTHER RETIREMENT AUTHORITIES.—

4 (1) TITLE 10, UNITED STATES CODE.—

5 (A) COMPUTATION OF RETIRED PAY.—The table in section 1401(a) of title
6 10, United States Code, is amended—

7 (i) in column 2 of formula number 1—

8 (I) in paragraph (1), by striking “2 ½ % of years of service
9 credited to him under section 1208” and inserting “the retired pay
10 multiplier determined for the member under section 1409 of this
11 title”; and

12 (II) in paragraph (2), by striking “, not to exceed 75%,”;

13 and

14 (ii) in column 2 of formula number 2—

15 (I) in paragraph (1), by striking “2 ½ % of years of service
16 credited to him under section 1208” and inserting “the retired pay
17 multiplier determined for the member under section 1409 of this
18 title”; and

19 (II) in paragraph (2), by striking “, not to exceed 75%,”.

20 (B) CLARIFICATION REGARDING THE MODERNIZED RETIREMENT SYSTEM.—

21 Subsection (b) of section 1401a of title 10, United States Code, is amended—

22 (i) by redesignating paragraph (5) as paragraph (6); and

23 (ii) by inserting after paragraph (4) the following new paragraph:

1 “(5) CLARIFICATION REGARDING THE MODERNIZED RETIREMENT SYSTEM.—

2 Notwithstanding paragraph (3), if a member or former member makes the election in
3 accordance with section 1409(b)(4) of this title, then the Secretary shall increase the
4 retired pay of such member in accordance with paragraph (2).”.

5 (2) THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION COMMISSIONED
6 OFFICER CORPS ACT OF 2002.—Paragraph (2) of section 245(a) of the National Oceanic
7 and Atmospheric Administration Commissioned Officer Corps Act of 2002 (33 U.S.C.
8 3045(a)) is amended to read as follows:

9 “(2) the retired pay multiplier determined under section 1409 of such title for the
10 number of years of service that may be credited to the officer under section 1405 of such
11 title as if the officer's service were service as a member of the Armed Forces.”.

12 (3) TITLE 37, UNITED STATES CODE.—

13 (A) 15-YEAR CAREER STATUS BONUS REPAYMENT.—Subsection (f) of
14 section 354 of title 37, United States Code, is amended—

15 (i) by striking “If a” and inserting “(1) If a”; and

16 (ii) by adding at the end the following new paragraph:

17 “(2) If a person who is paid a bonus under this section subsequently makes an
18 election under section 1409(b)(4) of title 10, then the person shall repay any bonus
19 payments received under this section in the same manner as repayments are made under
20 section 373 of this title.”.

21 (B) SUNSET AND CONTINUATION OF PAYMENTS.—Section 354 of title 37,
22 United States Code is further amended by adding after subsection (f)(2) (as added
23 by subparagraph (A)) the following new subsection:

1 “(g) SUNSET AND CONTINUATION OF PAYMENTS.—

2 “(1) SUNSET.—A Secretary concerned shall not pay a new bonus under this
3 section after the date of enactment of the _____ Act.

4 “(2) CONTINUATION OF PAYMENTS.—Subject to subsection (f)(2), a Secretary
5 concerned may continue to make payments for bonuses that were awarded under this
6 section on or before the date of enactment of the _____
7 Act. ”.

8 (4) PUBLIC HEALTH SERVICE ACT.—Paragraph (4) of section 211(a) of the Public
9 Health Service Act (42 U.S.C. 212) is amended—

10 (A) in the matter preceding subparagraph (A), by striking “at the rate of 2
11 ½ per centum of the basic pay of the highest grade held by him as such officer”
12 and inserting “calculated by multiplying the retired pay base determined under
13 section 1406 of title 10 by the retired pay multiplier determined under section
14 1409 of such title for the numbers of years of service credited to the officer under
15 this paragraph”; and

16 (B) in the matter following subparagraph (B)(iii)—

17 (i) in subparagraph (C), by striking “such pay, and” and inserting
18 “such pay,”;

19 (ii) in subparagraph (D), by striking “such basic pay.” and inserting
20 “such basic pay, and (E) in the case of any officer who makes the election
21 described in section 1409(b)(4) of title 10, United States Code,
22 subparagraph (C) shall be applied by substituting ‘40 per centum’ for ‘50

1 per centum’ each place the term appears and subparagraph (D) shall be
2 applied by substituting ‘60 per centum’ for ‘75 per centum’.”.

3 **SEC. 103. LUMP SUM PAYMENTS.**

4 (a) LUMP SUM PAYMENT ELECTION.—Chapter 71 of title 10, United States Code, is
5 amended by adding at the end the following:

6 **“§ 1415. Lump Sum Payment Election**

7 “(a) DEFINITIONS.—In this section:

8 “(1) COVERED RETIRED PAY.—The term ‘covered retired pay’ means retired pay
9 under—

10 “(A) this title;

11 “(B) title 14;

12 “(C) the National Oceanic and Atmospheric Administration
13 Commissioned Officer Corps Act of 2002 (33 U.S.C. 3001 et seq.); or

14 “(D) the Public Health Service Act (42 U.S.C. 201 et seq.).

15 “(2) ELIGIBLE PERSON.—The term ‘eligible person’ means a person who—

16 “(A)(i) first enters a uniformed service after the date of enactment of the
17 _____ Act; or

18 “(ii) makes the election described in section 1409(b)(4) of this title; and

19 “(B) does not retire or separate under chapter 61 of this title.

20 “(3) RETIREMENT AGE.—The term ‘retirement age’ has the meaning given the
21 term in section 216(l) of the Social Security Act (42 U.S.C. 416(l)).

22 “(b) LUMP SUM PAYMENT ELECTION.—

1 “(1) IN GENERAL.—Notwithstanding any other provision of law, an eligible person
2 entitled to covered retired pay may elect to receive a lump sum payment of—

3 “(A) in the case of an eligible person not described in subparagraph (B),
4 (C) or (D), the amount of the covered retired pay that the eligible person is
5 entitled to receive for the period beginning on the date of retirement and ending
6 when the eligible person attains the eligible person’s retirement age;

7 “(B) in the case of an eligible person who is a member or former member
8 of a uniformed service and is entitled to retired or retainer pay, or equivalent pay,
9 other than an eligible person described in subparagraph (D), the amount of the
10 covered retired pay that the eligible person is entitled to receive for the period
11 beginning on the date the eligible person makes the election under section
12 1409(b)(4) of this title and ending when the eligible person attains the eligible
13 person’s retirement age;

14 “(C) in the case of an eligible person who is a member of the reserve
15 component and under the age of 60, the amount of the covered retired pay that the
16 eligible person is entitled to receive for the period beginning on the date the
17 eligible person turns 60 and ending on the date the eligible person attains the
18 eligible person’s retirement age;

19 “(D) in the case of an eligible person who is a member of the reserve
20 component and 60 years old or older, the amount of the covered retired pay that
21 the eligible person is entitled to receive for the period beginning on the date the
22 eligible person makes the election under section 1409(b)(4) of this title and
23 ending when the eligible person attains the eligible person’s retirement age; or

1 “(E) in the case of an eligible person described in subparagraph (A), (B),
2 (C) or (D), 50 percent of the amount determined under subparagraph (A), (B), (C)
3 or (D), respectively.

4 “(2) 50 PERCENT OPTION.—An eligible person described in subparagraph (A), (B),
5 (C) or (D) of paragraph (1) who makes the election described in paragraph (1)(E) shall be
6 entitled to receive, for the period described in such subparagraph (A), (B), (C) or (D),
7 respectively, 50 percent of the monthly covered retired pay the eligible person is entitled
8 to receive under the provisions of law described in subsection (a)(1).

9 “(3) TIMING OF ELECTION.—An eligible person described in subparagraph (A) or
10 (C) of paragraph (1) shall make the election under this subsection not later than 90 days
11 before the eligible person receives covered retired pay.

12 “(4) PAYMENTS.—

13 “(A) SINGLE PAYMENT OR COMBINATION OF PAYMENTS.—An eligible
14 person may elect to receive a lump sum payment under this subsection in a single
15 payment or in a combination of payments.

16 “(B) TIMING OF PAYMENTS.—Notwithstanding any other provision of law,
17 an eligible person who makes an election under paragraph (1) shall receive the
18 lump sum payment not later than 60 days after the date the eligible person is
19 entitled to receive covered retired pay.

20 “(c) RESUMPTION OF MONTHLY ANNUITY.—

21 “(1) GENERAL RULE.—Subject to paragraph (2), an eligible person who makes an
22 election described in subsection (b) shall be entitled to receive the eligible person’s

1 monthly covered retired pay calculated in accordance with paragraph (2) after the eligible
2 person attains the eligible person’s retirement age.

3 “(2) RESTORATION OF FULL RETIREMENT AMOUNT AT RETIREMENT AGE.—The
4 retired pay of an eligible person who makes an election described in subsection (a) shall
5 be recomputed, effective on the first day of the first month beginning after the person
6 attains the eligible person’s retirement age, so as to be an amount equal to the amount of
7 covered retired pay to which the eligible person would be entitled on that date if the
8 annual increases, in the retired pay of the eligible person made to reflect changes in the
9 Consumer Price Index, had been made in accordance with section 1401a of this title.

10 “(d) REGULATIONS.—The Secretary shall promulgate regulations—

11 “(1) to carry out the provisions of this section; and

12 “(2) establishing the actuarial procedures that shall be used to calculate the
13 amount of the lump sum payments made under this section.”.

14 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is
15 amended by adding at the end the following:

16 “1415. Lump sum payment election.”.

17 (c) PAYMENTS FROM THE DEPARTMENT OF DEFENSE MILITARY RETIREMENT FUND.—

18 Paragraph (1) of section 1463 of title 10, United States Code, is amended by striking “or
19 1414” and inserting “, 1414 or 1415”.

20 **SEC. 104. AUTHORITY FOR RETIREMENT FLEXIBILITY.**

21 (a) AUTHORITY FOR RETIREMENT FLEXIBILITY.—Chapter 71 of title 10, United States
22 Code, is further amended by adding at the end the following:

23 “§ 1416. Authority for Retirement Flexibility

1 “(a) AUTHORITY.—Notwithstanding any other provision of law, the Secretary may
2 modify the years of service required for an eligible member to retire, to greater than or less than
3 20 years of service, in order to facilitate management actions that shape the personnel profile or
4 correct manpower shortages within an occupational specialty or other grouping of members of
5 the armed forces.

6 “(b) DEFINITION OF ELIGIBLE MEMBER.—In this section the term ‘eligible member’ means
7 a member of the armed services working in an occupational specialty or other grouping
8 designated by the Secretary as in need of a management action described in subsection (a).

9 “(c) NOTICE.—

10 “(1) NOTICE REQUIRED.—The Secretary shall provide Congress notice of any
11 proposed modification under subsection (a).

12 “(2) LIMITATION.—The Secretary shall not implement a proposed modification
13 under subsection (a) until 1 year after the day Congress was provided the notification
14 under paragraph (1).

15 “(d) APPLICABILITY.—The Secretary shall only modify the required years of service
16 under subsection (a) for an eligible member who first enters a uniformed service on or after the
17 date of the expiration of the 1 year period described in subsection (c)(2) that is applicable to the
18 occupational specialty or other grouping in which the eligible member works.”.

19 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such
20 chapter is further amended by adding after the item relating to section 1415 (as added by
21 section 103(b)) the following:

22 “1416. Authority for retirement flexibility.”.

1 **SEC. 105. TREATMENT OF THE DEPARTMENT OF DEFENSE MILITARY**
2 **RETIREMENT FUND AS A QUALIFIED TRUST FUND.**

3 (a) IN GENERAL.—Chapter 74 of title 10, United States Code, is amended by adding at
4 the end the following new section:

5 **“§ 1468. Treatment as a qualified trust fund**

6 “For purposes of the Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.)—

7 “(1) the Fund shall be treated as a trust described in section 401(a) of such Code
8 (26 U.S.C 401(a)) which is exempt from taxation under section 501(a) of such Code (26
9 U.S.C 501(a)); and

10 “(2) any contribution to, or distribution from, the Fund shall be treated in the same
11 manner as contributions to or distributions from such a trust.”.

12 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is
13 amended by adding at the end the following:

14 “1468. Treatment as a qualified trust fund.”.

15 **SEC. 106. MODERNIZED RETIREMENT SYSTEM FOR RESERVE COMPONENT**
16 **MEMBERS.**

17 Section 12739 of title 10, United States Code, is amended by adding at the end the
18 following:

19 “(f) MODERNIZED RETIREMENT SYSTEM.—

20 “(1) REDUCED MULTIPLIER FOR PERSONS RECEIVING TSP MATCHING

21 CONTRIBUTIONS.—In the case of a person who first performs reserve component service
22 after the date of enactment of the _____ Act, or a person
23 who makes the election described in paragraph (2)—

1 “(A) paragraph (2) of subsection (a) shall be applied by substituting ‘2.0’
2 for ‘2 ½’;

3 “(B) subparagraph (A) of subsection (c)(2) shall be applied by substituting
4 ‘60’ for ‘75’; and

5 “(C) clause (ii) of subsection (c)(2)(B) shall be applied by substituting
6 ‘2.0’ for ‘2 ½’.

7 “(2) ELECTION TO PARTICIPATE IN THE MODERNIZED RETIREMENT SYSTEM.—

8 “(A) DEFINITION OF RETIREE.—In this paragraph the term ‘retiree’ means a
9 member or former member of a uniformed service who is entitled to retired or
10 retainer pay, or equivalent pay, under this chapter.

11 “(B) ELECTION.—A person performing reserve component service on the
12 date of enactment of the _____ Act or a retiree may
13 elect—

14 “(i) to receive Thrift Savings Plan (TSP) matching contributions
15 pursuant to section 8440e(f) of title 5;

16 “(ii) to accept the reduced multipliers described in paragraph (1)
17 for purposes of calculating such member’s retired pay; and

18 “(iii) to be eligible for lump sum payments under section 1415 of
19 this title.

20 “(C) ELECTION PERIOD.—

21 “(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), a
22 person performing reserve component service or a retiree may make the
23 election described in subparagraph (B) during the period that begins on the

1 day that is 180 days after the date of enactment of the
2 _____ Act and ends on the day that is
3 360 days after such date of enactment.

4 “(ii) HARDSHIP EXTENSION.—The Secretary concerned may extend
5 the election period described in clause (i) for a person or retiree who
6 experiences a hardship as determined by the Secretary concerned.

7 “(iii) SPECIAL RULE FOR PERSONS WHO EXPERIENCE A BREAK IN
8 SERVICE.—A person returning to reserve component service after a break
9 in reserve component service or a retiree returning to reserve component
10 service shall make the election described in subparagraph (B) on the
11 person’s or retiree’s reentry date.

12 “(3) REGULATIONS.—The Secretary concerned shall promulgate regulations
13 implementing this subsection.”.

14 **SEC. 107. CONTINUATION PAY.**

15 (a) IN GENERAL.—Subchapter II of chapter 5 of title 37, United States Code, is amended
16 by adding at the end the following new sections:

17 **“§ 356. Mandatory continuation pay for members with 12 years of service**

18 “(a) CONTINUATION PAY.—The Secretary shall make a continuation payment to each
19 member under the jurisdiction of the Secretary who—

20 “(1) completes 12 years of service; and

21 “(2) enters into an agreement with the Secretary to serve for an additional 4 years
22 of obligated service.

23 “(b) DEFINITIONS.—In this section:

1 “(1) MEMBER.—The term ‘member’ means a member of the uniformed services.

2 “(2) SECRETARY.—The term ‘Secretary’ means—

3 “(A) the Secretary concerned in the case of a member of the armed forces;

4 “(B) the Secretary of Health and Human Services in the case of a member

5 of the commissioned corps of the Public Health Service; and

6 “(C) the Secretary of Commerce in the case of a member of the

7 commissioned corps of the National Oceanic and Atmospheric Administration.

8 “(c) AMOUNT.—A member shall receive continuation pay under this section in an amount

9 that is equal to—

10 “(1) in the case of a member of the active component, 2.5 times the member’s

11 basic pay at 12 years of service; and

12 “(2) in the case of a member of the reserve component, 0.5 times the member’s

13 basic pay at 12 years of service calculated as if the member were in the active

14 component.

15 “(d) TIMING.—The Secretary shall provide continuation pay under this section to a

16 member when the member completes 12 years of service.

17 “(e) MEMBER PAYMENT ELECTION.—A member may elect to receive continuation pay

18 under this section in a lump sum or in a series of not more than 4 payments.

19 “(f) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—Continuation pay under this

20 section is in addition to any other pay or allowance to which the member is entitled.

21 “(g) REPAYMENT.—A member who receives continuation pay under this section and fails

22 to complete the obligated service required under subsection (a)(2) shall be subject to the

23 repayment provisions of section 373 of this title.

1 “(h) REGULATIONS.—The Secretary shall prescribe regulations to carry out this section.

2 **“§ 357. Discretionary continuation pay for members with 12 years of service**

3 “(a) CONTINUATION PAY.—The Secretary may make a continuation payment to each
4 member under the jurisdiction of the Secretary who—

5 “(1) completes 12 years of service; and

6 “(2) enters into an agreement with the Secretary to serve for an additional 4 years
7 of obligated service.

8 “(b) DEFINITIONS.—In this section:

9 “(1) MEMBER.—The term ‘member’ means a member of the uniformed services.

10 “(2) SECRETARY.—The term ‘Secretary’ means—

11 “(A) the Secretary concerned in the case of a member of the armed forces;

12 “(B) the Secretary of Health and Human Services in the case of a member
13 of the commissioned corps of the Public Health Service; and

14 “(C) the Secretary of Commerce in the case of a member of the
15 commissioned corps of the National Oceanic and Atmospheric Administration.

16 “(c) AMOUNT.—A member shall receive continuation pay under this section in an amount
17 determined by the Secretary.

18 “(d) TIMING.—If the Secretary provides continuation pay under this section to a member,
19 then the continuation pay shall be provided when the member completes 12 years of service.

20 “(d) MEMBER PAYMENT ELECTION.—A member may elect to receive continuation pay
21 under this section in a lump sum or in a series of not more than 4 payments.

22 “(e) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—Continuation pay under this
23 section is in addition to any other pay or allowance to which the member is entitled.

1 “(f) REPAYMENT.—A member who receives continuation pay under this section and fails
2 to complete the obligated service required under subsection (a)(2) shall be subject to the
3 repayment provisions of section 373 of this title.

4 “(g) REGULATIONS.—The Secretary shall prescribe regulations to carry out this section.”.

5 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 5 of title
6 37, United States Code, is amended by adding after the item relating to section 355 the
7 following:

8 “§ 356. Mandatory continuation pay for members with 12 years of service.

9 “§ 357. Discretionary continuation pay for members with 12 years of service.”.

10 **SEC. 108. LUMP SUM REPAYMENTS.**

11 Section 5304 of title 38, United States Code, is amended by adding at the end the
12 following new subsection:

13 “(d) TREATMENT OF LUMP SUM PAYMENTS UNDER SECTION 1415 OF TITLE 10.—

14 “(1) REPAYMENT.—Notwithstanding any other provision of law, the amount of
15 pension and compensation benefits payable to a person under this title shall be reduced
16 by the amount of any lump sum payment made to such person under section 1415 of title
17 10.

18 “(2) COLLECTION.—The Secretary shall collect the reduction under paragraph (1)
19 from any funds made available to the person from the Department of Veterans’ Affairs,
20 including pension and compensation payments under this title, before any pension and
21 compensation payments under this title may be paid to the person.”.

1 **SEC. 201. INCREASED SERVICE MEMBER CHOICE IN SURVIVOR BENEFIT**

2 **PLAN.**

3 (a) REDUCTION ELECTION. — Section 1452(a) of title 10, United States Code, is
4 amended—

5 (1) in subparagraph (A) of paragraph (1)—

6 (A) by amending clause (iii) to read as follows:

7 “(iii) NEW ENTRANTS.—

8 “(I) NEW ENTRANTS AFTER ENACTMENT OF FLAT RATE
9 REDUCTION.—In the case of a person who first becomes a member
10 of a uniformed service on or after March 1, 1990, and who is
11 entitled to retired pay under a provision of law other than chapter
12 61 or chapter 1223 of this title, the reduction shall be in an amount
13 equal to 6½ percent of the base amount.

14 “(II) SBP SELECT OPTION.—

15 “(aa) IN GENERAL.— Notwithstanding subclause (I),
16 in the case of a person who separates from a uniform
17 service on or after March 1, 2015, and who is entitled to
18 retired pay under a provision of law other than chapter 61
19 or chapter 1223 of this title, the reduction, at the election of
20 such person, shall be in an amount equal to—

21 “(AA) 6½ percent of the base amount; or

22 “(BB) the subsidy percentage, determined in
23 accordance with item (cc), of the base amount.

1 “(bb) NO OFFSET.— In the case of a person who
2 makes the percentage reduction election under item
3 (aa)(BB), the amount of any annuity paid to a surviving
4 spouse or former spouse shall be calculated without
5 applying the offset described in section 1450(c).

6 “(cc) SUBSIDY PERCENTAGE.—The Secretary of
7 Defense shall determine the subsidy percentage for a fiscal
8 year by calculating a percentage on the basis of the
9 difference between—

10 “(AA) the total cost of the survivor benefit
11 program under this subchapter for the preceding
12 fiscal year; minus

13 “(BB) the total amount of premiums
14 collected under this section for the preceding fiscal
15 year.”; and

16 (B) by adding at the end the following new clause:

17 “(v) SBP OPTION.—Notwithstanding clause (i), a person who is
18 entitled to retired pay under chapter 61 or chapter 1223 of this title may
19 elect a reduction in an amount equal to the subsidy percentage,
20 determined in accordance with clause (iii)(II)(cc), of the base amount.
21 Any annuity paid to a surviving spouse or former spouse under this
22 clause shall be calculated without applying the offset described in section
23 1450(c).”; and

1 (2) in paragraph (2), by adding at the end the following new sentence: “Such
2 regulations shall provide a participant in the Plan with an election for a reduction
3 calculated without applying the offset described in section 1450(c).”.

4 (b) CHILD ONLY ANNUITIES. —Paragraph (1) of section 1452(b) of title 10, United States
5 Code, is amended by adding at the end the following new sentence: “Such regulations shall
6 provide a participant in the Plan with an election for a reduction calculated without applying the
7 offset described in section 1450(c).”.

8 (c) REGULATIONS.—Section 1452 of title 10, United States Code, is amended further by
9 adding at the end the following new subsection:

10 “(k) LUMP SUM PAYMENT REGULATIONS.—Notwithstanding any other provision of this
11 section, the Secretary of Defense shall promulgate regulations establishing the amount of the
12 premium that will be paid under this section by a participant in the Plan who elects to receive a
13 lump sum payment under section 1415 of this title.”.

14 (d) PROVISION OF A DETAILED SBP ANALYSIS AT RETIREMENT.—Section 1452 of title
15 10, United States Code, is amended further by adding after subsection (k) (as added by
16 subsection (c)) the following new subsection:

17 “(l) PROVISION OF A DETAILED SBP ANALYSIS AT RETIREMENT.—The Secretary
18 concerned shall provide each retiring member of the uniformed services and the spouse of the
19 member an individualized, detailed analysis of the costs and benefits to the member and spouse
20 of the Plan option selected by the member, including providing an analysis of the costs and
21 benefits of not participating in the Plan.”.

1 **SEC. 301. IMPROVING FINANCIAL LITERACY AND PREPAREDNESS.**

2 (a) IN GENERAL.—Section 992 of title 10, United States Code, is amended—

3 (1) in the section heading, by striking “CONSUMER EDUCATION” and inserting
4 “FINANCIAL LITERACY TRAINING”;

5 (2) in subsection (a)—

6 (A) in the subsection heading, by striking “CONSUMER EDUCATION” and
7 inserting “FINANCIAL LITERACY TRAINING”;

8 (B) in the matter preceding subparagraph (A) of paragraph (1), by striking
9 “education” and inserting “financial literacy training”;

10 (C) in paragraph (2)—

11 (i) in the matter preceding subparagraph (A), by striking “as”;

12 (ii) in subparagraph (A)—

13 (I) by inserting “as” before “a component”;

14 (II) by striking “orientation”; and

15 (III) by striking “and” after the semicolon;

16 (iii) by redesignating subparagraph (B) as subparagraph (J); and

17 (iv) by inserting after subparagraph (A) the following new

18 subparagraphs:

19 “(B) upon arrival at the first duty station;

20 “(C) upon arrival at each duty station following the first duty station in the
21 case of each member in pay grade E–4 or below or in pay grade O–3 or below;

22 “(D) on the date of promotion, in the case of each member in pay grade E–
23 5 or below or in pay grade O–4 or below;

1 “(E) when the member vests in the Thrift Savings Plan (TSP);
2 “(F) at each major life event during the member’s service, such as—
3 “(i) marriage;
4 “(ii) divorce;
5 “(iii) birth of first child; or
6 “(iv) disabling sickness or condition;
7 “(G) during leadership training;
8 “(H) during pre-deployment training and during post-deployment training;
9 “(I) at transition points in military service, such as—
10 “(i) transition from an active component to a reserve component;
11 “(ii) separation from service; or
12 “(iii) retirement; and”; and
13 (v) in subparagraph (J) (as redesignated by clause (iii)), by
14 inserting “as” before “a component”;
15 (D) in paragraph (3), by striking “(2)(B)” and inserting “(2)(J)”; and
16 (E) by adding at the end the following new paragraph:

17 “(4) The Secretary concerned shall promulgate and implement regulations setting forth
18 any additional events and circumstances (other than those described in paragraph (2)) for which
19 the Secretary determines that training under this section shall be required.”;

20 (3) by redesignating subsection (d) as subsection (e);
21 (4) by inserting after subsection (c) the following new subsection:

1 “(d) FINANCIAL LITERACY AND PREPAREDNESS SURVEY.—(1) The Director of the
2 Defense Manpower Data Center shall annually include, in the status of forces survey, a survey of
3 the status of the financial literacy and preparedness of members of the armed forces.

4 “(2) The results of the annual financial literacy and preparedness survey—

5 “(A) shall be used by each of the Secretaries concerned as a benchmark to evaluate and
6 update training provided under this section; and

7 “(B) shall be reported annually to the Committee on Armed Services of the Senate and
8 the Committee on Armed Services of the House of Representatives.”; and

9 (5) by adding at the end of subsection (e) (as redesignated by paragraph (3)) the
10 following new paragraph:

11 “(4) Health insurance, budget management, Thrift Savings Plan (TSP), retirement
12 lump sum payments (including rollover options and tax consequences), and Survivor
13 Benefit Plan (SBP) .”.

14 (b) CLERICAL AMENDMENT.—The table of contents at the beginning of chapter 50 of title
15 10, United States Code, is amended by striking the item related to section 992 and inserting the
16 following:

17 “992. Financial Literacy Training: Financial Services.”.

18 **SEC. 302. FINANCIAL LITERACY TRAINING FOR MEMBERS OF THE**
19 **UNIFORMED SERVICES.**

20 (a) IN GENERAL.—The Secretary concerned shall provide the financial literacy training
21 under section 992 of title 10, United States Code, for the financial services described in
22 paragraph (4) of section 992(e) of such title (as added by section 301(a)(5)), to members of the
23 uniformed services not later than 6 months after the date of enactment of the

24 _____ Act.

1 (b) DEFINITIONS.—In this section:

2 (1) SECRETARY CONCERNED.—The term ‘Secretary concerned’ has the meaning
3 given the term in section 101 of title 10, United States Code.

4 (2) UNIFORMED SERVICES.—The term “uniformed services” has the meaning
5 given the term in section 101 of title 10, United States Code.

6 **SEC. 303. SENSE OF CONGRESS REGARDING FINANCIAL LITERACY AND**
7 **PREPAREDNESS.**

8 It is the sense of Congress that—

9 (1) the Secretary of Defense should strengthen arrangements with other Federal
10 departments and agencies, as well as with nonprofit organizations, in order to improve
11 the financial literacy and preparedness of members of the Armed Forces; and

12 (2) the Chairman of the Joint Chiefs of Staff and the Service Chiefs should
13 provide support for the financial literacy and preparedness training carried out under
14 section 992, of title 10, United States Code.

1 **SEC. 401. CONSOLIDATION OF AUTHORITIES TO ORDER RESERVE**
2 **COMPONENT MEMBERS TO PERFORM DUTY.**

3 (a) ADMINISTRATION OF RESERVE DUTY.—Chapter 1209 of title 10, United States Code,
4 is amended—

5 (1) by inserting before section 12301 of such chapter the following subchapter
6 heading:

7 **“SUBCHAPTER I—ADMINISTRATION OF RESERVE DUTY”;**

8 (2) by repealing sections 12301, 12302, 12303, 12304, 12310, 12319 and 12322;

9 (3) in each of subsections (a) and (b) of section 12305, by striking “section 12301,
10 12302, or 12304 of this title” and inserting “section 12341 of this title for a purpose
11 specified under subsections (a) through (e) of section 12351(a) of such title”;

12 (4) in section 12306—

13 (A) in subsection (a), by striking “section 12301” and inserting “section
14 12351”; and

15 (B) in subsection (b)—

16 (i) in paragraph (1), by striking “section12301(a) of this title” and
17 inserting “section 12341 of this title for the purpose specified in section
18 12351(a) of this title”; and

19 (ii) in paragraph (2), by striking “section 12301(a)” and inserting
20 “section 12351(a)”;

21 (5) in section 12307, by striking “12301(a)” and inserting “12351(a)”;

22 (6) in section 12318—

1 (A) in subsection (a), by striking “section 12302 or 12304 of this title” and
2 inserting “section 12341 of this title for a purpose specified under
3 subsection (b) or (c) of section 12351”; and

4 (B) in subsection (b)—

5 (i) by striking “section 12310” and inserting “section 12353(c)”;

6 and

7 (ii) by striking “section 12302 or 12304” and inserting “subsection

8 (b) or (c) of section 12351”; and

9 (7) by adding the following new section after section 12323:

10 **“§ 12324. Policies and procedures**

11 “(a) IN GENERAL.—The Secretary of Defense and the Secretary of Homeland Security
12 shall prescribe such policies and procedures for the armed forces under their respective
13 jurisdictions as the Secretary concerned considers necessary to carry out this subchapter.

14 “(b) REPORT TO CONGRESS.—When members of the Ready Reserve are ordered to active
15 duty pursuant to section 12351(b) of this title, the Secretary of Defense shall report on those
16 policies and procedures prescribed under subsection (a) at least once a year to the Committee on
17 Armed Services of the Senate and the Committee on Armed Services of the House of
18 Representatives.”.

19 (b) AUTHORITY FOR RESERVE DUTY.—Chapter 1209 of title 10, United States Code, is
20 amended further by adding after section 12324 (as added by subsection (a)(7)) the following new
21 subchapter:

22 **“SUBCHAPTER II—RESERVE DUTY AUTHORITIES**

23 **“§ 12341. Active duty**

1 “(a) AUTHORITY TO ORDER A MEMBER TO PERFORM ACTIVE DUTY.—At any time, the
2 Secretary concerned may order a member of a reserve component under the Secretary’s
3 jurisdiction to active duty, or retain the member on active duty, subject to the purpose and
4 limitations described in subsections (b) and (c).

5 “(b) PURPOSE AND LIMITATIONS.—The purposes and limitations referred to in subsection
6 (a) are as follows:

7 “(1) PURPOSE OF ORDER.—To account for manpower utilization and expenditure
8 of appropriations, each order shall cite the purpose of the order to active duty as provided
9 under subchapter III of this chapter.

10 “(2) LIMITATIONS.—A member of a reserve component shall not be ordered to
11 active duty or retained on active duty beyond the limitations and restrictions specified in
12 the purpose of the order to active duty.

13 “(c) CONTINUOUS PERIOD OF DUTY.—

14 “(1) IN GENERAL.—When the purpose for the member to serve on active duty
15 changes, the order to active duty shall be amended to cite the new purpose and applicable
16 funding code, but the member shall remain on the same order to active duty.

17 “(2) CONTINUOUS FEDERAL SERVICE.—If a member is released from active duty
18 and subsequently ordered to active duty or full-time National Guard duty with a break in
19 service of 24 hours or fewer, the period of service shall be treated as continuous federal
20 service for the purposes of pay and benefits, unless otherwise specified in law.

21 **“§ 12342. Call to federal service**

22 “(a) AUTHORITY TO CALL A MEMBER INTO FEDERAL SERVICE.—

1 “(1) IN GENERAL.—The President may call into Federal service the militia of any
2 State, and use such of the armed forces, as the President considers necessary for the
3 purposes specified in chapter 15 of this title.

4 “(2) STATE REQUEST REQUIRED.—A call into federal service for the purposes
5 specified in section 331 of this title shall only be made upon the request of the legislature
6 of a State or of the Governor of a State if the legislature cannot be convened.

7 “(b) NATIONAL GUARD IN FEDERAL SERVICE.—The President may call into Federal
8 service members and units of the National Guard of any State in such numbers as the President
9 considers necessary for the purposes specified in section 12406 of this title.

10 **“§ 12343. Inactive duty**

11 “(a) AUTHORITY TO ORDER A MEMBER TO PERFORM INACTIVE DUTY.— Under regulations
12 prescribed by the Secretary of Defense, or the Secretary of Homeland Security in the case of the
13 Coast Guard when the Coast Guard is not operating as a service in the Navy, the Secretary
14 concerned may, at any time, order a member of a reserve component under the Secretary’s
15 jurisdiction to perform inactive duty, subject to the purpose and limitations described in
16 subsection (b).

17 “(b) PURPOSE AND LIMITATIONS.—The purpose and limitations referred to in subsection
18 (a) are as follows:

19 “(1) PURPOSE.—To account for manpower utilization and expenditure of
20 appropriations, the Secretary concerned shall document the purpose for inactive duty.

21 “(2) HOSTILE FIRE OR IMMINENT DANGER AREA.—Inactive duty shall not be
22 performed in designated hostile fire or imminent danger area.

1 “(3) DURATION.—Each period of inactive duty shall be for duration of at least two
2 hours.

3 “(4) COMPENSATION.—Compensation under section 206 of title 37, United States
4 Code, and service credit under section 12732(a)(2)(E) of this title, shall not exceed two
5 periods of inactive duty in a calendar day.”.

6 (c) PURPOSE OF DUTY.—Chapter 1209 of title 10, United States Code, is further amended
7 by adding after section 12343 (as added by subsection (b)) the following new subchapter:

8 **“SUBCHAPTER III.—PURPOSE OF RESERVE DUTY**

9 **“§ 12351. Reserve component: required duty**

10 “(a) MOBILIZATION OF THE RESERVE COMPONENTS.—

11 “(1) IN GENERAL.—In time of war or of national emergency declared by Congress,
12 or when otherwise authorized by law, an authority designated by the Secretary concerned
13 may, without the consent of the persons affected, order any unit, and any member not
14 assigned to a unit organized to serve as a unit, of a reserve component under the
15 jurisdiction of that Secretary to active duty under section 12341 of this title for the
16 duration of the war or emergency and for six months thereafter. However a member on an
17 inactive status list or in a retired status may not be ordered to active duty under this
18 subsection unless the Secretary concerned, with the approval of the Secretary of Defense
19 in the case of the Secretary of a military department, determines that there are not enough
20 qualified Reserves in an active status or in the inactive National Guard in the required
21 category who are readily available.

22 “(2) EXPANSIONS.—So far as practicable, during any expansion of the active
23 armed forces that requires that units and members of the reserve components be ordered

1 to active duty as provided in paragraph (1), members of units organized and trained to
2 serve as units who are ordered to that duty without their consent shall be so ordered with
3 their units. However, members of those units may be reassigned after being so ordered to
4 active duty.

5 “(3) PERIOD OF TIME.—The period of time allowed between the date when a
6 Reserve ordered to active duty pursuant to paragraph (1) is alerted for that duty and the
7 date when the Reserve is required to enter upon that duty shall be determined by the
8 Secretary concerned based upon military requirements at that time.

9 “(b) READY RESERVE MOBILIZATION.—In time of national emergency declared by the
10 President after January 1, 1953, or when otherwise authorized by law, an authority designated by
11 the Secretary concerned may, without the consent of the persons concerned, order any unit, and
12 any member not assigned to a unit organized to serve as a unit, in the Ready Reserve under the
13 jurisdiction of that Secretary to active duty under section 12341 of this title for not more than 24
14 consecutive months. Not more than 1,000,000 members of the Ready Reserve may be on active
15 duty, without their consent, under this section at any one time.

16 “(c) CALL-UP OF THE SELECTED RESERVE AND CERTAIN INDIVIDUAL READY RESERVE
17 MEMBERS; OTHER THAN DURING WAR OR NATIONAL EMERGENCY.—

18 “(1) IN GENERAL.—Notwithstanding the provisions of subsection (b) or any other
19 provision of law, when the President determines that it is necessary to augment the active
20 forces for any operational mission or that it is necessary to provide assistance referred to
21 in paragraph (2), the President may authorize the Secretary of Defense, and the Secretary
22 of Homeland Security with respect to the Coast Guard when the Coast Guard is not
23 operating as a service in the Navy, without the consent of the members concerned, to

1 order any unit, and any member not assigned to a unit organized to serve as a unit, of the
2 Selected Reserve (as described in section 10143(a) of this title, or any member in the
3 Individual Ready Reserve mobilization category and designated as essential under
4 regulations prescribed by the Secretary concerned, under their respective jurisdictions, to
5 active duty under section 12341 of this title for not more than 365 days.

6 “(2) EMERGENCIES.—The augmentation under paragraph (1) includes providing
7 assistance in responding to an emergency involving—

8 “(A) a use or threatened use of a weapon of mass destruction; or

9 “(B) a terrorist attack or threatened terrorist attack in the United States that
10 results, or could result, in significant loss of life or property.

11 “(3) FUNCTION LIMITATION.—No unit or member of a reserve component may be
12 ordered to active duty pursuant to this subsection to perform any of the functions
13 authorized by chapter 15 of this title or section 12406 of this title or, except as provided
14 in paragraph (2), to provide assistance to the Federal Government or a State in time of a
15 serious natural or manmade disaster, accident, or catastrophe.

16 “(4) NUMERICAL LIMITATION.—Not more than 200,000 members of the Selected
17 Reserve and the Individual Ready Reserve may be on active duty pursuant to this
18 subsection at any one time, of whom not more than 30,000 may be members of the
19 Individual Ready Reserve.

20 “(5) RESPONSE CAPABILITIES.—No unit or member of a reserve component may
21 be ordered to active duty pursuant to this subsection to provide assistance referred to in
22 paragraph (2) unless the President determines that the requirements for responding to an

1 emergency referred to in that subsection have exceeded, or will exceed, the response
2 capabilities of local, State, and Federal civilian agencies.

3 “(6) TERMINATION.—Whenever any unit of the Selected Reserve or any member
4 of the Selected Reserve not assigned to a unit organized to serve as a unit, or any member
5 of the Individual Ready Reserve, is ordered to active duty pursuant to paragraph (1), the
6 service of all units or members so ordered to active duty may be terminated by—

7 “(A) order of the President; or

8 “(B) law.

9 “(7) REPORT.—Whenever the President authorizes the Secretary of Defense or the
10 Secretary of Homeland Security to order any unit or member of the Selected Reserve or
11 Individual Ready Reserve to active duty, pursuant to paragraph (1), the President shall,
12 within 24 hours after exercising such authority, submit to Congress a report, in writing,
13 setting forth the circumstances necessitating the action taken under this section and
14 describing the anticipated use of these units or members.

15 “(8) RULE OF CONSTRUCTION.—Nothing contained in this subsection shall be
16 construed as amending or limiting the application of the provisions of the War Powers
17 Resolution (50 U.S.C. 1541 et seq.).

18 “(d) ANNUAL ACTIVE DUTY.—At any time, an authority designated by the Secretary
19 concerned may, without the consent of the persons affected, order any unit, and any member not
20 assigned to a unit organized to serve as a unit, in an active status in a reserve component under
21 the jurisdiction of that Secretary to active duty under section 12341 of this title for not more than
22 15 days a year. However, units and members of the Army National Guard of the United States or
23 the Air National Guard of the United States may not be ordered to active duty under this

1 subsection without the consent of the governor of the State (or, in the case of the District of
2 Columbia National Guard, the commanding general of the District of Columbia National Guard).
3 The consent of a Governor may not be withheld (in whole or in part) with regard to active duty
4 outside the United States, its territories, and its possessions, because of any objection to the
5 location, purpose, type, or schedule of such active duty.

6 “(e) READY RESERVE: UNSATISFACTORY PARTICIPATION.—

7 “(1) AUTHORITY TO ORDER TO ACTIVE DUTY.—

8 “(A) IN GENERAL.—Notwithstanding any other provision of law, the
9 President may order to active duty under section 12341 of this title any member of
10 the Ready Reserve of an armed force who—

11 “(i) is not assigned to, or participating satisfactorily in, a unit of the
12 Ready Reserve;

13 “(ii) has not fulfilled the member’s statutory reserve obligation;
14 and

15 “(iii) has not served on active duty for a total of 24 months.

16 “(B) DURATION AND EXTENSION.—A member who is ordered to active
17 duty pursuant to paragraph (1) may be required to serve on active duty until the
18 member’s total service on active duty equals 24 months. If the member’s
19 enlistment or other period of military service would expire before the member has
20 served the required period under this paragraph, the enlistment or other period of
21 military service may be extended until the member has served the required period.

22 “(2) FAILURE TO PERFORM SATISFACTORILY.—

1 “(A) IN GENERAL.—A member of the Ready Reserve covered by
2 section 12352 of this title who fails in any year to perform satisfactorily the
3 training duty prescribed in that section, as determined by the Secretary concerned
4 under regulations prescribed by the Secretary of Defense, may be ordered without
5 the member’s consent to perform additional active duty for training under section
6 12341 of this title for not more than 45 days. If the failure occurs during the last
7 year of the member’s required membership in the Ready Reserve, the member’s
8 membership is extended until the member performs that additional active duty for
9 training, but not for more than six months.

10 “(B) ARMY NATIONAL GUARD OR AIR NATIONAL GUARD.—A
11 member of the Army National Guard of the United States or the Air National
12 Guard of the United States who fails in any year to perform satisfactorily the
13 training duty prescribed by or under law for members of the Army National
14 Guard or the Air National Guard, as the case may be, as determined by the
15 Secretary concerned, may, upon the request of the Governor of the State (or, in
16 the case of the District of Columbia, the commanding general of the District of
17 Columbia National Guard) be ordered, without the member’s consent, to perform
18 additional active duty for training under section 12341 of this title for not more
19 than 45 days. A member ordered to active duty under this subsection shall be
20 ordered to duty as a Reserve of the Army or as a Reserve of the Air Force, as the
21 case may be. However, the consent of a Governor may not be withheld (in whole
22 or in part) with regard to active duty outside the United States, its territories, and

1 its possessions, because of any objection to the location, purpose, type, or
2 schedule of such active duty.

3 “(f) CAPTIVE STATUS.—A member of a reserve component may be ordered to active duty
4 under section 12341 of this title without the member’s consent if the Secretary concerned
5 determines that the member is in a captive status. A member ordered to active duty under this
6 section may not be retained on active duty, without the member’s consent, for more than 30 days
7 after the member’s captive status is terminated.

8 “(g) MUSTER DUTY.—A member of the Ready Reserve may be ordered without the
9 member’s consent to muster duty under section 12343 of this title one time each year. A member
10 ordered to muster duty under this section shall be required to perform a minimum of two hours
11 of muster duty on the day of muster. The muster duty shall be subject to the following
12 requirements:

13 “(1) PERIOD OF TIME.—The period which a member may be required to devote to
14 muster duty under this section, including round-trip travel to and from the location of that
15 duty, may not total more than one day each calendar year.

16 “(2) TREATMENT AS INACTIVE DUTY AND TRAVEL.—Except as specified in
17 paragraph (3), muster duty (and travel directly to and from that duty) under this section
18 shall be treated as inactive duty (and travel directly to and from that duty) for the
19 purposes of this title and the provisions of title 37 (other than section 206(a) of title 37)
20 and title 38, including provisions relating to the determination of eligibility for and the
21 receipt of benefits and entitlements provided under those titles for Reserves performing
22 inactive duty and for their dependents and survivors.

1 “(3) NOT CREDITED FOR RETIRED PAY PURPOSES.—Muster duty under this
2 subsection shall not be credited in determining entitlement to, or in computing, retired
3 pay under chapter 1223 of this title.

4 “(h) CONSIDERATION FOR MOBILIZATION.—To achieve fair treatment between members
5 in the Ready Reserve who are being considered for recall to duty without their consent pursuant
6 to subsection (b), (c) or (e)(1), consideration shall be given to—

7 “(1) the length and nature of previous service, to assure such sharing of exposure
8 to hazards as the national security and military requirements will reasonably allow;

9 “(2) the frequency of assignments during service career;

10 “(3) family responsibilities; and

11 “(4) employment necessary to maintain the national health, safety, or interest.

12 “(i) DEFINITIONS. In this section:

13 “(1) CAPTIVE STATUS.—The term ‘captive status’ means the status of a member of
14 the armed forces who is in a missing status (as defined in section 551(2) of title 37)
15 which occurs as the result of a hostile action and is related to the member's military
16 status.

17 “(2) INDIVIDUAL READY RESERVE MOBILIZATION CATEGORY.—The term
18 ‘Individual Ready Reserve mobilization category’ means, in the case of any reserve
19 component, the category of the Individual Ready Reserve described in section 10144(b)
20 of this title.

21 “(3) WEAPONS OF MASS DESTRUCTION.—The term ‘weapon of mass destruction’
22 has the meaning given that term in section 1403 of the Defense Against Weapons of
23 Mass Destruction Act of 1996 (50 U.S.C. 2302).

1 **“§12352. Reserve component: required training**

2 “(a) PURPOSE.— Except as specifically provided in regulations to be prescribed by the
3 Secretary of Defense, or by the Secretary of Homeland Security with respect to the Coast Guard
4 when the Coast Guard is not operating as a service in the Navy, each person who is enlisted,
5 inducted, or appointed in an armed force, and who becomes a member of the Ready Reserve
6 under any provision of law except section 513 or 10145(b) of this title, shall be required, while in
7 the Ready Reserve, to maintain readiness as determined by the Secretary concerned by—

8 “(1) participating in at least 48 scheduled drills or training periods during each
9 year pursuant to section 12343 of this title and serve on active duty for training under
10 section 12341 of this title for not less than 14 days (exclusive of travel time) during each
11 year; or

12 “(2) serving on active duty for training under section 12341 of this title for not
13 more than 30 days during each year.

14 “(b) EXCEPTION FOR CERTAIN MEMBERS.—A member who has served on active duty for
15 one year or longer may not be required to perform a period of active duty for training if the first
16 day of that period falls during the last 120 days of the member's required membership in the
17 Ready Reserve.

18 **“§ 12353. Reserve component: optional duty**

19 “(a) ACTIVE DUTY.—

20 “(1) IN GENERAL.—At any time, an authority designated by the Secretary
21 concerned may order a member of a reserve component under his jurisdiction to active
22 duty under section 12341 of this title, or retain the member on active duty, with the

1 consent of that member for training, to provide operational support or perform other duty
2 as determined by the Secretary concerned.

3 “(2) PURPOSES.—Such duty includes service on active duty for the purpose
4 specified in section or section 802(d), 1491, 3038, 5143, 5144, 8038, 10211, 10301
5 through 10305, 10502, 10505, 10506, 10507, 12402, or 12405 of this title.

6 “(3) ARMY NATIONAL GUARD OR AIR NATIONAL GUARD.—However, a member of
7 the Army National Guard of the United States or the Air National Guard of the United
8 States may not be ordered to active duty under this subsection without the consent of the
9 Governor or other appropriate authority of the State concerned. The consent of a
10 Governor may not be withheld (in whole or in part) with regard to active duty outside the
11 United States, its territories, and its possessions, because of any objection to the location,
12 purpose, type, or schedule of such active duty.

13 “(b) ACTIVE DUTY FOR HEALTH CARE.—

14 “(1) IN GENERAL.—When authorized by the Secretary of Defense, the Secretary of
15 a military department may, with the consent of the member, order a member of a reserve
16 component to active duty under section 12341 of this title—

17 “(A) to receive authorized medical care;

18 “(B) to be medically evaluated for disability or other purposes; or

19 “(C) to complete a required Department of Defense health care study,
20 which may include an associated medical evaluation of the member.

21 “(2) TREATMENT FOR OR RECOVERY FROM AN INJURY, ILLNESS OR DISEASE.—A
22 member of a uniformed service described in paragraph (1)(B) or (2)(B) of section
23 1074a(a) of this title may be ordered to active duty under section 12341 of this title, and a

1 member of a uniformed service described in paragraph (1)(A) or (2)(A) of section 1074a
2 may be continued on active duty under section 12341 of this title, for a period of more
3 than 30 days while the member is being treated for (or recovering from) an injury, illness,
4 or disease incurred or aggravated in the line of duty as described in any of such
5 paragraphs.

6 “(3) RETENTION ON ACTIVE DUTY.—A member ordered to active duty under this
7 subsection may, with the member's consent, be retained on active duty, if the Secretary
8 concerned considers it appropriate, for medical treatment for a condition associated with
9 the study or evaluation, if that treatment of the member is otherwise authorized by law.

10 “(4) ARMY NATIONAL GUARD OR AIR NATIONAL GUARD.—However, a member of
11 the Army National Guard of the United States or the Air National Guard of the United
12 States may not be ordered to active duty under this subsection without the consent of the
13 Governor or other appropriate authority of the State concerned.

14 “(c) ORGANIZING, ADMINISTERING, ETC., RESERVE COMPONENTS.—

15 “(1) IN GENERAL.—The Secretary concerned may order a member of a reserve
16 component under the Secretary's jurisdiction to active duty pursuant to section 12341 of
17 this title to perform Active Guard and Reserve duty to organize, administer, recruit,
18 instruct, or train the reserve components.

19 “(2) RESERVE GRADE; ELIGIBILITY FOR PROMOTION.—A Reserve ordered to active
20 duty under paragraph (1) shall be ordered in the Reserve's reserve grade. While so
21 serving, the Reserve continues to be eligible for promotion as a Reserve, if otherwise
22 qualified.

1 “(3) ADDITIONAL DUTIES.—A Reserve on active duty under this subsection may
2 perform the following additional duties to the extent that the performance of those duties
3 does not interfere with the performance of the Reserve's primary Active Guard and
4 Reserve duties described in paragraph (1):

5 “(A) SUPPORTING RESERVE COMPONENTS.—Supporting operations or
6 missions assigned in whole or in part to the reserve components.

7 “(B) SUPPORTING UNITS.—Supporting operations or missions performed or
8 to be performed by—

9 “(i) a unit composed of elements from more than one component
10 of the same armed force; or

11 “(ii) a joint forces unit that includes—

12 “(I) one or more reserve component units; or

13 “(II) a member of a reserve component whose reserve
14 component assignment is in a position in an element of the joint
15 forces unit.

16 “(C) ADVISING.—Advising the Secretary of Defense, the Secretaries of the
17 military departments, the Joint Chiefs of Staff, and the commanders of the
18 combatant commands regarding reserve component matters.

19 “(D) INSTRUCTION OR TRAINING.—Instructing or training in the United
20 States, the Commonwealth of Puerto Rico, or possessions of the United States
21 of—

22 “(i) active-duty members of the armed forces;

1 “(ii) members of foreign military forces (under the same
2 authorities and restrictions applicable to active-duty members providing
3 such instruction or training);

4 “(iii) Department of Defense contractor personnel; or

5 “(iv) Department of Defense civilian employees.

6 “(4) OPERATIONS RELATING TO DEFENSE AGAINST WEAPONS OF MASS DESTRUCTION
7 AND TERRORIST ATTACKS.—

8 “(A) IN GENERAL.—Notwithstanding paragraph (3), a Reserve on active
9 duty as described in paragraph (1), or a Reserve who is a member of the National
10 Guard serving on full-time National Guard duty under section 502(f) of title 32 in
11 connection with functions referred to in paragraph (1), may, subject to
12 subparagraph (C), perform duties in support of emergency preparedness programs
13 to prepare for or to respond to any emergency involving any of the following:

14 “(i) WEAPONS OF MASS DESTRUCTION.—The use or threatened use
15 of a weapon of mass destruction (as defined in section 1403 of the
16 Defense Against Weapons of Mass Destruction Act of 1996 (50 U.S.C.
17 2302) in the United States.

18 “(ii) TERRORIST ATTACK OR THREATENED TERRORIST ATTACK.—A
19 terrorist attack or threatened terrorist attack in the United States that
20 results, or could result, in catastrophic loss of life or property.

21 “(iii) RELEASE OF CERTAIN MATERIALS.—The intentional or
22 unintentional release of nuclear, biological, radiological, or toxic or

1 poisonous chemical, materials in the United States that results, or could
2 result, in catastrophic loss of life or property.

3 “(iv) NATURAL OR MAN-MADE DISASTER.—A natural or manmade
4 disaster in the United States that results in, or could result in, catastrophic
5 loss of life or property.

6 “(B) COSTS.—The costs of the pay, allowances, clothing, subsistence,
7 gratuities, travel, and related expenses for a Reserve performing duties under the
8 authority of paragraph (1) shall be paid from the appropriation that is available to
9 pay such costs for other members of the reserve component of that Reserve who
10 are performing duties as described in paragraph (1).

11 “(C) CIVIL SUPPORT TEAM.—A Reserve may perform duty described in
12 subparagraph (A) only while assigned to a reserve component weapons of mass
13 destruction civil support team.

14 “(D) ANNUAL END STRENGTH AUTHORIZATION AND JUSTIFICATION
15 MATERIAL.—Reserves on active duty who are performing duties described in
16 subparagraph (A) shall be counted against the annual end strength authorizations
17 required by sections 115(a)(1)(B) and 115(a)(2) of this title. The justification
18 material for the defense budget request for a fiscal year shall identify the number
19 and component of the Reserves programmed to be performing duties described in
20 subparagraph (A) during that fiscal year.

21 “(E) CERTIFICATION REQUIRED.—A reserve component weapons of mass
22 destruction civil support team, and any Reserve assigned to such a team, may not
23 be used to respond to an emergency described in subparagraph (A) unless the

1 Secretary of Defense has certified to the Committee on Armed Services of the
2 Senate and the Committee on Armed Services of the House of Representatives
3 that that team, or that Reserve, possesses the requisite skills, training, and
4 equipment to be proficient in all mission requirements.

5 “(F) REQUEST FOR LEGISLATION.—If the Secretary of Defense submits to
6 Congress any request for the enactment of legislation to modify the requirements
7 of subparagraphs (A) and (C), the Secretary shall provide with the request—

8 “(i) justification for each such requested modification; and

9 “(ii) the Secretary's plan for sustaining the qualifications of the
10 personnel and teams described in subparagraph (C).

11 “(G) DEFINITION OF UNITED STATES.—In this subsection, the term "United
12 States" includes the Commonwealth of Puerto Rico, Guam, and the United States
13 Virgin Islands.

14 “(5) TRAINING.—A Reserve on active duty as described in this subsection may be
15 provided training consistent with training provided to other members on active duty, as
16 the Secretary concerned sees fit.

17 “(d) INACTIVE DUTY.—

18 “(1) IN GENERAL.—At any time, an authority designated by the Secretary
19 concerned may require a member of a reserve component under the Secretary's
20 jurisdiction, with the consent of the member, to perform inactive duty under section
21 12343 of this title to provide readiness training, perform administrative function to
22 prepare for unit training, perform funeral honors functions at the funeral of a veteran as
23 defined in section 1491 of this title (other than for members of the Army National Guard

1 of the United States or the Air National Guard of the United States who perform funeral
2 honors duty under section 502(g) of title 32), or perform other inactive duty as
3 determined by the Secretary concerned.

4 “(2) PAY.—As directed by the Secretary concerned, a member performing funeral
5 honors functions may be paid—

6 “(A) the allowance under section 495 of title 37; or

7 “(B) compensation under section 206 of title 37.

8 “(3) TRAVEL AND TRANSPORTATION EXPENSES.—A member who performs funeral
9 honors functions may be reimbursed for travel and transportation expenses incurred in
10 conjunction with such duty as authorized under section 495 of title 37 if such duty is
11 performed at a location 50 miles or more from the member’s residence.”.

12 (d) TRAINING AND OTHER DUTIES PERFORMED BY MEMBERS OF THE NATIONAL GUARD.—

13 (1) CHAPTER HEADING.—The chapter heading for chapter 5 of title 32, United
14 States Code, is amended by inserting “**AND OTHER DUTY**” after

15 “**TRAINING**”;

16 (2) OTHER AMENDMENTS.—Section 502 of title 32, United States Code, is further
17 amended—

18 (A) by amending the section heading to read as follows:

19 “**§ 502. Required training, field exercises, and other duty**”;

20 (B) in subsection (a)—

21 (i) in paragraph (1)—

22 (I) by striking “drill” and inserting “training”; and

23 (II) by inserting “under subsection (g)” before “at least”;

1 (ii) in paragraph (2), by inserting “under subsection (f)(1)” before
2 “at least”;

3 (C) in subsection (b), by striking “drill” each place the term appears and
4 inserting “training”;

5 (D) in subsection (d)—

6 (i) in the matter preceding paragraph (1), by striking “drill” and
7 inserting “training”; and

8 (ii) in paragraph (2), by striking “one and one-half hours” and
9 inserting “two hours”;

10 (E) in subsection (e), by striking “drill” each place the term appears and
11 inserting “training”;

12 (F) in subsection (f)—

13 (i) in paragraph (1)—

14 (I) in the matter preceding subparagraph (A), by inserting “,
15 which regulations shall conform to regulations prescribed by the
16 Secretary of Defense for Reserve component members,” after “as
17 the case may be,”; and

18 (II) in the matter following subparagraph (B), by inserting
19 “to full-time National Guard duty” after “be ordered”; and

20 (ii) in paragraph (2), by adding at the end the following new
21 subparagraph:

22 “(C) Support for funerals of veterans of the armed forces pursuant to
23 section 1491 of title 10.”;

1 (iii) by redesignating paragraph (3) as paragraph (8); and

2 (iv) by adding after paragraph (2) (as amended by clause (ii)) the

3 following new paragraphs:

4 “(3) FULL-TIME NATIONAL GUARD DUTY.—Full-time National Guard duty shall not be
5 performed on land outside the United States, its territories or possessions.

6 “(4) PURPOSE OF CALL ORDER.—To account for manpower utilization and expenditure of
7 appropriations, each order to full-time National Guard duty shall cite the purpose of the call or
8 order as provided in this section or section 112, 114, 316, 503, 504, 505, 509, or 904 of this title.

9 “(5) LIMITATIONS AND RESTRICTIONS.—A member of the National Guard shall not be
10 ordered to full-time National Guard duty or retained on full-time National Guard duty beyond the
11 limitations and restrictions specified in the purpose of the order to full-time National Guard duty.

12 “(6) AMENDED ORDERS.—When the purpose for the member to serve on full-time
13 National Guard duty changes, the order to full-time National Guard duty shall be amended to cite
14 the new purpose and applicable funding code, but the member shall remain on the same order to
15 full-time National Guard duty.

16 “(7) CONTINUOUS FEDERAL SERVICE.—If a member is released from full-time National
17 Guard duty and subsequently ordered to active duty with a break in service of 24 hours or fewer,
18 the period of service shall be treated as continuous federal service for the purposes of pay and
19 benefits unless otherwise specified in law.”; and

20 (G) by adding at the end the following new subsection:

21 “(g) INACTIVE DUTY.—

22 “(1) IN GENERAL.—Under regulations to be prescribed by the Secretary of the
23 Army or the Secretary of the Air Force, as the case may be, which shall conform to

1 regulations prescribed by the Secretary of Defense for Reserve component members, a
2 member of the National Guard may be required to perform inactive duty, in addition to
3 that prescribed under subsection (a), to provide additional readiness training, perform
4 administrative function to prepare for unit training, perform funeral honors functions for
5 veterans of the armed forces pursuant to section 1491 of title 10, or perform other
6 inactive duty as authorized by the Secretary concerned.

7 “(2) DOCUMENTATION.—To account for manpower utilization and expenditure of
8 appropriations, the purpose for inactive duty and the associated funding code shall be
9 documented.

10 “(3) DESIGNATED HOSTILE FIRE OR IMMINENT DANGER AREA.—Inactive duty shall
11 not be performed in designated hostile fire or imminent danger area.

12 “(4) LAND OUTSIDE THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS.—
13 Inactive duty shall not be performed on land outside the United States, its territories or
14 possessions.

15 “(5) DURATION OF INACTIVE DUTY.—Each period of inactive duty shall be for
16 duration of at least two hours.

17 “(6) DURATION OF COMPENSATION AND SERVICE CREDIT.—Compensation under
18 section 206 of title 37 and service credit under section 12732(a)(2)(E) of title 10 shall not
19 exceed two periods of inactive duty in a calendar day.

20 “(7) PAY FOR PERFORMING FUNERAL HONORS.—As directed by the Secretary
21 concerned, a member performing funeral honors functions may be paid—

22 “(A) the allowance under section 495 of title 37; or

23 “(B) compensation under section 206 of title 37.”

1 (e) REDESIGNATION OF INACTIVE DUTY TO ENCOMPASS OPERATIONAL AND OTHER DUTIES
2 PERFORMED WHILE IN AN ACTIVE DUTY STATUS.—

3 (1) REFERENCES.—Any reference that is made in any law, regulation, document,
4 paper, or other record of the United States to inactive-duty training, as such term applies
5 to members of the reserve components of the uniformed services, shall be deemed to be a
6 reference to inactive duty.

7 (2) DEFINITION OF UNIFORMED SERVICES.—In this subsection the term “uniformed
8 services” has the meaning given the term in section 101 of title 10, United States Code.

9 (f) CONFORMING AMENDMENTS TO TITLE 5, UNITED STATES CODE.—

10 (1) Paragraph (2) of section 5517(d) of title 5, United States Code, is amended by
11 striking “under section 10147” and inserting “as provided under section 12352”.

12 (2) Section 6323 of title 5, United States Code, is amended—

13 (A) in paragraph (1) of subsection (a)—

14 (i) by striking “inactive-duty training” and inserting “inactive
15 duty”; and

16 (ii) by striking “funeral honors duty (as described in section 12503
17 of title 10 and section 115 of title 32)” and inserting “funeral honors
18 functions (as described in section 12353 of title 10 and section 114 of title
19 32)”; and

20 (B) in paragraph (1) subsection (d), by striking “section 12301(b) or
21 12301(d)” and inserting “section 12341 of title 10 for the purposes specified in
22 section 12351(d) or 12353(a)”.

1 (g) CONFORMING AMENDMENTS TO TITLE 7, UNITED STATES CODE.— Paragraph (1) of
2 section 332(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982(a)) is
3 amended by striking “12301(a), 12301(g), 12302, 12304, 12306, or 12406,” and inserting
4 “12341 for the purpose specified in section 12306, 12342, 12351(a)(1), 12351(b), 12351(c), or
5 12351(f), 12342 for the purpose specified in section 12406.”.

6 (h) CONFORMING AMENDMENTS TO TITLE 10, UNITED STATES CODE.—

7 (1) Section 101 of title 10, United States Code, is amended—

8 (A) in subparagraph (B) of subsection (a)(13), by striking “section 688,
9 12301(a), 12302, 12304, 12304a, 12305, or 12406 of this title, chapter 15 of this
10 title” and inserting “section 688 or 12341 of this title for the purpose specified in
11 section 12304a, 12305, 12351(a)(1), 12351(b), 12351(c) of this title, section
12 12342 of this title for the purpose specified in section 12406, chapter 15 of this
13 title”;

14 (B) in paragraph (16) of subsection (b), by striking “section 12301(d) of
15 this title” and inserting “section 12341 of this title for the purpose specified in
16 section 12353(c) of this title”;

17 (C) in paragraph (5) of subsection (d)—

18 (i) by inserting “502(f) of title 32 for the purpose specified in
19 section” after “under section”; and

20 (ii) by striking “505 of title 32” and inserting “505 of such title”;

21 (D) in paragraph (7) of subsection (d)—

22 (i) in the matter preceding subparagraph (A), by striking “inactive-
23 duty training” and inserting “inactive duty”;

1 (ii) in subparagraph (A), by striking “section 206 of title 37” and
2 inserting “section 12352(a)(1) of this title, section 502(a)(1) of title 32,”;
3 and

4 (iii) in subparagraph (B)—

5 (I) by inserting “under section 12353(d) of this title or
6 section 502(g) of title 32” after “special additional duties
7 authorized”; and

8 (II) by inserting “, or other activities that a member may
9 perform when authorized by the designated authority” before the
10 period.

11 (2) Section 115 of title 10, United States Code, is amended—

12 (A) in subsection (b)(1)—

13 (i) in subparagraph (A), by striking “section 12301(d)” and
14 inserting “section 12341”;

15 (ii) in subparagraph (C), by striking “section 12301(d)” and
16 inserting “section 12341”;

17 (iii) in subparagraph (D)—

18 (I) by striking “section 12301(g)” and inserting “section
19 12341”; and

20 (II) by inserting “as provided under section 12351(f) of
21 such title” before the semicolon; and

22 (iv) in subparagraph (E)—

1 (I) by striking “12301(h) or 12322” and inserting “section
2 12341”; and

3 (II) by inserting “as provided under section 12353(b) of this
4 title” before the semicolon;

5 (B) in subsection (i)—

6 (i) in paragraph (1), by striking “section 12301(a) of this title” and
7 inserting “section 12341 of this title for the purpose specified in section
8 12351(a) of this title”;

9 (ii) in paragraph (2), by striking “section 12301(b) of this title”
10 and inserting “section 12341 of this title for the purpose specified in
11 section 12351(d) of this title”;

12 (iii) in paragraph (3), by striking “section 12302 of this title” and
13 inserting “section 12341 of this title for the purpose specified in section
14 12351(b) of this title”;

15 (iv) in paragraph (4), by striking “section 12304 of this title” and
16 inserting “section 12341 of this title for the purpose specified in section
17 12351(c) of this title”;

18 (v) in paragraph (5), by inserting “section 12342 of this title for the
19 purpose specified in” after “Federal service under”;

20 (vi) in paragraph (6), by inserting “section 12342 of this title for
21 the purpose specified in” after “Federal service under”; and

22 (vii) in paragraph (11), by inserting “12341 for the purpose
23 specified in section” after “active duty under section”.

1 (3) Section 331 of title 10, United States Code, is amended by inserting “under
2 section 12342 of this title” after “call into Federal service”.

3 (4) Section 332 of title 10, United States Code, is amended by inserting “under
4 section 12342 of this title” after “call into Federal service”.

5 (5) Paragraph (3) of section 511(d) of title 10, United States Code, is amended by
6 striking “section 10147(a)(1)” and inserting “section 12352(a)(1)”.

7 (6) Subparagraph (B) of section 523(b)(1) of title 10, United States Code, is
8 amended by inserting “12341 of this title for the purpose specified in section” after “on
9 active duty under section”.

10 (7) Subparagraph (B) of section 641(1) of title 10, United States Code, is
11 amended by inserting “section 12341 for the purpose described in” after “on active duty
12 under”.

13 (8) Section 802 of title 10, United States Code, is amended in each of subsections
14 (a)(3), (d)(2)(B), and (d)(5)(B), by striking ‘inactive-duty training’ and inserting “inactive
15 duty”.

16 (9) Subsection (d) of section 803 of title 10, United States Code, is amended by
17 striking “inactive-duty training” each place the term appears and inserting “inactive
18 duty”.

19 (10) The matter preceding paragraph (1) of subsection (a) and the matter
20 preceding paragraph (1) of subsection (b) of section 936 of title 10, United States Code,
21 are each amended by striking “inactive-duty training” and inserting “inactive duty”.

22 (11) Paragraph (1) of section 976(a) of title 10, United States Code, is amended
23 by striking “inactive-duty training” and inserting “inactive duty”.

1 (12) Paragraphs (1) and (2) of section 1061(b) of title 10, United States Code, are
2 each amended by striking “inactive-duty training” and inserting “inactive duty”.

3 (13) Subsection (a) of section 1074a of title 10, United States Code, is amended in
4 each of paragraphs (1)(B), (2)(B), and (3) by striking “inactive-duty training” each place
5 the term appears and inserting “inactive duty”.

6 (14) Subsection (a) of section 1074a of title 10, United States Code, is amended
7 further—

8 (A) in paragraph (1)—

9 (i) in subparagraph (A), by inserting “or” after the semicolon;

10 (ii) in subparagraph (B), by striking “; or” and inserting a period;

11 and

12 (iii) by striking subparagraph (C);

13 (B) in paragraph (2)—

14 (i) in subparagraph (A), by inserting “or” after the semicolon;

15 (ii) in subparagraph (B), by striking “; or” and inserting a period;

16 and

17 (iii) by striking subparagraph (C); and

18 (C) by striking paragraph (4).

19 (15) Subsection (a) of section 1076 of title 10, United States Code, is amended—

20 (A) in each paragraphs (2)(B)(i), (2)(B)(ii), and (2)(C), by striking

21 “inactive-duty training” each place the term appears and inserting “inactive duty”;

22 and

23 (B) in paragraph (2), by striking subparagraph (E).

1 (16) Clauses (i) and (ii) of section 1086(c)(2)(B) of title 10, United States Code,
2 are each amended by striking “inactive duty training” and inserting “inactive duty”.

3 (17) Paragraph (2) of section 1175(e) of title 10, United States Code, is amended
4 by striking “inactive duty training” and inserting “inactive duty”.

5 (18) Section 1175a(j) of title 10, United States Code, is amended—

6 (A) in paragraph (2)—

7 (i) by inserting “under section 12341 of this title for the purpose
8 specified in section 12351(a)(1), 12351(b), 12351(c), 12351(d),
9 12351(e)(1), or 12351(f) of this title” after “involuntarily recalled to active
10 duty”; and

11 (ii) by striking “in accordance with section 12301(a), 12301(b),
12 12301(g), 12302, 12303, or 12304 of this title or” and inserting “under”;
13 and

14 (B) in paragraph (3)—

15 (i) by striking “12301(d)” and inserting “12353(a)”;

16 (ii) by striking “12319, or 12503” and inserting “12351(g)”;

17 (iii) by striking “, 115,”.

18 (19) Paragraph (2) of section 1201(c) of title 10, United States Code, is amended
19 by striking “under section 10148(a)” and inserting “pursuant to section 12351(e)(2)”.

20 (20) Section 1204 of title 10, United States Code, is amended—

21 (A) in the section heading, by striking “**inactive-duty training**” and
22 inserting “**inactive duty**”; and

23 (B) in paragraph (2)—

1 (i) in each of subparagraphs (A)(i), (A)(iii), (B)(i), and (B)(iii), by
2 striking “inactive-duty training” each place the term appears and inserting
3 “inactive duty”;

4 (ii) in clause (iii) of subparagraph (A), by inserting “or” after the
5 semicolon;

6 (iii) in clause (iii) of subparagraph (B), by striking “; or” and
7 inserting a period; and

8 (iv) by striking subparagraph (C).

9 (21) Section 1206 of title 10, United States Code, is amended—

10 (A) in the section heading, by striking “**inactive-duty training**” and
11 inserting “**inactive duty**”;

12 (B) by amending paragraph (2) to read as follows:

13 “(2) the disability is a result of an injury, illness, or disease incurred or aggravated
14 in line of duty while—

15 “(A) performing active duty or inactive duty;

16 “(B) traveling directly to or from the place at which such duty is
17 performed; or

18 “(C) remaining overnight immediately before the commencement of
19 inactive duty, or while remaining overnight between successive periods of
20 inactive duty, at or in the vicinity of the site of the inactive duty, if the site is
21 outside reasonable commuting distance of the member's residence;”;

22 (C) in paragraph (5), by striking “inactive-duty training” and inserting
23 “inactive duty”;

1 (22) Subparagraph (B) of section 1448(f)(1) of title 10, United States Code, is
2 amended by striking “inactive-duty training” and inserting “inactive duty”.

3 (23) Clauses (ii) and (iii) of section 1471(b)(3)(A) of title 10, United States Code,
4 are each amended by striking “inactive duty for training” and inserting “inactive duty”.

5 (24) Section 1475 of title 10, United States Code, is amended—

6 (A) in the section heading, by striking “**inactive duty training**” and
7 inserting “**inactive duty**”; and

8 (B) in each of paragraphs (2) and (3) of subsection (a), by striking
9 “inactive duty training” each place the term appears and inserting “inactive duty”.

10 (25) Paragraphs (1)(B) and (2)(A) of section 1476(a) of title 10, United States
11 Code, are each amended by striking “inactive-duty training” and inserting “inactive
12 duty”.

13 (26) Paragraphs (3), (4), (8), and (9) of section 1478(a) of title 10, United States
14 Code, are each amended by striking “inactive duty training” each place the term appears
15 and inserting “inactive duty”.

16 (27) Section 1481(a)(2) of title 10, United States Code, is amended—

17 (A) in each of subparagraphs (B), (C), (D), and (F), by striking “inactive-
18 duty training” each place the term appears and inserting “inactive duty”; and

19 (B) in subparagraph (E), by striking “inactive duty training” and inserting
20 “inactive duty”.

21 (28) Paragraph (2) of section 1481(a) of title 10, United States Code, is amended
22 further—

1 (A) in subparagraph (E) (as amended by paragraph (27)(B)), by inserting
2 “or” after the semicolon;

3 (B) in subparagraph (F) (as amended by paragraph (27)(A)), by striking “;
4 or” and inserting a period; and

5 (C) by striking subparagraph (G).

6 (29) Subsections (d)(2) and (e)(5) of section 2031 of title 10, United States Code,
7 are each amended by striking “inactive duty training” and inserting “inactive duty”.

8 (30) Subparagraph (D) of section 2107(c)(5) of title 10, United States Code, is
9 amended by striking “inactive duty for training” and inserting “inactive duty”.

10 (31) Subparagraph (D) of section 2107a(c)(4) of title 10, United States Code, is
11 amended by striking “inactive duty for training” and inserting “inactive duty”.

12 (32) The matter preceding paragraph (1) of section 2601a(b) of title 10, United
13 States Code, is amended by striking “inactive-duty training” and inserting “inactive
14 duty”.

15 (33) Paragraph (3) of section 9446(a) of title 10, United States Code, is amended
16 by striking “inactive-duty training” and inserting “inactive duty”.

17 (34) Subsection (a) of section 10142 of title 10, United States Code, is amended
18 by striking “as provided in sections 12301 and 12302 of this title” and inserting “under
19 section 12341 of this title for the purposes specified in sections 12351(a) and 12351(b) of
20 this title”.

21 (35) Subsection (a) of section 10143 of title 10, United States Code, is amended
22 by striking “10147(a)(1)” and inserting “12352”.

1 (36) The matter preceding subparagraph (A) of section 10144(b)(1) of title 10,
2 United States Code, is amended by striking “in accordance with section 12304” and
3 inserting “under section 12341 of this title for the purpose specified in section 12351(c)”.

4 (37) Chapter 1005 of title 10, United States Code, is amended—

5 (A) by repealing section 10147; and

6 (B) by repealing section 10148.

7 (38) Section 10151 of title 10, United States Code, is amended by striking
8 “sections 12301 and 12306” and inserting “section 12351(a)”.

9 (39) Subsection (b) of section 10204 of title 10, United States Code, is amended
10 by striking “inactive duty training” and inserting “inactive duty”.

11 (40) Subsection (a) of section 10215 of title 10, United States Code, is amended—

12 (A) in subparagraph (A) of paragraph (1), by striking “section 12301(d)”
13 and inserting “section 12341 of this title as provided in section 12353(a)”; and

14 (B) in subparagraph (A) of paragraph (2), by striking “section 12301(d)”
15 and inserting “section 12341 of this title as provided in section 12353(a)”.

16 (41) Paragraph (9) of section 10541(b) of title 10, United States Code, is
17 amended by striking “12304(b)” and inserting “12351(c)(2)”.

18 (42) Paragraph (1) of section 12011(e) of title 10, United States Code, is
19 amended by striking “12310” and inserting “12353(c)”.

20 (43) Subsection (a) of section 12012 of title 10, United States Code, is amended
21 by striking “section 10211 or 12310” and inserting “section 12341 of this title for the
22 purpose specified in section 10211 or 12353(c) of this title”.

23 (44) Section 12305 of title 10, United States Code, is amended—

1 (A) in subsection (a), by striking “section 12301, 12302, or 12304” and
2 inserting “section 12341 of this title for the purpose specified in section 12351(a),
3 12351(b), or 12351(c)”; and

4 (B) in subsection (b), by striking “section 12301, 12302, or 12304” and
5 inserting “section 12341 of this title for the purpose specified in section 12351(a),
6 12351(b), or 12351(c)”.

7 (45) Section 12306 of title 10, United States Code, is amended—

8 (A) in subsection (a), by striking “section 12301” and inserting “section
9 12341 of this title for the purpose specified in section 12351(a), 12351(d),
10 12351(f), 12353(a), or 12353(b)”; and

11 (B) in paragraph (1) of subsection (b)—

12 (i) by striking “section 12301(a)” and inserting “section 12341 of
13 this title for the purpose specified in section 12351(a)(1) of this title”; and

14 (ii) in paragraph (2) of subsection (b), by striking “12301(a)” and
15 inserting “12351(a)”.

16 (46) Section 12307 of title 10, United States Code, is amended by striking
17 “12301(a)” and inserting “12351(a)”.

18 (47) Section 12317 of title 10, United States Code, is amended by striking
19 “inactive duty training” and inserting “inactive duty”.

20 (48) Section 12318 of title 10, United States Code, is amended—

21 (A) in subsection (a), by striking “section 12302 or 12304” and inserting
22 “section 12341 of this title for the purpose specified in section 12351(b) or
23 12351(c)”; and

1 (B) in subsection (b)—

2 (i) by striking “referred to section 12310” and inserting
3 “performing duty referred to in section 12353(c)”; and

4 (ii) by striking “section 12302 or 12304” and inserting “section
5 12351(b) or 12351(c)”.

6 (49) Section 12321 of title 10, United States Code, is amended by striking “of
7 organizing, administering, recruiting, instructing, or training the reserve components” and
8 inserting “specified in section 12353(c) of this title”.

9 (50) Section 12408 of title 10, United States Code, is amended by striking
10 “section 12301(a), 12302, or 12304 of this title” and inserting “12341 of this title for the
11 purpose specified in section 12351(a)(1), 12351(b) or 12351(c) of this title”.

12 (51) Section 12503 of title 10, United States Code, is repealed.

13 (52) Section 12552 of title 10, United States Code, is repealed.

14 (53) Subsections (a)(3) and (b)(3) of section 12602 of title 10, United States
15 Code, are each amended by striking “inactive-duty training” each place the term appears
16 and inserting “inactive duty”.

17 (54) Section 12603 of title 10, United States Code, is amended—

18 (A) in the section heading, by striking “**inactive-duty training**” and
19 inserting “**inactive duty**”; and

20 (B) in subsection (a), by striking “inactive duty training” and inserting
21 “inactive duty”.

22 (55) Section 12604 of title 10, United States Code, is amended—

1 (A) in the section heading, by striking “**inactive-duty training**” and
2 inserting “**inactive duty**”; and

3 (B) in subsection (a), by striking “inactive-duty training” and inserting
4 “inactive duty”.

5 (56) Subsection (b) of section 12686 of title 10, United States Code, is amended
6 by striking “section 12301” and inserting “section 12341 of this title for the purpose
7 specified in section 12351(a), 12351(d), 12351(f), 12353(a) or 12353(b)”.

8 (57) Subparagraph (B) of section 12731(f)(2) of title 10, United States Code, is
9 amended—

10 (A) in clause (i)—

11 (i) by striking “under section 12301(d)” and inserting “for the
12 purpose specified in section 12353(a)”; and

13 (ii) by striking “under section 12310” and inserting “for the
14 purpose specified in 12353(c)”; and

15 (B) in clause (iii), by striking “section 12301(h)(1)” and inserting “section
16 12341 of this title for the purpose specified in section 12353(b)(1)”.

17 (58) Section 12732(a)(2) of title 10, United States Code, is amended—

18 (A) in the matter following subparagraph (E), by striking “clauses (A),
19 (B), (C), (D) and (E)” and inserting “subparagraphs (A), (B), (C) and (D)”; and

20 (B) by striking subparagraph (E).

21 (59) Clause (i) of section 16131(c)(3)(B) of title 10, United States Code, is
22 amended by striking “section 12301(a), 12301(d), 12301(g), 12302, or 12304” and

1 inserting “section 12341 of this title for the purpose specified in section 12351(a)(1),
2 12351(b), 12351(c), 12351(f), or 12353(a)”.

3 (60) The matter preceding subparagraph (A) of section 16133(b)(4) of title 10,
4 United States Code, is amended by striking “section 12301(a), 12301(d), 12301(g),
5 12302, or 12304” and inserting “section 12341 of this title for the purpose specified in
6 section 12351(a)(1), 12351(b), 12351(c), 12351(f), or 12353(a)”.

7 (61) Clause (i) of section 16162(d)(2)(B) of title 10, United States Code, is
8 amended by striking “section 12301(a), 12301(d), 12301(g), 12302, or 12304 of this title”
9 and inserting “section 12341 of this title for the purpose specified in section 12351(a)(1),
10 12351(b), 12351(c), 12351(f), or 12353(a) of this title”.

11 (62) Section 18505 of title 10, United States Code, is amended—

12 (A) in the section heading, by striking “**inactive-duty training**” and
13 inserting “**inactive duty**”; and

14 (B) in subsection (a), by striking “inactive-duty training” each place the
15 term appears and inserting “inactive duty”.

16 (i) CONFORMING AMENDMENTS TO TITLE 14, UNITED STATES CODE.

17 (1) Section 704 of title 14, United States Code, is amended by striking “inactive-
18 duty training” and inserting “inactive duty”.

19 (2) Subsection (a) of section 705 of title 14, United States Code, is amended by
20 striking “inactive-duty training” and inserting “inactive duty”.

21 (3) Paragraph (1) of section 712(c) of title 14, United States Code, is amended by
22 striking “10147” and inserting “12352”.

23 (j) CONFORMING AMENDMENTS TO TITLE 20, UNITED STATES CODE.—

1 (1) Subsection (c) of section 1404 of the Defense Dependents' Education Act of
2 1978 (20 U.S.C. 923) is amended—

3 (A) in clause (i) of paragraph (2)(B), by striking “section 12301 or 12302”
4 and inserting “section 12341 of title 10, United States Code, for a purpose
5 specified in section 12351(a), 12351(b), 12351(d), 12351(f), 12353(a) or
6 12353(b)”;

7 (B) in clause (i) of paragraph (2)(C), by striking “section 12301 or 12302”
8 and inserting “section 12341 of title 10, United States Code, for a purpose
9 specified in section 12351(a), 12351(b), 12351(d), 12351(f), 12353(a) or
10 12353(b)”.

11 (2) Subparagraph (A) of section 481(d)(4) of the Higher Education Act of 1965
12 (20 U.S.C. 1088(d)(4)) is amended by striking “section 12301(a), 12301(g), 12302,
13 12304, or 12306” and inserting “section 12341 of title 10, United States Code, for a
14 purpose specified in section 12306, 12351(a), 12351(b), 12351(c), or 12351(f)”.

15 (3) Subparagraph (C) of section 484C(c)(3) of the Higher Education Act of 1965
16 (20 U.S.C. 1091c(c)) is amended—

17 (A) in clause (i), by striking “, 12301(a), 12301(g), 12302, 12304, or
18 12305 of title 10, United States Code,” and inserting “of title 10, United States
19 Code, under section 12341 of such title for the purpose specified in section 12305,
20 12351(a), 12351(b), 12351(c), or 12351(f) of such title,”; and

21 (B) in clause (iii), by striking “section 12304 of title 10, United States
22 Code” and inserting “section 12341 of title 10, United States Code, for the
23 purpose specified in section 12351(c) of such title”.

1 (4) Subparagraph (A) of section 5 of Higher Education Relief Opportunities for
2 Students Act of 2003 (20 U.S.C. 1098ee(5)) is amended by striking “section 12301(a),
3 12301(g), 12302, 12304, or 12306 of title 10, United States Code,” and inserting “section
4 12341 of title 10, United States Code, for the purpose specified in section 12306,
5 12351(a), 12351(b), 12351(c), or 12351(f) of such title.”.

6 (k) CONFORMING AMENDMENTS TO TITLE 26, UNITED STATES CODE.—Subsection (m) of
7 section 206 of the Internal Revenue Code of 1986 (26 U.S.C. 3121) is amended—

8 (1) in each of paragraphs (1)(B) and (3), by striking “inactive duty training” each
9 place the term appears and inserting “inactive duty”; and

10 (2) in the heading for paragraph (3), by striking “INACTIVE DUTY TRAINING” and
11 inserting “INACTIVE DUTY”.

12 (l) CONFORMING AMENDMENTS TO TITLE 32, UNITED STATES CODE.—

13 (1) Paragraph (19) of section 101 of title 32, United States Code, is amended by
14 striking “section 316, 502, 503, 504, or 505” and inserting “section 502(f) of this title for
15 the purpose specified under section in section 112, 114, 316, 502, 503, 504, 505, 509, or
16 904”.

17 (2) Section 114 of title 32, United States Code, is amended by striking “may not
18 be considered to be a period of drill or training, but may be performed as funeral honors
19 duty under section 115 of this title.” and inserting “may be performed under section 502
20 of this title.”.

21 (3) Section 115 of title 32, United States Code, is repealed.

22 (m) CONFORMING AMENDMENTS TO TITLE 37, UNITED STATES CODE.—

1 (1) The matter preceding subparagraph (A) of section 101(22) of title 37, United
2 States Code, is amended by striking “inactive-duty training” and inserting “inactive
3 duty”.

4 (2) Section 204 of title 37, United States Code, is amended—

5 (A) in paragraph (1) of subsections (g)—

6 (i) in each of subparagraphs (B) and (D), by striking “inactive-duty
7 training” each place the term appears and inserting “inactive duty”;

8 (ii) by striking subparagraph (E);

9 (iii) in subparagraph (C), by inserting “or” after the semicolon; and

10 (iv) in subparagraph (D), by striking “; or” and inserting a period;

11 and

12 (B) in paragraph (1) of subsections (h)—

13 (i) in each of subparagraphs (B) and (D), by striking “inactive-duty
14 training” each place the term appears and inserting “inactive duty”;

15 (ii) by striking subparagraph (E);

16 (iii) in subparagraph (C), by inserting “or” after the semicolon; and

17 (iv) in subparagraph (D), by striking “; or” and inserting a period.

18 (3) Subparagraph (A) of section 205(e)(2) of title 37, United States Code, is
19 amended by striking “inactive-duty training” and inserting “inactive duty”.

20 (4) Section 206 of title 37, United States Code, is amended—

21 (A) in the section heading, by striking “**inactive-duty training**” and
22 inserting “**inactive duty**”; and

1 (B) in each of paragraphs (3)(A)(ii) and (3)(C) of subsection (a), by
2 striking “inactive-duty training” each place the term appears and inserting
3 “inactive duty”.

4 (5) Section 305b of title 37, United States Code, is amended—

5 (A) in the heading for subsection (c), by striking “INACTIVE DUTY
6 TRAINING” and inserting “INACTIVE DUTY”; and

7 (B) in subsection (e), by striking “12310(c)” and inserting “12353(c)(4)”.

8 (6) Subsection (a) of section 308d of title 37, United States Code, is amended by
9 striking “inactive duty for training” and inserting “inactive duty”.

10 (7) The heading for subsection (e) of section 320 of title 37, United States Code,
11 is amended by striking “INACTIVE DUTY TRAINING” and inserting “INACTIVE DUTY”.

12 (8) Section 334 of title 37, United States Code, is amended—

13 (A) in the heading for subsection (e), by striking “INACTIVE DUTY
14 TRAINING” and inserting “INACTIVE DUTY”; and

15 (B) in subsection (e), by striking “for inactive-duty training” and inserting
16 “for inactive duty”.

17 (9) Section 352 of title 37, United States Code, is amended—

18 (A) in the heading for subsection (d), by striking “INACTIVE DUTY
19 TRAINING” and inserting “INACTIVE DUTY”; and

20 (B) in subsection (d), by striking “for inactive-duty training” and inserting
21 “for inactive duty”.

22 (10) Subparagraph (B) of section 353(c)(1) of title 37, United States Code, is
23 amended by striking “inactive-duty training” and inserting “inactive duty”.

1 (11) Section 415 of title 37, United States Code, is amended—

2 (A) in paragraph (3) of subsection (a), by striking “inactive-duty training”
3 and inserting “inactive duty”; and

4 (B) in paragraph (1) of subsection (c), by striking “inactive duty training”
5 and inserting “inactive duty”.

6 (12) Section 433 of title 37, United States Code, is amended—

7 (A) in subsection (a), by striking “12319” and inserting “12351(g)”; and

8 (B) in subsection (d), by striking “inactive-duty training” and inserting
9 “inactive duty”.

10 (13) Subsection (a) of section 433a of title 37, United States Code, is amended by
11 striking “12319” and inserting “12351(g)”.

12 (14) Paragraph (1) of section 474(i) of title 37, United States Code, is amended by
13 striking “inactive-duty training” and inserting “inactive duty”.

14 (15) Section 478a of title 37, United States Code, is amended—

15 (A) in the section heading, by striking “**inactive duty training**” and
16 inserting “**inactive duty**”; and

17 (B) in subsection (a), by striking “inactive duty training” each place the
18 term appears and inserting “inactive duty”.

19 (16) Paragraph (1) of section 495(a) of title 37, United States Code, is amended
20 by striking “funeral honors duty pursuant to section 12503 of title 10 or section 115 of
21 title 32” and inserting “funeral honors functions pursuant to section 12353(d)(2) of title
22 10 or section 502(g)(7) of title 32”.

1 (17) The matter preceding paragraph (1) of subsection (a), the matter following
2 paragraph (2) of subsection (a), and subsection (d), of section 552 of title 37, United
3 States Code, are each amended by striking “inactive-duty training” and inserting
4 “inactive duty”.

5 (18) Subparagraph (B) of section 910(b)(2) of title 37, United States Code, is
6 amended by striking “subparagraph (A) or (B) of section 12301(h)(1) of title 10” and
7 inserting “section 12341 of title 10 pursuant to subparagraph (A) or (B) of section
8 12353(b)(1) of such title”.

9 (n) CONFORMING AMENDMENTS TO TITLE 38, UNITED STATES CODE.—

10 (1) Section 101 of title 38, United States Code, is amended—

11 (A) in subparagraph (C) of paragraph (22), by striking “section 316, 502,
12 503, 504, or 505 of title 32” and inserting “section 502(f) of title 32”;

13 (B) in paragraph (23)—

14 (i) by striking “inactive duty training” and inserting “inactive
15 duty”; and

16 (ii) in the matter following paragraph (C), by striking “sections
17 316, 502, 503, 504, or 505 of title 32” and inserting “section 502(g) of title
18 32”; and

19 (C) in the matter preceding clause (i) of paragraph (24)(C), by striking
20 “inactive duty training” and inserting “inactive duty”.

21 (2) Subparagraph (B) and the matter following subparagraph (B) of section
22 106(d)(1) of title 38, United States Code, are each amended by striking “inactive duty
23 training” and inserting “inactive duty”.

1 (3) Clause (ii) of section 1112(c)(3)(A) of title 38, United States Code, is
2 amended by striking “inactive duty training” and inserting “inactive duty”.

3 (4) Paragraph (2) of section 1302(b) of title 38, United States Code, is amended
4 by striking “inactive duty training” and inserting “inactive duty”.

5 (5) Subparagraph (A) of section 1312(a)(2) of title 38, United States Code, is
6 amended by striking “inactive duty training” and inserting “inactive duty”.

7 (6) Section 1965 of title 38, United States Code, is amended—

8 (A) in subparagraph (D) of paragraph (2), by striking “sections 316, 502,
9 503, 504, or 505 of title 32” and inserting “section 502(f) of title 32”;

10 (B) in paragraph (3)—

11 (i) in the matter preceding subparagraph (A), by striking “inactive
12 duty training” and inserting “inactive duty”; and

13 (ii) in subparagraph (B), by striking “sections 316, 502, 503, 504,
14 or 505 of title 32” and inserting “section 502(g) of title 32”;

15 (C) in paragraph (4), by striking “inactive duty training” each place the
16 term appears and inserting “inactive duty”;

17 (D) in each of subparagraphs (A) and (B) of paragraph (5), by striking
18 “inactive duty training” and inserting “inactive duty”; and

19 (E) in subparagraph (C) of paragraph (5), by striking “a mobilization
20 category in the Individual Ready Reserve, as defined in section 12304(i)(1)” and
21 inserting “a mobilization category in the Individual Ready Reserve, as defined in
22 section 12351(i)(2)”.

23 (7) Section 1967 of title 38, United States Code, is amended—

1 (A) in subsection (a)—

2 (i) in subparagraph (B) of paragraph (1), by striking “inactive duty
3 training” and inserting “inactive duty”; and

4 (ii) in subparagraph (B) of paragraph (5), by striking “inactive duty
5 training” and inserting “inactive duty”; and

6 (B) in subsection (b)—

7 (i) in each of paragraphs (1) and (2), by striking “inactive duty
8 training” and inserting “inactive duty”; and

9 (ii) in the matter following paragraph (2), by striking “inactive
10 duty training” and inserting “inactive duty”.

11 (8) Section 1968 of title 38, United States Code, is amended—

12 (A) in subsection (a)—

13 (i) in the matter preceding paragraph (1), by striking “inactive duty
14 training” and inserting “inactive duty”; and

15 (ii) in paragraph (3)—

16 (I) by striking “inactive duty training” and inserting

17 “inactive duty”;

18 (II) by striking “scheduled training period” and inserting

19 “scheduled period of duty”; and

20 (III) by striking “such training” each place the term appears

21 and inserting “such duty”; and

22 (B) in paragraph (2) of subsection (b), by striking “inactive duty training”
23 and inserting “inactive duty”.

1 (9) Paragraph (3) of section 1969(a) of title 38, United States Code, is amended
2 by striking “inactive duty training” and inserting “inactive duty”.

3 (10) Subsection (e) of section 1977 of title 38, United States Code, is amended by
4 striking “inactive duty training” and inserting “inactive duty”.

5 (11) Paragraph (2) of section 2402(a) of title 38, United States Code, is amended
6 by striking “inactive duty training” and inserting “inactive duty”.

7 (12) Paragraph (3) of section 3011(d) of title 38, United States Code, is amended
8 by striking “which an individual in the Selected Reserve was ordered to perform under
9 section 12301, 12302, 12304, 12306, or 12307 of title 10” and inserting “under section
10 12341 of title 10, which an individual in the Selected Reserve was ordered to perform
11 duty for a purpose specified in section 12351(a), 12351(b), 12351(c), 12351(f), 12353(a),
12 or 12353(b) of title 10 “.

13 (13) Subparagraph (A) of section 3013(f)(2) of title 38, United States Code, is
14 amended by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and
15 inserting “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
16 12351(c), 12351(f) or 12353(a) of such title”.

17 (14) Subsection (f) of section 3103 of title 38, United States Code, is amended by
18 striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and inserting “or
19 12341 of title 10 for a purpose specified in section 12351(a), 12351(b), 12351(c),
20 12351(f) or 12353(a) of such title”.

21 (15) Paragraph (2) of section 3105(e) of title 38, United States Code, is amended
22 by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and inserting

1 “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b), 12351(c),
2 12351(f) or 12353(a) of such title”.

3 (16) Clause (i) of section 3231(a)(5)(B) of title 38, United States Code, is
4 amended by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and
5 inserting “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
6 12351(c), 12351(f) or 12353(a) of such title”.

7 (17) Subparagraph (B) of section 3301(1) of title 38, United States Code, is
8 amended by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10 or” and
9 inserting “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
10 12351(c), 12351(f) or 12353(a) of such title, or under”.

11 (18) Clause (i) of section 3312(c)(2)(A) of title 38, United States Code, is
12 amended by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and
13 inserting “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
14 12351(c), 12351(f) or 12353(a) of such title”.

15 (19) Clause (i) of section 3511(a)(2)(B) of title 38, United States Code, is
16 amended by striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and
17 inserting “or 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
18 12351(c), 12351(f) or 12353(a) of such title”.

19 (20) Subsection (h) of section 3512 of title 38, United States Code, is amended by
20 striking “, 12301(a), 12301(d), 12301(g), 12302, or 12304 of title 10” and inserting “or
21 12341 of title 10 for a purpose specified in section 12351(a), 12351(b), 12351(c),
22 12351(f) or 12353(a) of such title”.

1 (21) Subparagraph (C) of section 4211(4) of title 38, United States Code, is
2 amended by striking “section 12301(a), (d), or (g), 12302, or 12304 of title 10” and
3 inserting “section 12341 of title 10 for a purpose specified in section 12351(a), 12351(b),
4 12351(c), 12351(f) or 12353(a) of such title”.

5 (22) Section 4303 of title 38, United States Code, is amended—

6 (A) in paragraph (13)—

7 (i) by striking “inactive duty training” and inserting “inactive
8 duty”; and

9 (ii) by striking “funeral honors duty as authorized by section 12503
10 of title 10 or section 115 of title 32” and inserting “funeral honors
11 functions as provided under section 12353 of title 10 or section 114 of title
12 32”; and

13 (B) in paragraphs (16), by striking “inactive duty training” and inserting
14 “inactive duty”.

15 (23) Subsection (c) of section 4312 of title 38, United States Code, is amended—

16 (A) in paragraph (3), by striking “10147”; and inserting “12352”;

17 (B) in subparagraph (A) of paragraph (4), by striking “, 12301(a),
18 12301(g), 12302, 12304, or 12305 of title 10” and inserting “or 12341 of title 10
19 for a purpose specified in section 12351(a), 12351(b), 12351(c), 12351(f) or
20 12353(a) of such title”;

21 (C) in paragraph (4)—

1 (i) in subparagraph (C), by striking “12304 of title 10” and
2 inserting “12341 of title 10 for the purpose specified in section 12351(c)
3 of such title”;

4 (ii) in subparagraph (E)—

5 (I) by inserting “under section 12342 of title 10” after
6 “Federal service”; and

7 (II) by inserting “for a purpose specified” following
8 “National Guard”; and

9 (iii) by striking “under” each place the term appears and inserting
10 “in”.

11 (24) Paragraph (1) of section 4316(e) of title 38, United States Code, is amended
12 by striking “funeral honors duty as authorized by section 12503 of title 10 or section 115
13 of title 32” and inserting “funeral honors functions as provided under section 12353 of
14 title 10 or section 114 of title 32”.

15 (o) CONFORMING AMENDMENTS TO TITLE 42, UNITED STATES CODE.—

16 (1) Subparagraph (D) of section 202(t)(4) of the Social Security Act (42 U.S.C.
17 402(t)(4)) is amended—

18 (A) by striking “or inactive duty training” each place the term appears and
19 inserting “or inactive duty”; and

20 (B) by striking “on inactive duty training” and inserting “performing
21 inactive duty”.

22 (2) Subsection (l) of section 210 of the Social Security Act (42 U.S.C. 410) is
23 amended—

1 (A) in subparagraph (B) of paragraph (1), by striking “on inactive duty
2 training” and inserting “performing inactive duty”; and

3 (B) in paragraph (3), by striking “inactive duty training” each place the
4 term appears and inserting “inactive duty”.

5 (p) CONFORMING AMENDMENTS TO TITLE 50, APPENDIX, UNITED STATES CODE.—

6 (1) Section 6 of the Military Selective Service Act (50 U.S.C. App. 456) is
7 amended—

8 (A) in the matter following subsection (c)(2)(A)(iii), by striking “10147”
9 and inserting “12352”; and

10 (B) in paragraph (1) of subsection (d), by striking “under section 10147”
11 and inserting “pursuant to section 12352”.

12 (2) Paragraph (1) of section 703(a) of the Servicemembers Civil Relief Act (50
13 U.S.C. App. 593(a)) is amended—

14 (A) by striking “sections 688, 12301(a), 12301(g), 12302, 12304, 12306,
15 or 12307 of title 10, United States Code,” and inserting “section 688 or 12341 of
16 title 10, United States Code, for a purpose specified in section 12306, 12307,
17 12351(a), 12351(b), 12351(c), or 12351(f) of such title,”; and

18 (B) by striking “12301(d)” and inserting “12341 for the purpose specified
19 in section 12353(a)”.

20 (q) CLERICAL AMENDMENTS.—

21 (1) The table of chapters at the beginning of title 32, United States Code, is
22 amended by striking the item relating to chapter 5 and inserting the following new item:

23 **“5. Training and Other Duty 501”.**

1 (2) The table of sections at the beginning of—

2 (A) chapter 61 of title 10, United States Code, is amended—

3 (i) by striking the item related to section 1204 and inserting the

4 following:

5 “1204. Members on active duty for 30 days or less or on inactive duty: retirement.”; and

6 (ii) by striking the item relating to section 1206 and inserting the

7 following:

8 “1206. Members on active duty for 30 days or less or on inactive duty: separation.”;

9 (B) subchapter II of chapter 75 of title 10, United States Code, is amended

10 by striking the item related to section 1475 and inserting the following:

11 “1475. Death gratuity: death of members on active duty or inactive duty and of certain other persons.”;

12 (C) chapter 1005 of title 10, United States Code, is amended by striking

13 the items relating to sections 10147 and 10148;

14 (D) chapter 1209 of title 10, United States Code, is amended by striking

15 the items related to such chapter and inserting the following:

16 **“CHAPTER 1209—RESERVE DUTY**

17 **“SUBCHAPTER I—ADMINISTRATION OF RESERVE DUTY**

18 “Sec.

19 “12301. Repealed.

20 “12302. Repealed.

21 “12303. Repealed.

22 “12304. Repealed.

23 “12304a. Army Reserve, Navy Reserve, Marine Corps Reserve, Air Force Reserve: order to active duty to provide
24 assistance in response to a major disaster or emergency.

- 1 “12304b. Selected Reserve: order to active duty for preplanned missions in support of the combatant commands.
- 2 “12305. Authority of President to suspend certain laws relating to promotion, retirement, and separation.
- 3 “12306. Standby Reserve.
- 4 “12307. Retired Reserve.
- 5 “12308. Retention after becoming qualified for retired pay.
- 6 “12309. Reserve officers: use of in expansion of armed forces.
- 7 “12310. Repealed.
- 8 “12311. Active duty agreements.
- 9 “12312. Active duty agreements: release from duty.
- 10 “12313. Reserves: release from active duty.
- 11 “12314. Reserves: kinds of duty.
- 12 “12315. Reserves: duty with or without pay.
- 13 “12316. Payment of certain Reserves while on duty.
- 14 “12317. Reserves: theological students; limitations.
- 15 “12318. Reserves on active duty: duties; funding.
- 16 “12319. Repealed.
- 17 “12320. Reserve officers: grade in which ordered to active duty.
- 18 “12321. Reserve Officer Training Corps units: limitation on number of Reserves assigned.
- 19 “12322. Repealed.
- 20 “12323. Policies and procedures.

21 **“SUBCHAPTER II—RESERVE DUTY AUTHORITIES**

- 22 “12341. Active duty.
- 23 “12342. Call to federal service.
- 24 “12343. Inactive duty.

25 **“SUBCHAPTER III—PURPOSE OF RESERVE DUTY**

- 26 “12351. Reserve component: required duty.
- 27 “12352. Reserve component: required training.

1 “12353. Reserve component: optional duty.”;

2 (E) chapter 1213 of title 10, United States Code, is amended by striking
3 the item relating to section 12503;

4 (F) chapter 1215 of title 10, United States Code, is amended by striking
5 the item relating to section 12552;

6 (G) chapter 1217 of title 10, United States Code, is amended by striking
7 the items related to sections 12603 and 12604 and inserting the following:

8 “12603. Attendance at inactive duty assemblies: commercial travel at Federal supply schedule rates.”

9 “12604. Billeting in Department of Defense facilities: Reserves attending inactive duty.”;

10 (H) chapter 1805 of title 10, United States Code, is amended by striking
11 the item related to section 18505 and inserting the following:

12 “18505. Reserves traveling for inactive duty: space-required travel on military aircraft.”;

13 (I) chapter 1 of title 32, United States Code, is amended by striking the
14 item relating to section 115; and

15 (J) chapter 5 of title 32, United States Code, is amended by striking the
16 item relating to section 502 and inserting the following:

17 “502. Required Training, Field Exercises, and Other Duty.”.

18 **SEC. 402. GENERAL TECHNICAL AMENDMENTS.**

19 Not later than 6 months after the date of the enactment of this Act, the Secretary of
20 Defense shall submit to the Committees on Armed Services of the Senate and House of
21 Representatives a draft of legislation to make any technical and conforming changes to title 10,
22 United States Code, and other provisions of law, that are required or should be made by reason
23 of the amendments made by section 401.

24

HEALTH BENEFITS

1 **SEC. 501. DIRECTORATE FOR MEDICAL READINESS.**

2 Section 155 of title 10, United States Code, is amended by adding at the end the
3 following new subsection:

4 “(h) DIRECTORATE FOR MEDICAL READINESS.—The Secretary of Defense, in consultation
5 with the Chairman of the Joint Chiefs of Staff, shall establish within the Joint Staff a Directorate
6 for Medical Readiness to be known as ‘J-10’. The Directorate for Medical Readiness shall be
7 headed by a Director for Medical Readiness who shall be responsible for advising the Chairman
8 of the Joint Chiefs of Staff on medical readiness.”.

9 **SEC. 502. JOINT READINESS COMMAND.**

10 (a) IN GENERAL.—Chapter 6 of title 10, United States Code, is amended by adding at the
11 end the following new section:

12 **“§ 169. Joint readiness command**

13 “(a) DEFINITION OF READINESS.—In this section the term ‘readiness’ means the ability to
14 provide and integrate capabilities required by the combatant commands to execute the assigned
15 missions of the combatant commands.

16 “(b) JOINT READINESS COMMAND ESTABLISHED.—With the advice and assistance of the
17 Chairman of the Joint Chiefs of Staff, the President, through the Secretary of Defense, shall—

18 “(1) establish under section 161 of this title a unified combatant command for
19 readiness (hereafter in this section referred to as the ‘Joint Readiness Command’); and

20 “(2) provide for the assignment of personnel to the Joint Readiness Command in
21 accordance with section 162 of this title.

22 “(c) GRADE OF COMMANDER.—The Commander of the Joint Readiness Command
23 shall—

1 “(1) hold the grade of a 4-star general or admiral while serving in that position;
2 and

3 “(2) be appointed to that grade by the President, by and with the advice and
4 consent of the Senate.

5 “(d) AUTHORITY OF COMMANDER.—

6 “(1) IN GENERAL.—In addition to the authority prescribed in section 164(c) of this
7 title, the Commander of the Joint Readiness Command shall be responsible for, and shall
8 have authority to conduct, all affairs of the Joint Readiness Command relating to joint
9 readiness activities.

10 “(2) RESPONSIBILITIES.—The Commander of the Joint Readiness Command shall
11 be responsible for the joint readiness of the armed forces, including—

12 “(A) the integration of the active component and reserve component of the
13 armed forces;

14 “(B) the mobilization readiness of the reserve component of the armed
15 forces;

16 “(C) ensuring the joint medical readiness of the armed forces;

17 “(D) ensuring the readiness of the military medical force; and

18 “(E) determining joint medical doctrine and requirements.”.

19 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 6 of title
20 10, United States Code, is amended by adding at the end the following:

21 “169. Joint readiness command.”.

22 **SEC. 503. JOINT REQUIREMENTS OVERSIGHT COUNCIL.**

23 Paragraph (1) of section 181(d) of title 10, United States Code, is amended—

1 (1) by redesignating subparagraph (F) as subparagraph (G); and

2 (2) by inserting after subparagraph (E) the following new subparagraph:

3 “(F) The Director for Medical Readiness.”.

4 **SEC. 504. JOINT MEDICAL READINESS OVERSIGHT COUNCIL.**

5 (a) IN GENERAL.—Chapter 7 of title 10, United States Code, is amended by inserting after
6 section 181 of such title the following new section:

7 **“§ 181a. Joint Medical Readiness Oversight Council**

8 “(a) DEFINITIONS.—In this section:

9 (1) CORE MISSION AREA.—The term ‘core mission area’ has the meaning given the
10 term in section 181(g) of this title.

11 “(2) ESSENTIAL MEDICAL CAPABILITIES.—In this section the term ‘essential
12 medical capabilities’ has the meaning given the term in section 2931 of this title.

13 “(2) OVERSIGHT INFORMATION.—The term ‘oversight information’ means
14 information and materials comprising analysis and justification that are prepared to
15 support a recommendation that is made to, and approved by, the Secretary of Defense.

16 “(b) ESTABLISHMENT.—There is a Joint Medical Readiness Oversight Council in the
17 Department of Defense (hereafter in this section referred to as the ‘Council’).

18 “(c) MISSION.—In addition to other matters assigned to the Council by the President or
19 Secretary of Defense, the Council shall—

20 “(1) assist the Chairman of the Joint Chiefs of Staff—

21 “(A) in identifying, assessing, and approving joint medical requirements
22 (including existing systems and equipment) to meet the national military strategy;

1 “(B) in identifying the core mission area associated with each such
2 requirement; and

3 “(C) in ensuring that appropriate trade-offs are made among life-cycle
4 cost, schedule, and performance objectives, and procurement quantity objectives,
5 in the establishment and approval of medical requirements in consultation with
6 the advisors specified in subsection (e);

7 “(2) assist the Chairman in establishing and assigning priority levels for joint
8 medical requirements;

9 “(3) assist the Chairman, in consultation with the advisors to the Council under
10 subsection (e), in reviewing the estimated level of resources required in the fulfillment of
11 each joint medical requirement and in ensuring that the total cost of such resources is
12 consistent with the level of priority assigned to each such joint medical requirement;

13 “(4) assist acquisition officials in identifying alternatives to any acquisition
14 program that meet joint medical requirements for the purposes of section 2366a(b),
15 section 2366b(a)(4), and section 2433(e)(2) of this title; and

16 “(5) assist the Chairman, in consultation with the commanders of the combatant
17 commands and the Under Secretary of Defense for Acquisition, Technology and
18 Logistics, in establishing an objective for the overall period of time within which an
19 initial operational capability should be delivered to meet each joint medical requirement.

20 “(d) COMPOSITION.—The Council is composed of—

21 “(1) the Director for Medical Readiness;

22 “(2) the Surgeons General of the military departments;

23 “(3) the Medical Officer of the Marine Corps;

1 “(4) a representative from the Joint Readiness Command; and

2 “(5) the Combatant Command Surgeons if the Secretary of Defense determines
3 the Combatant Command Surgeons are needed on the Council.

4 “(e) ADVISORS.—

5 “(1) IN GENERAL.—The following officials of the Department of Defense shall
6 serve as advisors to the Council on matters within the officials’ authority and expertise:

7 “(A) A representative of the Under Secretary of Defense for Personnel and
8 Readiness.

9 “(B) A representative of the Under Secretary of Defense for Acquisition,
10 Technology and Logistics.

11 “(C) A representative of the Under Secretary of Defense (Comptroller)
12 and Chief Financial Officer.

13 “(D) A representative of the Assistant Secretary of Defense for Health
14 Affairs.

15 “(E) A representative of the Director of Cost Assessment and Program
16 Evaluation.

17 “(F) A representative of the Defense Health Agency.

18 “(G) Such other representatives as the Director for Medical Readiness
19 determines appropriate.

20 “(2) INPUT.—The Council shall seek and consider input from the commanders of
21 the combatant commands in carrying out the Council’s mission under paragraphs (1) and
22 (2) of subsection (c) and in conducting periodic reviews in accordance with the
23 requirements of subsection (f).

1 “(f) **REVIEWS.**—The Council shall conduct periodic reviews of joint medical
2 requirements within a core mission area of the Department of Defense. In any such review of a
3 core mission area, the officer or official assigned to lead the review shall have a deputy from a
4 different military department.

5 “(g) **AVAILABILITY OF OVERSIGHT INFORMATION TO CONGRESSIONAL DEFENSE**
6 **COMMITTEES.**—The Secretary of Defense shall ensure that, in the case of a recommendation by
7 the Chairman of the Joint Chiefs of Staff to the Secretary that is approved by the Secretary,
8 oversight information with respect to such recommendation that is produced as a result of the
9 activities of the Council is made available in a timely fashion to the congressional defense
10 committees.”.

11 (b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of chapter 7 of title
12 10, United States Code, is amended by inserting after section 181 the following:
13 “181a. Joint medical readiness oversight council.”.

14 **SEC. 505. TREATMENT OF VETERANS AND CIVILIANS AT MILITARY MEDICAL**
15 **TREATMENT FACILITIES.**

16 (a) **IN GENERAL.**—Chapter 55 of title 10, United States Code, is amended by adding at
17 the end the following new section:

18 **“§ 1110c. Treatment of veterans and civilians at military medical treatment facilities**

19 “(a) **IN GENERAL.**—The Secretary concerned may allow a veteran or civilian to be treated
20 at a military medical treatment facility under the jurisdiction of the Secretary concerned if the
21 Secretary concerned determines—

1 “(1) first, that the treatment is for a class of injury or illness that is necessary to
2 achieve the relevant mix and volume of medical cases required to maintain an essential
3 medical capability; and

4 “(2) secondly, that the military medical treatment facility has the capacity to treat
5 the class of injury or illness after taking into consideration the availability of space and
6 facilities, and the capabilities of the medical staff.”.

7 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 55 of title
8 10, United States Code, is amended by adding at the end the following:

9 “1110c. Treatment of veterans and civilians at military medical treatment facilities.”.

10 **SEC. 506. MILITARY MEDICAL PERSONNEL TRAINING.**

11 (a) IN GENERAL.—Chapter 101 of title 10, United States Code, is amended by adding at
12 the end the following new section:

13 **“§ 2017. Military medical personnel training**

14 “(a) IN GENERAL.—The Secretary of Defense and each Secretary concerned may
15 authorize military medical personnel to train in Department of Veterans Affairs facilities or in
16 civilian facilities in order to maintain essential medical capabilities.

17 “(b) DEFINITION OF ESSENTIAL MEDICAL CAPABILITIES.—In this section the term ‘essential
18 medical capabilities’ has the meaning given the term in section 2931 of this title.”.

19 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 101 of
20 title 10, United States Code, is amended by adding at the end the following:

21 “2017. Military medical personnel training.”.

22 **SEC. 507. MILITARY MEDICAL TREATMENT FACILITIES WORKING-CAPITAL**
23 **FUNDS.**

1 (a) IN GENERAL.—Chapter 131 of title 10, United States Code, is amended by inserting
2 after section 2208 the following new section:

3 **“§ 2208a. Military medical treatment facilities working-capital funds**

4 “(a) WORKING-CAPITAL FUND ESTABLISHED.—The Secretary of Defense shall establish a
5 working-capital fund for each military department for the operation of military medical treatment
6 facilities under the jurisdiction of the military department. Each such working-capital fund shall
7 be established and operated in a manner similar to the manner working-capital funds are
8 established and operated under section 2208 of this title.

9 “(b) DEPOSITS.—The following funding shall be deposited into the working capital funds
10 established under subsection (a):

11 “(1) INITIAL TRANSFER OF FUNDING.—Funds appropriated under the authority of
12 section 507(b) of the _____ Act.

13 “(2) REVENUE GENERATED FROM THE PROVISION OF MEDICAL SERVICES.—
14 Notwithstanding any other provision of law, any revenue generated from the provision of
15 medical services at military medical treatment facilities, including any payment received
16 from any source.

17 “(3) FUNDING SHORTFALL RULE.—If the Secretary of the Army, the Secretary of
18 the Navy, or the Secretary of the Air Force determines that the costs of operating military
19 medical treatment facilities for a fiscal year, in a manner which the Secretary of Defense
20 determines is needed to maintain essential medical capabilities, exceed the revenue
21 generated by the delivery of care at the facilities for the fiscal year, then the Secretary of
22 the Army, the Secretary of the Navy, or the Secretary of the Air Force, respectively, shall
23 use any funds available in the operations and maintenance accounts of the Department of

1 the Army, the Department of the Navy, or the Department of the Air Force, respectively,
2 for the fiscal year to cover the shortfall. Such funds shall be deposited into the working-
3 capital fund of the Department of the Army, the Department of the Navy, or the
4 Department of the Air Force, respectively.

5 (b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for
6 fiscal year 2016 such sums as may be necessary to create and initially operate the military
7 medical treatment facilities working-capital funds established under section 2208a of title 10,
8 United States Code.

9 (c) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 131 of
10 title 10, United States Code, is amended by adding at the end the following:

11 “2208a. Military medical treatment facilities working-capital funds.”.

12 **SEC. 508. SUSTAINMENT OF ESSENTIAL MEDICAL CAPABILITIES.**

13 (a) IN GENERAL.—Title 10, United States Code, is amended by inserting after section
14 2925 of such title the following new chapter:

15 **“CHAPTER 174—SUSTAINMENT OF ESSENTIAL MEDICAL**
16 **CAPABILITIES**

17 Sec.

18 “2931. Definitions.

19 “2932. Group of specialized military conditions established.

20 “2933. Responsibilities of the Secretary of Defense.

21 “2934. Responsibilities of the Commander of the Joint Readiness Command.

22 “2935. Responsibilities of the Secretaries concerned.

23 “2936. Annual report to Congress.

24 “2937. Comptroller General review.

1 **“§ 2931. Definitions**

2 “In this chapter:

3 “(1) ESSENTIAL MEDICAL CAPABILITIES.— The term ‘essential medical
4 capabilities’ means a limited number of critical medical capabilities that—

5 “(A) shall be maintained within the military for national security purposes;

6 “(B) are vital to effective and timely health care during contingency
7 operations; and

8 “(C) include clinical and logistics capabilities necessary to accomplish
9 operational requirements, such as—

10 “(i) combat casualty care;

11 “(ii) medical response to and treatment of injuries sustained from
12 chemical, biological, radiological, nuclear, and explosives incidents;

13 “(iii) diagnosis and treatment of infectious disease;

14 “(iv) aerospace medicine;

15 “(v) undersea medicine; and

16 “(vi) diagnosis, treatment and rehabilitation of specialized military
17 conditions.

18 “(2) SPECIALIZED MILITARY CONDITION.—

19 “(A) IN GENERAL.—The term ‘specialized military condition’ means an
20 unusual medical condition, incurred as a direct result of military activity, that—

21 “(i) is particularly associated with military action during a major
22 operation or training exercise;

23 “(ii) is uncommon in the civilian population; and

1 “(iii) is one of a limited number of such unusual medical
2 conditions.

3 “(B) INCLUSIONS.—A specialized medical condition may include an
4 amputation, certain musculoskeletal trauma, a burn, a traumatic brain injury, and
5 post-traumatic stress disorder.

6 **“§ 2932. Group of specialized military conditions established**

7 “(a) GROUP OF SPECIALIZED MILITARY CONDITIONS.—The Secretary of Defense shall
8 establish a group of conditions that meet the definition of specialized military conditions under
9 section 2931.

10 “(b) CERTAIN EMERGING MEDICAL CONDITIONS.— The group of conditions established
11 under subsection (a) shall evolve to reflect emerging medical conditions that result from changes
12 in warfighting and advancements in the medical field.”.

13 **“§ 2933. Responsibilities of the Secretary of Defense**

14 “(a) ESTABLISHMENT OF ESSENTIAL MEDICAL CAPABILITIES.—Not later than 180 days
15 after the date of enactment of the _____ Act and every year
16 thereafter, the Secretary of Defense shall establish essential medical capabilities for the armed
17 forces, taking into consideration the recommendations received under section 2934(a) of this
18 title.

19 “(b) POLICIES AND STANDARDS.—

20 “(1) POLICIES.—Not later than 180 days after the date of enactment of the
21 _____ Act and every year thereafter, the Secretary of
22 Defense shall establish policies to maintain essential medical capabilities, including the
23 clinical and logistics elements of the essential medical capabilities.

1 “(2) STANDARDS.—The policies pertaining to the clinical elements described in
2 paragraph (1) shall include standards for the mix and volume of medical cases required to
3 maintain essential medical capabilities. The standards shall be based on widely accepted
4 metrics of the medical profession and the unique readiness requirements of the military.

5 **“§ 2934. Responsibilities of the Commander of the Joint Readiness Command**

6 “(a) RECOMMENDATIONS.— The Commander of the Joint Readiness Command shall
7 recommend to the Secretary of Defense what constitutes essential medical capabilities.

8 “(b) COMPLIANCE.—The Commander of the Joint Readiness Command shall monitor,
9 record, and report to the Secretary of Defense regarding each military service’s compliance with
10 the policies established under section 2933(b)(1) of this title using information pertaining to
11 personnel, training, materiel and military medical treatment facilities provided by the military
12 services under section 2935(4) of this title.

13 **“§ 2935. Responsibilities of the Secretaries of the Army, Navy and Air Force**

14 “The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force
15 each shall develop the means for complying with the policies and standards described in section
16 2933(b) of this title, including—

17 “(1) closely managing—

18 “(A) the preservation of core capabilities directly required to maintain
19 essential medical capabilities; and

20 “(B) the actions taken to comply with the policies and standards;

21 “(2) carefully regulating the manning requirements and personnel fill rates, by
22 medical specialty, that directly fulfill the requirements for each essential medical
23 capability;

1 “(3) not substituting the medical specialty required for an essential medical
2 capability; and

3 “(4) submitting to the Joint Readiness Command—

4 “(A) a description of the capabilities and actions described in paragraphs
5 (1) and (2); and

6 “(B) information pertaining to personnel, training, materiel and military
7 medical treatment facilities under the jurisdiction of the Secretary of the Army,
8 the Secretary of the Navy, or the Secretary of the Air Force, respectively.

9 **“§ 2936. Annual report to Congress**

10 “(a) IN GENERAL.—The Secretary of Defense shall provide an annual report to Congress
11 that—

12 “(1) contains the essential medical capabilities established by the Secretary under
13 section 2933(a) of this title for the year the report is submitted;

14 “(2) documents the ability of the Department of Defense to provide essential
15 medical capabilities during the preceding year, including documentation related to—

16 “(A) clinical and logistics capabilities; and

17 “(B) military personnel, training, materiel and military medical treatment
18 facilities;

19 “(3) describes any year to year changes in the provision of essential medical
20 capabilities; and

21 “(4) proposes courses of action if the Secretary determines there have been
22 shortfalls in maintaining essential medical capabilities during the preceding year.

1 “(b) SUBMISSION TIMING.— On or after the first Monday in January but not later than the
2 first Monday in February of each year, the Secretary of Defense shall submit the annual report
3 described in subsection (a) to the congressional defense committees.

4 **“§ 2937. Comptroller General review**

5 “The Comptroller General of the United States shall review each report submitted under
6 section 2936 of this title for completeness and compliance, and shall submit to the congressional
7 defense committees findings and recommendations with respect to the report by not later than 60
8 days after the date on which the report is submitted to Congress.”.

1 **SEC. 601. HEALTH INSURANCE.**

2 (a) AMENDMENT.—Title 10, United States Code, is amended by inserting after chapter 55
3 the following new chapter:

4 **“CHAPTER 55A—Health Insurance**

5 “Sec.

6 “1110g. Definitions.

7 “1110h. Health insurance program.

8 “1110i. Health benefits plan requirements.

9 “1110j. Contracting.

10 “1110k. Funding.

11 “1110l. Availability of basic allowance for health care.

12 “1110m. Cost sharing.

13 “1110n. Assistance for catastrophic and chronic conditions.

14 “1110o. Medal of honor recipients and immediate dependents.

15 **“§1110g. Definitions**

16 “In this chapter:

17 ‘(1) ADMINISTERING SECRETARIES.—The term ‘administering Secretaries’ has the
18 meaning given the term in section 1072 of this title.

19 “(2) CHILD.—The term ‘child’, when used with respect to a member or former
20 member of the uniformed services, means—

21 “(A) a legitimate child of the member or former member;

22 “(B) an adopted child of the member or former member;

23 “(C) a stepchild of the member or former member;

24 “(D) a person—

1 “(i) who is placed in the home of the member or former member
2 by a placement agency (recognized by the Secretary of Defense), or by
3 any other source authorized by State or local law to provide adoption
4 placement, in anticipation of the legal adoption of the person by the
5 member or former member; and

6 “(ii) who otherwise meets the requirements specified in paragraph
7 (4)(D).

8 “(3) COVERED BENEFICIARY.—The term ‘covered beneficiary’ means—

9 “(A) a dependent of a member of the uniformed services;

10 “(B) a member of the reserve component of the armed forces who is not
11 on active duty for a period of more than 30 days, and the immediate family of
12 such member;

13 “(C) a member or former member of a uniformed service who is—

14 “(i) entitled to retired or retainer pay, or equivalent pay; and

15 “(ii) not entitled to hospital insurance benefits under part A of title
16 XVIII of the Social Security Act (42 U.S.C. 1395c et seq.);

17 “(D) a dependent of a member or former member described in
18 subparagraph (C);

19 “(E) Medal of Honor recipients;

20 “(F) an immediate dependent of a Medal of Honor recipient who meets the
21 requirements of subparagraph (A), (B), (C), or (D) of paragraph (4); and

1 “(G) a member of the Retired Reserve of a reserve component of the
2 armed forces who is qualified for a non-regular retirement at age 60 under chapter
3 1223 of this title, but is not age 60, and the immediate family of such member.

4 “(4) DEPENDENT.—The term ‘dependent’, when used with respect to a member or
5 former member of the uniformed services, means—

6 “(A) the spouse of the member or former member;

7 “(B) the unremarried widow of the member or former member;

8 “(C) the unremarried widower of the member or former member;

9 “(D) a child of the member or former member who—

10 “(i) has not attained the age of 26; or

11 “(ii) is incapable of self-support because of a mental or physical
12 incapacity that occurs while a dependent of a member or former member
13 under clause (i) and is, or was at the time of the member's or former
14 member's death, in fact dependent on the member or former member for
15 over one-half of the child's support;

16 “(E) a parent or parent-in-law who is, or was at the time of the member's
17 or former member's death, in fact dependent on the member for over one-half of
18 the parent or parent-in-law's support and residing in the member's household;

19 “(F) the unremarried former spouse of a member or former member who
20 on the date of the final decree of divorce, dissolution, or annulment, had been
21 married to the member or former member for a period of at least 20 years during
22 which period the member or former member performed at least 20 years of

1 service which is creditable in determining that member's or former member's
2 eligibility for retired or retainer pay, or equivalent pay;

3 “(G) a person who is the unremarried former spouse of a member or
4 former member who performed at least 20 years of service which is creditable in
5 determining the member or former member's eligibility for retired or retainer pay,
6 or equivalent pay, and on the date of the final decree of divorce, dissolution, or
7 annulment before April 1, 1985, had been married to the member or former
8 member for a period of at least 20 years, at least 15 of which, but less than 20 of
9 which, were during the period the member or former member performed service
10 creditable in determining the member's or former member's eligibility for retired
11 or retainer pay;

12 “(H) a person who would qualify as a dependent under subparagraph (G)
13 but for the fact that the date of the final decree of divorce, dissolution, or
14 annulment of the person is on or after April 1, 1985, except that the term does not
15 include the person after the end of the one-year period beginning on the date of
16 that final decree; and

17 “(I) a person who—

18 “(i) is placed in the legal custody of the member or former member
19 as a result of an order of a court of competent jurisdiction in the United
20 States (or possession of the United States) for a period of at least 12
21 consecutive months;

22 “(ii)(I) has not attained the age of 26; or

1 “(II) is incapable of self-support because of a mental or physical
2 incapacity that occurred while the person was considered a dependent of
3 the member or former member under this subparagraph pursuant to
4 subclause (I);

5 “(iii) is dependent on the member or former member for over one-
6 half of the person's support;

7 “(iv) resides with the member or former member unless separated
8 by the necessity of military service or to receive institutional care as a
9 result of disability or incapacitation or under such other circumstances as
10 the administering Secretary may by regulation prescribe; and

11 “(v) is not a dependent of a member or a former member under any
12 other subparagraph.

13 “(5) DIRECTOR.—The term ‘Director’ means the Director of the Office of
14 Personnel Management.

15 “(6) HEALTH CARE.—The term ‘health care’ includes mental health care.

16 “(7) IMMEDIATE FAMILY.—The term ‘immediate family’ has the meaning given
17 the term in section 1076d(f) of this title.

18 “(8) MEDAL OF HONOR RECIPIENT.—The term Medal of Honor recipient means a
19 person who has been awarded a medal of honor under section 3741, 6241, or 8741 of this
20 title or section 491 of title 14.”.

21 **“§ 1110h. Health insurance program**

22 “(a) PROGRAM AUTHORIZED.—The Director shall carry out a health insurance program
23 that—

1 “(1) provides health insurance coverage to covered beneficiaries; and

2 “(2) includes a variety of health benefits plans that meet the requirements of this
3 chapter;

4 “(3) offers a sufficient number of health benefits plans in every local geographic
5 area of the United States in order to provide covered beneficiaries with an ample choice
6 of health benefits plans, as determined by the Director; and

7 “(4) offers a selection of health benefits plans that—

8 “(A) are broadly representative of the health benefits plans available in the
9 commercial market; and

10 “(B) do not contain unnecessary restrictions as determined by the Director.

11 “(b) RECOMMENDATIONS AND DATA.—

12 “(1) IN GENERAL.—The Secretary of Defense, in consultation with the Secretaries
13 of Homeland Security, Commerce, and Health and Human Services, shall provide
14 recommendations and data to the Director with respect to—

15 “(A) matters involving military medical treatment facilities;

16 “(B) matters unique to covered beneficiaries; and

17 “(C) any other strategic guidance necessary for the Director to administer
18 the program under this chapter for covered beneficiaries.

19 “(2) IMPLEMENTATION LIMITATION.—The Director shall not implement any
20 recommendation received from the Secretary of Defense under paragraph (1) for a
21 calendar year if the Director determines that the implementation of the recommendation
22 would result in covered beneficiaries receiving less generous health benefits under the
23 health benefits plans offered the covered beneficiaries under this chapter for such year,

1 than the health benefits commonly available to other individuals and families under the
2 health insurance program under chapter 89 of title 5 for such year.

3 **“§ 1110i. Health benefits plan requirements.**

4 “(a) PLANS.—The Director may contract for or approve a variety of health benefits plans
5 under the program carried out under this chapter. Such plans—

6 “(1) may vary by type of plan design, covered benefits, geography or price; and

7 “(2) shall include maximum limitations on out-of-pocket expenses paid by a
8 covered beneficiary for the health care provided under the health benefits plan selected
9 by the covered beneficiary.

10 “(b) BENEFITS.—

11 “(1) IN GENERAL.—A health benefits plan under this chapter, at a minimum, shall
12 include the following benefits:

13 “(A) The health care benefits, other than pharmaceutical and dental
14 benefits, provided under chapter 55 of this title as such chapter was in effect on
15 the date of enactment of the _____ Act.

16 “(B) The benefits described in section 8904 of title 5, other than
17 pharmaceutical benefits.

18 “(C) The essential health benefits established under section 1302 of the
19 Patient Protection and Affordable Care Act (42 U.S.C. 18022), other than
20 pharmaceutical and dental benefits.

21 “(2) SPECIAL RULE FOR PHARMACY AND DENTAL CARE.—The Secretary of
22 Defense shall continue to provide pharmaceutical and dental care to covered beneficiaries
23 in accordance with chapter 55 of this title.

1 “(c) QUALITY.—The Director shall ensure that each health benefits plan offered under
2 this chapter offers a high degree of quality, as determined by criteria such as—

3 “(1) access to an ample number of medical providers as determined by the
4 Director;

5 “(2) ample access to the services provided under the benefits described in
6 subsection (b)(1), including ease of referrals to and prior authorization for health care
7 services (if applicable); and

8 “(3) rapid inclusion of advancements in medical treatments and technology in the
9 services covered by the health benefits plan.

10 “(d) SPECIAL RULE RELATING TO MILITARY MEDICAL TREATMENT FACILITIES.—

11 “(1) IN GENERAL.—Not later than 2 years after the date of enactment of the
12 _____ Act, the Director shall ensure that not less than
13 one health benefits plan offered within the geographic area surrounding a military
14 medical treatment facility shall include, accept, or have a contract with providers
15 associated with the military medical treatment facility if the military medical treatment
16 facility meets the applicable insurance carrier standards.

17 “(2) GEOGRAPHIC AREA DEFINED.—In this subsection the term ‘geographic area’,
18 when used with respect to a military medical treatment facility, means the area within
19 100 miles of the military medical treatment facility.

20 “(e) AUTHORITY TO ENTER INTO CONTRACTS AND AGREEMENTS WITH, AND RECEIVE
21 PAYMENTS FROM, INSURANCE CARRIERS.—Notwithstanding any other provision of law, the
22 Secretary of Defense or the Secretary’s designee—

1 “(1) may enter into a contract or other agreement with an insurance carrier for
2 health care and related services provided at a military medical treatment facility in
3 accordance with the provisions of this chapter; and

4 “(2) may receive a payment from an insurance carrier for health care and related
5 services provided at a military medical treatment facility in accordance with the
6 provisions of this chapter.

7 **“§ 1110j. Contracting**

8 “(a) IN GENERAL.—The Director shall carry out contracting authority with insurance
9 carriers pursuant to the health insurance program under this chapter in a manner similar to the
10 manner the Director carries out contacting authority with insurance carriers under section 8902
11 of title 5, except that—

12 “(1) each contract under this chapter shall be for a uniform term of at least 1 year,
13 but may be made automatically renewable from term to term in the absence of notice of
14 termination by either party;

15 “(2) each contract under this chapter shall contain a detailed statement of benefits
16 offered and shall include such maximums, limitations, exclusions, and other definitions
17 of benefits as the Director considers necessary or desirable;

18 “(3) each contract under this chapter shall not be made, nor shall a health benefits
19 plan be approved, which excludes an individual because of race, sex, health status, or, at
20 the time of the first opportunity to enroll, because of age; and

21 “(4) the terms of each contract under this chapter which relate to the nature,
22 provision, or extent of coverage or benefits (including payments with respect to benefits)
23 shall supersede and preempt any State or local law, or any regulation issued thereunder.

1 “(b) FINANCIAL SOLVENCY EVALUATION.—The Director shall perform a thorough
2 evaluation of the financial solvency of each insurance carrier with which the Director enters into
3 a contract under subsection (a).

4 **“§ 1110k. Funding**

5 “(a) IN GENERAL—Funding of health care under this chapter—

6 “(1) in the case of covered beneficiaries associated with the Department of
7 Defense, shall be made available from the military personnel appropriations of the
8 Department of Defense;

9 “(2) in the case of covered beneficiaries associated with the Department of
10 Homeland Security, the Department of Commerce, and the Department of Health and
11 Human Services, shall be provided by the Secretary of Homeland Security, the Secretary
12 of Commerce, and the Secretary of Health and Human Services, respectively; and

13 “(3) in the case of covered beneficiaries, shall be transferred into the Employees
14 Health Benefits Fund established under section 8909 of title 5 (and managed by the
15 Office of Personnel Management), when the Secretary of Defense, the Secretary of
16 Homeland Security, the Secretary of Commerce, and the Secretary of Health and Human
17 Services, as appropriate, determines necessary.

18 “(b) FUNDS TO REMAIN SEPARATED FROM FEHBP FUNDS.— The funding for health care
19 under this chapter and the funding for health care under chapter 89 of title 5 shall remain
20 separated within the Employees Health Benefits Fund established under section 8909.

21 **“§ 1110l. Availability of basic allowance for health care**

1 “(a) IN GENERAL.—An eligible member shall be entitled to a basic allowance for health
2 care under section 402b of title 37 if the eligible member certifies to the Department of Defense
3 that the eligible member’s dependents have obtained health care coverage.

4 “(b) DEFINITION OF ELIGIBLE MEMBER.—In this section the term ‘eligible member’ means
5 a member of the uniformed services who—

6 “(1) is on active duty for a period of more than 30 days; and

7 “(2) has a dependent.

8 **“§ 1110m. Cost sharing**

9 “(a) COST SHARING REQUIRED.—A covered beneficiary shall pay a premium for coverage
10 under a health benefits plan provided under this chapter.

11 “(b) AMOUNT.—The premium in effect for coverage under a health benefits plan under
12 this chapter shall be in the amount of—

13 “(1) in the case of the dependents of a member of the uniformed services who is
14 on active duty for a period of more than 30 days, 28 percent of the annual cost of such
15 coverage;

16 “(2) in the case of a member of the Selected Reserve of the Ready Reserve of a
17 reserve component of the armed forces who is not on active duty for a period of more
18 than 30 days and the immediate family of such member, 25 percent of the annual cost of
19 such coverage;

20 “(3) in the case of a member of the Retired Reserve of a reserve component of the
21 armed forces who is qualified for a non-regular retirement at age 60, under chapter 1223
22 of this title, but is not age 60, and the immediate family of such member, 100 percent of
23 the annual cost of such coverage;

1 “(4) in the case of a member of a reserve component of the armed forces who is
2 not described in paragraph (2) or (3) and is not on active duty for a period of more than
3 30 days, a percentage that is greater than 25 percent (as determined by the Secretary of
4 Defense on the basis of the category of the member’s service in the reserve component)
5 of the annual cost of such coverage; and

6 “(5) in the case of a member or former member of a uniformed service who is
7 entitled to retired or retainer pay, or equivalent pay, and who is not entitled to hospital
8 insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c
9 et seq.), 20 percent of the annual cost of such coverage.

10 **“§ 1110n. Assistance for catastrophic and chronic conditions**

11 “(a) PROGRAM AUTHORIZED.—

12 “(1) IN GENERAL.—The Secretary of Defense is authorized to carry out a program
13 of providing assistance to a member of the armed forces in order to help the member pay
14 the out-of-pocket expenses for a dependent who experiences a high-cost chronic or
15 catastrophic event or illness.

16 “(2) TAX TREATMENT OF ASSISTANCE.—Assistance received under this section
17 shall be exempt from taxation under the Internal Revenue Code of 1986 (26 U.S.C. 1 et
18 seq.).

19 “(b) ELIGIBILITY.—The Secretary shall provide assistance under this section only to a
20 member of the armed forces on active duty for a period of more than 30 days who—

21 “(1) has a dependent who experiences a high-cost chronic or catastrophic event or
22 illness;

1 “(2) incurs medical expenses that exceed the member’s basic allowance for health
2 care; and

3 “(3) has not paid sufficient out-of-pocket expenses to reach the maximum
4 limitations on out-of-pocket expenses contained in the health benefits plan selected by the
5 member for the dependents of the member.

6 “(b) AMOUNT OF ASSISTANCE.—The Secretary shall determine the amount of assistance to
7 be provided to members of the armed forces under this section on the basis of the following
8 factors:

9 “(1) The need of the members for the assistance.

10 “(2) The number of members applying for the assistance.

11 “(3) The amount of funds available for the program under this section.

12 “(c) APPLICATION.—Each member of the armed forces desiring assistance under this
13 section shall submit an application to the Secretary of Defense at such time, in such manner, and
14 accompanied by such information as the Secretary may require.

15 **“§ 1110o. Medal of honor recipients and immediate dependents**

16 “(a) MEDAL OF HONOR RECIPIENTS.—A former member of the armed forces who is a
17 Medal of Honor recipient and who is not otherwise entitled to medical and dental benefits under
18 this chapter or chapter 55 of this title may, upon request, participate in the health insurance
19 program under this chapter in the same manner as if entitled to retired pay.

20 “(b) IMMEDIATE DEPENDENTS.—A person who is an immediate dependent of a Medal of
21 Honor recipient and who is not otherwise entitled to medical and dental benefits under this
22 chapter or chapter 55 of this title may, upon request, participate in the health insurance program
23 under this chapter in the same manner as if the Medal of Honor recipient were, or (if deceased)

1 was at the time of death, entitled to retired pay. For purposes of the preceding sentence, an
2 immediate dependent of a Medal of Honor recipient is a dependent of a Medal of Honor recipient
3 who meets the requirements of subparagraph (A), (B), (C), or (D) of section 1110g(4).”.

4 (b) EFFECTIVE DATE.—Unless otherwise specified, subsection (a) and the amendment
5 made by subsection (a) shall take effect 2 years after the date of enactment of this Act.

6 (c) FUNDING.—Of the amounts appropriated to the Department of Defense for military
7 personnel for fiscal year 2016, \$50,000,000 shall be available to carry out section 1110n of title
8 10, United States Code.

9 **SEC. 602. DEPARTMENT OF DEFENSE HEALTH CARE TRUST FUND.**

10 (a) IN GENERAL.—Chapter 55 of title 10, United States Code, is amended by adding at
11 the end the following new section:

12 **§ 1110c. Department of defense health care benefits trust fund**

13 “(a) TRUST FUND ESTABLISHED.—The Secretary of Defense shall establish and
14 administer a trust fund to be known as the ‘Department of Defense Health Care Benefits Trust
15 Fund’ (hereafter in this section referred to as the ‘Fund’). Amounts in the Fund shall be available
16 for the uses described in subsection (b).

17 “(b) USES OF TRUST FUNDS.—Amounts in the Fund shall be used to finance—

18 “(1) health, dental and pharmacy benefits for members of the uniformed services
19 on active duty for a period of more than 30 days;

20 “(2) pharmacy and dental benefits for dependents of members of the uniformed
21 services on active duty for a period of more than 30 days; and

22 “(3) pharmacy and dental benefits for members of the armed forces in the reserve
23 component and the immediate family of such members.

1 “(c) CREDITS TO THE FUND.—There shall be deposited into the Fund the following, which
2 shall constitute the assets of the Fund:

3 “(1) Any amounts appropriated for the military personnel accounts of the
4 Department of Defense for the uses described in subsection (b).

5 “(2) Amounts contributed to the Fund under subsection (d).

6 “(d) AUTHORITY TO ENTER INTO AGREEMENTS.—The Secretary of Defense shall enter
7 into an agreement with each other administering Secretary for participation in the Fund by a
8 uniformed service under the jurisdiction of that Secretary. The agreement shall require that
9 Secretary to determine contributions to the Fund on behalf of the members of the uniformed
10 service under the jurisdiction of that Secretary in a manner comparable to the determination with
11 respect to contributions to the Department of Defense Retiree Health Care Fund made by the
12 Secretary of Defense under section 1115(b) of this title, and such contributions shall be paid into
13 the Fund in the same manner as contributions are paid into the Department of Defense Retiree
14 Health Care Fund under section 1116(a).

15 “(e) PAYMENTS FROM THE FUND.—

16 “(1) IN GENERAL.—There shall be paid from the Fund amounts payable for the
17 uses described in subsection (b).

18 “(2) ASSET AVAILABILITY.—The assets of the Fund are hereby made available for
19 payments under paragraph (1).

20 “(3) TRANSFERS.—In carrying out paragraph (1), the Secretary of Defense may
21 transfer periodically from the Fund to applicable appropriations of the Department of
22 Defense, or to applicable appropriations of other departments or agencies, such amounts
23 as the Secretary determines necessary to cover the costs chargeable to those

1 appropriations for the uses described in subsection (b). Such transfers may include
2 amounts necessary for the administration of such uses. Amounts so transferred shall be
3 merged with and be available for the same purposes and for the same time period as the
4 appropriation to which transferred. Upon a determination that all or part of the funds
5 transferred from the Fund are not necessary for the purposes for which transferred, such
6 amounts may be transferred back to the Fund. This transfer authority is in addition to any
7 other transfer authority that may be available to the Secretary.

8 “(4) SPECIAL RULE.—If the Secretary of Defense enters into an agreement with
9 another administering Secretary pursuant to subsection (d), then the Secretary of Defense
10 may take the actions described in paragraph (3) for the purpose of administering funds for
11 the uses described in subsection (b) on behalf of the other participating uniformed
12 services.

13 **SEC. 603. RETIREE HEALTH CARE FUND.**

14 Chapter 56 of title 10, United States Code, is amended—

15 (1) in the chapter heading, by striking “**MEDICARE-ELIGIBLE**”;

16 (2) in section 1111—

17 (A) in subsection (a)—

18 (i) by striking “Medicare-Eligible”; and

19 (ii) by striking “medicare-eligible”; and

20 (B) in subsection (b)—

21 (i) in paragraph (2), by striking “or 1086(c)(3)” inserting

22 “1086(c)(3), or 1110g(4)”;

23 (ii) by striking paragraph (3); and

1 (iii) by redesignating paragraphs (4) and (5) as paragraphs (3) and
2 (4), respectively;

3 (3) in section 1113—

4 (A) in subsection (a)—

5 (i) by striking “and are medicare-eligible, and” and inserting “and
6 for the benefit of”; and

7 (ii) by striking “who are medicare eligible”;

8 (B) in subsection (c), by striking “who are medicare-eligible”; and

9 (C) in subsection (d), by striking “who are medicare-eligible”;

10 (4) in paragraph (1) section 1114(a), by striking “Medicare-Eligible”;

11 (5) in section 1115—

12 (A) in subsection (a)—

13 (i) by striking “(a) The Board” and inserting “(a)(1) The Board”;

14 and

15 (ii) by adding at the end the following:

16 “(2)(A) Notwithstanding paragraph (1), the Board shall determine the amount that is the
17 present value (as of the date of enactment of the _____ Act) of
18 future benefits payable from the Fund that are attributable to service performed for non-Medicare
19 eligible retirees before the date of enactment of the _____ Act.

20 That amount is the subsequent unfunded liability of the Fund. The Board shall determine the
21 period of time over which the subsequent unfunded liability should be liquidated and shall
22 determine an amortization schedule for the liquidation of such liability over that period.

1 Contributions to the Fund for the liquidation of the subsequent unfunded liability in accordance
2 with such schedule shall be made as provided in section 1116 of this title.

3 “(B) In this paragraph the term ‘non-Medicare eligible retiree’ means a member or
4 former member described in subparagraph (C) of section 1110g(3) of this title.”; and

5 (B) in paragraph (2) of subsection (c), by striking “medicare-eligible”.

6 **SEC. 604. BASIC ALLOWANCE FOR HEALTH CARE.**

7 (a) PAY AND ALLOWANCES OF THE UNIFORMED SERVICES.—

8 (1) IN GENERAL.—Chapter 7 of title 37, United States Code, is amended by
9 inserting after section 402a the following new section:

10 **“§ 402b. Basic allowance for health care**

11 “(a) DEFINITIONS.—In this section:

12 “(1) ADMINISTERING SECRETARIES.—The term ‘administering Secretaries’ has the
13 meaning given the term in section 1072 of title 10, United States Code.

14 “(2) ELIGIBLE MEMBER.—The term ‘eligible member’ means a member of the
15 uniformed services who—

16 “(A) is on active duty for a period of more than 30 days; and

17 “(B) has a dependent.

18 “(3) OUT-OF-POCKET EXPENSE.—The term ‘out-of-pocket expense’ means a
19 copayment, coinsurance, or a deductible.

20 “(b) ENTITLEMENT TO ALLOWANCE.— Each eligible member is entitled to a basic
21 allowance for health care as set forth in this section.

22 “(c) AMOUNT OF ALLOWANCE.—

1 “(1) RATE.—The rate of basic allowance for health care to be in effect for a
2 calendar year shall be equal to the sum of—

3 “(A) 28 percent of the total premium cost of the benchmark plan
4 determined under paragraph (2) for the calendar year; plus

5 “(B) the average amount of out-of-pocket expenses for all the dependents
6 of the eligible members in the geographic location (as determined by the
7 Director of the Office of Personnel Management) for the preceding calendar
8 year under the health benefits plans under chapter 55A of title 10.

9 “(2) DETERMINATION OF BENCHMARK PLAN.—

10 “(A) IN GENERAL.—The Director of the Office of Personnel Management
11 shall determine the benchmark plan for a calendar year as follows:

12 “(i) Rank each health benefits plan under chapter 55A of title 10,
13 that is selected in a geographic area by a member of the uniformed
14 services on active duty for a period of more than 30 days, by the total
15 premium cost of the health benefits plan for the calendar year preceding
16 the calendar year for which the determination is made.

17 “(ii) The benchmark plan is the health benefits plan with the
18 median total premium cost, subject to subparagraph (B).

19 “(B) SPECIAL RULE.—In the event that the median total premium cost falls
20 between 2 health benefits plans, the health benefits plan with the higher cost
21 shall be the benchmark plan.

22 “(3) FIRST YEAR SPECIAL RULE.—In determining the rate of the basic allowance
23 for health care for the first calendar year for which the allowance is paid under this

1 section, the Director of the Office of Personnel Management, in consultation with the
2 administering Secretaries, shall—

3 “(A) project the likely health benefits plan choices of eligible members
4 and the likely utilization behavior for dependents of eligible members to be
5 served under the health benefits plans; and

6 “(B) use the projections under subparagraph (A) to determine the basic
7 allowance for health care for such calendar year in accordance with the
8 calculation described in paragraph (1).

9 “(4) NOTIFICATION.—The Director of the Office of Personnel Management shall
10 notify the administering Secretaries of the amount of the basic allowance for health
11 care for each calendar year.

12 “(d) PAYMENTS.—

13 “(1) PAYMENTS FOR HEALTH BENEFITS PLAN PREMIUMS.—

14 “(A) ELIGIBLE MEMBERS SELECTING A HEALTH BENEFITS PLAN UNDER
15 CHAPTER 55A OF TITLE 10.—The administering Secretaries shall pay into the
16 Employees Health Benefits Fund established under section 8909 of title 5 the
17 basic allowance for health care amount determined under subsection (c)(1)(A)
18 for each eligible member entitled to a basic allowance for health care under this
19 section who selects a health benefits plan for the member’s dependents under
20 chapter 55A of title 10.

21 “(B) ELIGIBLE MEMBERS SELECTING A HEALTH BENEFITS PLAN FROM
22 OTHER SOURCES.—In the case of an eligible member entitled to a basic
23 allowance for health care under this section who selects a health benefits plan

1 for the member’s dependents that is not included in the health insurance
2 program administered by the Director of the Office of Personnel Management
3 under chapter 55A of title 10, the administering Secretaries shall pay the basic
4 allowance for health care amount determined under subsection (c)(1)(A) for the
5 eligible member directly to the administering authority for the health benefits
6 plan.

7 “(2) PAYMENTS FOR OUT-OF-POCKET EXPENSES.—The administering Secretaries
8 shall pay to each eligible member the basic allowance for health care amount
9 determined under subsection (c)(1)(B) for the eligible member.”.

10 (2) DEFINITION OF REGULAR COMPENSATION OR REGULAR MILITARY
11 COMPENSATION.—Paragraph (25) of section 101 of title 37, United States Code, is
12 amended by inserting “, basic allowance for health care” after “subsistence”.

13 (b) CONFORMING AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—The
14 Internal Revenue Code of 1986 (26 U.S.C. 1 et seq.) is amended—

15 (1) in paragraph (3) of section 35(f) (26 U.S.C 35(f))—

16 (A) in subparagraph (A), by striking “or” after “Code.”;

17 (B) in subparagraph (B), by striking the period and inserting “, or”; and

18 (C) by adding at the end the following new subparagraph:

19 “(C) is enrolled in a health benefits plan under chapter 55A of title 10.”;

20 (2) in subsection (b) of section 134 (26 U.S.C. 134)), by adding at the end the
21 following new paragraph:

22 “(7) The term ‘qualified military benefit’ includes a basic allowance for health
23 care provided under section 11101 of title 10 and section 402b of title 37.”;

1 (3) in clause (iv) of section 5000A(f)(1)(A) (26 U.S.C. 5000A(f)(1)(A)), by
2 inserting “or 55A” after “55”;

3 (4) in subparagraph (E) of section 9801(c)(1) (26 U.S.C. 9801(c)(1)), by inserting
4 “or 55A” after “55”; and

5 (5) in paragraph (4) of section 9832(c) (26 U.S.C. 9832(c)), by inserting “or
6 55A” after “55”.

7 **SEC. 605. GENERAL TECHNICAL AMENDMENTS.**

8 Not later than 6 months after the date of the enactment of this Act, the Secretary of
9 Defense shall submit to the Committees on Armed Services of the Senate and House of
10 Representatives a draft of legislation to make any technical and conforming changes to title 10,
11 United States Code, and other provisions of law, that are required or should be made by reason
12 of the amendments made by sections 601 through 604.

1 **SEC. 801. UNIFORM FORMULARY.**

2 (a) IN GENERAL.—Paragraph (2) section 1074g(a) of title 10, United States Code, is
3 amended by adding at the end the following new subparagraph:

4 “(G)(i) The Joint Executive Committee established under section 320 of title 38, United
5 States Code, shall establish a process for determining, and shall determine, classes of drugs that
6 are critical for the transition from military service.

7 “(ii) The Joint Executive Committee shall—

8 “(I) review the classes of drugs determined to be critical for the transition from
9 military service, periodically and whenever the Joint Executive Committee determines
10 review is needed;

11 “(II) create a strategic uniform formulary that includes all drugs determined to be
12 critical for the transition from military service.

13 “(iii) Not later than 6 months after the date of enactment of the

14 _____ Act, the Joint Executive Committee shall establish,
15 within the strategic uniform formulary described in clause (ii)(II), the pain and psychiatric drugs
16 that are critical for the transition from military service.”.

17 (b) CONFORMING AMENDMENT.—Section 320 of title 38, United States Code, is amended
18 by adding at the end the following new subsection:

19 “(e) STRATEGIC UNIFORM FORMULARY.—The Committee shall carry out the functions
20 related to determining classes of drugs that are critical to the transition from military service, and
21 to creating a strategic uniform formulary, in accordance with section 1074g(a)(2)(G) of title 10.”.

22 **SEC. 802. RESOURCE SHARING AGREEMENTS.**

1 (a) AMENDMENT TO TITLE 10.—Section 1104 of title 10, United States Code, is amended
2 by adding at the end the following:

3 “(e) RESOURCE SHARING AGREEMENTS.—The Secretary of Defense and the Secretary of
4 Veterans Affairs shall establish—

5 “(1) categories of resource sharing agreements between the two Departments that
6 the Secretaries determine can be quickly and efficiently implemented by the heads of
7 local medical facilities in a standard manner; and

8 “(2) standardized model resource sharing agreements for each such category.”.

9 (b) AMENDMENT TO TITLE 38.—Section 8111 of title 38, United States Code, is
10 amended—

11 (1) by redesignating subsection (g) as subsection (h); and

12 (2) by inserting after subsection (f) the following new subsection:

13 “(g) RESOURCE SHARING AGREEMENTS.—The Secretary of Veterans Affairs and the
14 Secretary of Defense shall establish—

15 (1) categories of resource sharing agreements between the two Departments that
16 the Secretaries determine can be quickly and efficiently implemented by the heads of
17 local medical facilities in a standard manner; and

18 “(2) standardized model resource sharing agreements for each such category.”.

19 **SEC. 803. JOINT EXECUTIVE COMMITTEE.**

20 (a) IN GENERAL.—Section 320 of title 38, United States Code, is amended further by
21 adding after subsection (e) (as added by section 801(b)) the following new subsections:

22 “(f) HEALTH CARE.—

1 “(1) COMMON SERVICES DEFINITION.—The Committee shall develop a definition
2 of common services that—

3 “(A) establishes the services for the provision of health care that—

4 “(i) routinely will be coordinated between the two Departments;

5 and

6 “(ii) are applicable across all local markets;

7 “(B) serves to enhance collaboration between the two Departments with
8 respect to the provision of health care; and

9 “(C) is evaluated, not less than annually, for consistency with the strategic
10 plan described in paragraph (2).

11 “(2) STRATEGIC PLAN.—

12 “(A) IN GENERAL.—The Committee shall establish a strategic plan,
13 separately or as part of a strategic plan described in section 8111 of this title or
14 section 306 of title 5, for the joint coordination and sharing efforts between the
15 two Departments with respect to the provision of health care.

16 “(B) CONTENTS.—The strategic plan established under subparagraph (A)
17 shall—

18 “(i) incorporate the common services definition established under
19 paragraph (1); and

20 “(ii) ensure the common services are used to provide the strategic
21 direction for the joint coordination and sharing efforts between the two
22 Departments with respect to the provision of health care.

1 “(3) QUARTERLY REPORT.—The Committee shall prepare and submit to Congress
2 a quarterly report that—

3 “(A) sets forth the expenditures of the Department of Defense and the
4 Department of Veterans Affairs for common services;

5 “(B) describes those expenditures for common services that comply with
6 the strategic plan established under paragraph (2); and

7 “(C) describes those expenditures for common services that were not
8 consistent with the strategic plan established under paragraph (2) and describes
9 the reasons for the inconsistency.

10 “(g) INTERAGENCY AGREEMENT.—

11 “(1) IN GENERAL.—The Secretary of Defense and the Secretary of Veterans
12 Affairs shall enter into an interagency agreement that—

13 “(A) establishes a national reimbursement and billing process for health
14 care services which is—

15 “(i) based on prospective payment with local flexibilities; and

16 “(ii) reconciled on a quarterly basis; and

17 “(B) provides, in the case of a referral of an individual for the provision of
18 health care outside a Department of Defense or Department of Veterans Affairs
19 medical facility but within a common market area, that any nonreferring
20 Department of Defense or Department of Veterans Affairs medical facility
21 providing health care in the common market area has a right of first refusal to
22 treat the individual.

1 “(2) COMMON MARKET AREA DETERMINATION.—The Committee shall determine
2 what constitutes a common market area for purposes of paragraph (1)(B).

3 “(h) MEDICAL CAPITAL ASSET REVIEW AND APPROVAL REQUIRED.—The Committee shall
4 review and approve or disapprove the acquisition, sustainment, restoration, or modernization of
5 any medical capital asset of the Department of Defense or Department of Veterans Affairs that
6 occurs after the date of enactment of the _____ Act. No funds
7 may be obligated or expended for the acquisition, sustainment, restoration, or modernization of
8 any such medical capital asset until the Committee carries out the review and approves the
9 obligation or expenditure, respectively.”.

10 (b) ANNUAL REPORT.—Paragraph (2) of section 320(c) of title 38, United States Code, is
11 amended by adding at the end the following new sentence: “The annual report shall include—

12 “(A) the information described in subparagraphs (A) through (C) of subsection
13 (f)(3) for the year for which the report is submitted; and

14 “(B) a description of the success of the interagency agreement described in
15 subsection (g).”.

16 **SEC. 804. ELECTRONIC HEALTH RECORDS.**

17 (a) IN GENERAL.—Not later than 180 days after the date of enactment of the
18 _____ Act, the Secretary of Veterans Affairs and the
19 Secretary of Defense jointly shall establish an electronic health record, within the electronic
20 health record system of the Department of Veterans Affairs and in accordance with section 713
21 of the National Defense Authorization Act for Fiscal Year 2014, for each—

22 (1) member of the Armed Forces; and

1 (2) individual who completes a military service specific enlisted or officer
2 accession program.

3 (b) MONITORING AND REPORTING.—

4 (1) MONITORING.—The Secretary of Veterans Affairs, in consultation with the
5 Secretary of Defense, shall monitor the number and percentage of members and
6 individuals described in subsection (a) who have an electronic health record in the
7 electronic health record system of the Department of Veterans Affairs.

8 (2) REPORTING.— The Secretary of Veterans Affairs, in consultation with the
9 Secretary of Defense, shall prepare and annually submit to Congress a report that
10 contains the number and percentage of members and individuals described in subsection
11 (a) who have an electronic health record in the electronic health record system of the
12 Department of Veterans Affairs.

QUALITY OF LIFE

1 **SEC. 901. DEFINITION OF EMPLOYEE.**

2 Subsection (c) of section 2105 of title 5, United States Code, is amended by striking
3 “Army and” and all that follows through “Guard exchanges” and inserting “defense resale
4 system established under chapter 147 of title 10”.

5 **SEC. 902. DEFENSE RESALE SYSTEM.**

6 Section 2481 of title 10, United States Code, is amended to read as follows:

7 **“§ 2481. Defense resale system: existence and purpose**

8 “(a) COMBINED SYSTEM.—

9 “(1) IN GENERAL.—The Secretary of Defense shall operate, in the manner
10 provided by this chapter and other provisions of law, a world-wide system of commissary
11 stores and exchange stores.

12 “(2) DEFENSE RESALE SYSTEM.—The world-wide system of commissary stores
13 and exchange stores established under paragraph (1) shall be collectively known as the
14 ‘defense resale system’.

15 “(3) COMBINED OR SEPARATE STORES.—

16 “(A) IN GENERAL.—Individual commissary and exchange stores may be
17 combined or separate, as dictated by local needs.

18 “(B) MERCHANDISE PRICING RULE.—Store merchandise described in
19 section 2484(d) that is sold in, at, or by a combined store shall be sold only at the
20 commissary prices described in such section.

21 “(C) SPECIAL RULE.—In this chapter:

1 “(i) COMMISSARY STORE.—The term ‘commissary store’, when
2 used with respect to a combined commissary and exchange store, means
3 that portion of the combined store functioning as a commissary store.

4 “(ii) EXCHANGE STORE.—The term ‘exchange store’, when used
5 with respect to a combined commissary and exchange store, means that
6 portion of the combined store functioning as an exchange store.

7 “(4) PATRONS AND PRICES.—The commissary and exchange stores may sell, at
8 reduced prices, food and other merchandise to members of the uniformed services on
9 active duty, members of the uniformed services entitled to retired pay, dependents of
10 such members, and persons authorized to use the system under chapter 54 of this title.

11 “(b) PURPOSE OF THE DEFENSE RESALE SYSTEM.—The defense resale system is intended
12 to enhance the quality of life of members of the uniformed services, retired members, and
13 dependents of such members, and to support military readiness, recruitment, and retention.

14 “(c) DESIGNATION OF A SENIOR OFFICIAL.—The Secretary of Defense shall designate a
15 senior official of the Department of Defense to oversee the policies and appropriated funding of
16 the defense resale system.”.

17 **SEC. 903. COMMISSARY STORES: USE OF APPROPRIATED FUNDS TO COVER**
18 **OPERATING EXPENSES.**

19 Section 2483 of title 10, United States Code, is amended—

20 (1) by amending subsection (a) to read as follows:

21 “(a) OPERATION OF DEFENSE RESALE SYSTEM; COMMISSARIES.— Except as otherwise
22 provided in this title, the operation of the defense resale system related to commissaries may be
23 funded using such amounts as are appropriated and available to the Secretary of Defense to

1 support the defense resale system. The executive governing body established under section
2 2485(c) shall approve the portion of commissary operating expenses to be funded with
3 appropriated funds.”;

4 (2) in the matter preceding paragraph (1) of subsection (b), by striking the first
5 sentence and inserting the following: “Except as provided in subsection (c), appropriated funds
6 available to the Secretary of Defense to support the defense resale system shall be used to cover
7 the expenses of operating commissary stores and associated central product processing
8 facilities.”; and

9 (3) by amending subsection (c) to read as follows:

10 “(c) SUPPLEMENTAL FUNDS FOR COMMISSARY OPERATIONS.—Amounts appropriated to
11 cover the expenses of operating the defense resale system and the commissary stores may be
12 supplemented with—

13 “(1) nonappropriated funds generated by the defense resale system; and

14 “(2) additional funds from—

15 “(A) manufacturers’ coupon redemption fees; and

16 “(B) other amounts received as reimbursement for support activities
17 provided by the defense resale system.”.

18 **SEC. 904. COMMISSARY STORES: MERCHANDISE THAT MAY BE SOLD;**
19 **UNIFORM SURCHARGES AND PRICING.**

20 Section 2484 of title 10, United States Code, is amended—

21 (1) by amending subsection (a) to read as follows:

1 “(a) IN GENERAL.—As provided in section 2481(a) of this title, commissary stores are
2 intended to be similar to commercial grocery stores, selling merchandise similar to merchandise
3 sold in, at, or by commercial grocery stores.”;

4 (2) by amending subparagraph (b) to read as follows:

5 “(b) AUTHORITY TO OPERATE CONVENIENCE STORES AND SIMILAR SHOPS.— The defense
6 resale system shall continue to maintain the exclusive right to operate convenience stores,
7 shopettes, and troop stores, including such stores established to support contingency
8 operations.”;

9 (3) by striking subsections (c) and (g);

10 (4) by redesignating subsections (d), (e), (f) and (h), as subsections (c), (d), (e)
11 and (f), respectively;

12 (5) in subsection (c) (as redesignated by paragraph (4))—

13 (A) by striking “subsection (e)” and inserting “subsection (d)”;

14 (B) by inserting “in each of the categories established under subsection
15 (d)” after “commissary stores”;

16 (6) in subsection (d) (as redesignated by paragraph (4))—

17 (A) by striking paragraphs (2) and (3); and

18 (B) in paragraph (1), by striking “(1) The Secretary” and all that follows
19 through “the item.” and inserting the following” The Secretary of Defense shall
20 establish the sales price of each item of merchandise sold in, at, or by commissary
21 stores at the level that will recoup the actual product cost of the item. The sales
22 price shall be established for each item in each of the following categories:

23 “(A) Meat, poultry, seafood, and fresh-water fish.

1 “(B) Nonalcoholic beverages.

2 “(C) Produce.

3 “(D) Grocery food, whether stored chilled, frozen, or at room temperature.

4 “(E) Dairy products.

5 “(F) Bakery and delicatessen items.

6 “(G) Nonfood grocery items.”; and

7 (7) in subsection (f) (as redesignated by paragraph (4))—

8 (A) in the matter preceding clause (i) of paragraph (1)(A), by striking

9 “subsection (d)” and inserting “subsection (c)”;

10 (B) by striking paragraph (2);

11 (C) by redesignating paragraphs (3), (4) and (5) as paragraphs (2), (3) and

12 (4), respectively;

13 (D) in subparagraph (A) of paragraph (2) (as redesignated by

14 subparagraph (C)), by striking “subsection (d)” and inserting “subsection (c)”;

15 (E) in paragraph (3) (as redesignated by subparagraph (C))—

16 (i) by striking “subsection (d)” and inserting “subsection (c)”;

17 (ii) by striking “paragraph (1), (2), or (3)” and inserting “paragraph

18 (1) or (2)”;

19 (F) in paragraph (4) (as redesignated by subparagraph (C))—

20 (i) in the matter preceding subparagraph (A), by striking

21 “paragraphs (1), (2), and (3)” and inserting “paragraphs (1) and (2)”;

22 (ii) by adding at the end the following new subparagraph:

1 “(F) Sale of any merchandise by defense resale system activities other
2 than commissary merchandise specified in subsection (d) of this section.”.

3 **SEC. 905. DEFENSE RESALE SYSTEM OPERATIONS.**

4 Section 2485 of title 10, United States Code, is amended—

5 (1) in the section heading, by striking “**Commissary stores: operation**” and
6 inserting “**Defense resale system operations**”;

7 (2) in the heading for subsection (a), by inserting “OF COMMISSARIES” after
8 “OPERATION”;

9 (3) by amending subsection (b) to read as follows:

10 “(b) **CONTRACTS WITH OTHER AGENCIES AND INSTRUMENTALITIES.**—The defense resale
11 system, and any other agency of the Department of Defense that supports the operation of the
12 defense resale system, may enter into a contract or other agreement with another element of the
13 Department of Defense or with another Federal department, agency, or instrumentality, including
14 a nonappropriated fund instrumentality, to provide or obtain services beneficial to the efficient
15 management and operation of the commissaries. However, the defense resale system may not
16 pay for any such service provided by the United States Transportation Command any amount
17 that exceeds the price at which the service could be procured through full and open competition,
18 as such term is defined in section 107 of title 41.”;

19 (4) by amending subsection (c) to read as follows:

20 “(c) **EXECUTIVE GOVERNING BODY.**—

21 “(1) **ESTABLISHMENT.**—Notwithstanding section 192(d) of this title, the Secretary
22 of Defense shall establish an executive governing body for the defense resale system, to
23 oversee operations of the defense resale system, including personnel matters.

1 “(2) MEMBERSHIP.—

2 “(A) COMPOSITION.—The Secretary of Defense shall appoint the
3 membership of the executive governing body, which shall include five voting
4 members as follows:

5 “(i) A senior representative from the Army.

6 “(ii) A senior representative from the Navy.

7 “(iii) A senior representative from the Air Force.

8 “(iv) A senior representative from the Marines.

9 “(v) The Under Secretary of Defense for Personnel and Readiness.

10 “(B) CHAIRPERSON.—The chairperson of the executive governing body
11 shall rotate annually among the senior representatives from the military services
12 described in clauses (i) through (iv) of subparagraph (A).

13 “(C) NONVOTING MEMBERS.—The Secretary of Defense shall appoint
14 nonvoting members of the executive governing body, giving priority to
15 appointing persons with experience related to logistics, military personnel,
16 military entitlements, or other experiences of value regarding management of the
17 defense resale system.

18 “(3) EXECUTIVE DIRECTOR.—The executive governing body shall be headed by
19 an Executive Director who shall be accountable to and report to the executive governing
20 body.”;

21 (5) by amending subsection (d) to read as follows:

22 “(d) ASSIGNMENT OF ACTIVE DUTY MEMBERS.—

1 “(1) IN GENERAL.—A limited number of members of the armed forces on active
2 duty may be assigned to the operation of a defense resale system store when the Secretary
3 of Defense determines such assignment is necessary.

4 “(2) ACTIVE-DUTY LIST.—The Secretary of Defense may assign an officer on the
5 active-duty list to serve as the Executive Director of the defense resale system.”;

6 (6) by striking subsection (g);

7 (7) by redesignating subsection (h) as subsection (g); and

8 (8) in subsection (g) (as redesignated by paragraph (7))—

9 (A) by amending paragraph (2) to read as follows:

10 “(2) Paragraph (1) applies to the following:

11 “(A) Information contained in the computerized business systems of the defense
12 resale system, including the following information:

13 “(i) Data relating to sales of goods or services.

14 “(ii) Demographic information on customers.

15 “(iii) Any other information pertaining to defense resale system
16 transactions and operations.

17 “(B) Business programs, systems, and applications (including software) relating
18 to operations that were developed with funding derived from commissary surcharges.”;

19 and

20 (B) in subparagraph (B) of paragraph (3), by striking “commissary stores”
21 and inserting “the defense resale system”.

22 **SEC. 906. CONSOLIDATION OF THE DEFENSE RESALE SYSTEM.**

23 Section 2487 of title 10, United States Code, is amended to read as follows:

1 **“§ 2487. Consolidation of the defense resale system**

2 “(a) CONSOLIDATION OF DEFENSE RESALE SYSTEM.—

3 “(1) CONSOLIDATION.—The operation and administration of the commissary
4 system and exchange system is consolidated into a single defense resale system,
5 disestablishing the Defense Commissary Agency.

6 “(2) TIMEFRAME AND MANNER.—Not later than 6 months after the date of
7 enactment of the _____ Act, the Secretary shall establish the
8 defense resale system, in a manner such that the delivery of commissary and exchange
9 services to patrons is neither interrupted nor diminished.

10 “(3) COMBINED STORES.—The consolidation described in paragraph (1) shall
11 include the authority to operate combined exchange stores and commissary stores.

12 “(b) ACCESS OF DEFENSE RESALE SYSTEM TO FEDERAL FINANCING BANK.— To facilitate
13 the provision of in-store credit to patrons of defense resale stores while reducing the costs of
14 providing such credit, the defense resale system may issue and sell its obligations to the Federal
15 Financing Bank as provided in section 6 of the Federal Financing Bank Act of 1973 (12 U.S.C.
16 2285).”.

17 **SEC. 907. COMBINED EXCHANGE AND COMMISSARY STORES.**

18 Section 2488 of title 10, United States Code, is repealed.

19 **SEC. 908. OVERSEAS COMMISSARY AND EXCHANGE STORES: ACCESS AND**
20 **PURCHASE RESTRICTIONS.**

21 Subsection (b) of section 2489 of title 10, United States Code, is amended—

22 (1) in paragraph (1), by striking “ commissary and exchange system” and
23 inserting “defense resale system”; and

1 (2) in paragraph (2), by striking “ commissary and exchange system” and
2 inserting “defense resale system”.

3 **SEC. 909. CLERICAL AMENDMENTS AND REFERENCES.**

4 (a) CLERICAL AMENDMENTS.—

5 (1) The chapter heading for chapter 147 of title 10, United States Code, is
6 amended by striking “**COMMISSARIES AND EXCHANGES**” and inserting
7 “**DEFENSE RESALE SYSTEM**”.

8 (2) The table of subchapters at the beginning of chapter 147 of title 10, United
9 States Code, is amended—

10 (A) in the item relating to subchapter I, by striking “Commissary and
11 Exchange Systems ” and inserting “Resale System”; and

12 (B) by striking the item relating to subchapter II and inserting the
13 following: “Relationship and Common Policies of the Defense Resale System”.

14 (3) The subchapter heading for subchapter I of chapter 147 of title 10, United
15 States Code, is amended to read as follows:

16 “**SUBCHAPTER I – DEFENSE RESALE SYSTEM**”.

17 (4) The subchapter heading for subchapter II of chapter 147 of title 10, United
18 States Code, is amended to read as follows:

19 “**SUBCHAPTER II – RELATIONSHIP AND COMMON POLICIES OF**
20 **THE DEFENSE RESALE SYSTEM**”.

21 (5) The table of sections at the beginning of subchapter (I) of chapter 147 of title
22 10, United States Code, is amended—

1 (A) by striking the item relating to section 2481 and inserting the
2 following:

3 “ 2481. Defense resale system; existence and purpose”; and

4 (B) by striking the item relating to section 2485 and inserting the
5 following:

6 “ 2485. Defense resale system operations”; and

7 (6) The table of sections at the beginning of subchapter (II) of chapter 147 of title
8 10, United States Code, is amended—

9 (A) by striking the item relating to section 2487 and inserting the
10 following:

11 “ 2487. Consolidation of the defense resale system.”; and

12 (B) by striking the item relating to section 2488.

13 (b) REFERENCES.—

14 (1) COMMISSARY AND EXCHANGE SYSTEM.—Any reference in law, regulation
15 document, paper or other record of the United States to the commissary and exchange system
16 under chapter 147 of title 10, United States Code, shall be deemed to be a reference to the
17 defense resale system under such chapter.

18 (2) GOVERNING BOARD.— Any reference in law, regulation document, paper or
19 other record of the United States to the governing board for the commissary system under
20 chapter 147 of title 10, United States Code, shall be deemed to be a reference to the executive
21 governing body of the defense resale system under such chapter.

1 **SEC. 1001. CHILD CARE SERVICES.**

2 Section 2805 of title 10, United States Code, is amended—

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

4 (2) by inserting after subsection (d) the following:

5 “(e) CHILD CARE FACILITIES.—(1) The Secretary concerned may obligate and expend,
6 from appropriations available to the Secretary concerned for operation and maintenance,
7 amounts necessary to carry out an unspecified minor military construction project that—

8 “(A) has an approved cost equal to or less than \$15,000,000, notwithstanding
9 subsections (a) and (c); and

10 “(B) creates, expands, or modifies a child development program facility serving
11 children from birth through 12 years of age.

12 “(2) For the purpose of carrying out an unspecified minor military construction project
13 described in paragraph (1), subsection (b)(1) shall be applied by substituting “\$7,500,000” for
14 “\$750,000”.

1 **SEC. 1101. MONTGOMERY GI BILL SUNSET.**

2 (a) IN GENERAL.—Chapter 30 of title 38, United States Code, is amended by adding at the
3 end the following new section:

4 **“§ 3037. Sunset provision**

5 “The Secretary shall only award educational assistance under this chapter to eligible
6 individuals who have had a reduction in basic pay for educational assistance under this chapter
7 before October 1, 2015.”.

8 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is
9 amended by adding at the end the following:

10 “3037. Sunset Provision.”.

11 **SEC. 1102. RESERVE EDUCATION ASSISTANCE PROGRAM CONTINUING**
12 **ELIGIBILITY AND SUNSET PROVISION.**

13 (a) IN GENERAL.—Chapter 1607 of title 10, United States Code, is amended by adding
14 after section 16166 the following new section:

15 **“§ 16167. Continuing eligibility and sunset provision**

16 “(a) CONTINUING ELIGIBILITY FOR CERTAIN MEMBERS.— Notwithstanding any other
17 provision of this chapter, for the period beginning on the date of enactment of the
18 _____ Act and ending 4 years after such date of enactment,
19 educational assistance under this chapter shall only be provided to a member who—

20 “(1) entered service prior to such date of enactment;

21 “(2) received educational assistance under this chapter for a course of study at an
22 educational institution for the enrollment period at the educational institution that
23 immediately preceded such date of enactment.

1 “(b) SUNSET PROVISION.—The authority to provide educational assistance under this
2 chapter shall terminate 4 years after the date of enactment of the
3 _____ Act.”.

4 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is
5 amended by adding at the end the following:
6 “16167. Continuing eligibility and sunset provision.”.

7 **SEC. 1103. TUITION ASSISTANCE.**

8 Subsection (a) section 2007 of title 10, United States Code, is amended by inserting “, but
9 only if the Secretary determines such education or training is likely to contribute to the member’s
10 professional development” after “during the member’s off-duty periods”.

11 **SEC. 1104. POST-9/11 GI BILL TRANSFERABILITY.**

12 Paragraph (1) of section 3319(b) of title 38, United States Code, is amended—

13 (1) by striking “six years” and inserting “ten years”; and

14 (2) by striking “four more” and inserting “two more”.

15 **SEC. 1105. SENSE OF CONGRESS REGARDING TRANSFERABILITY OF UNUSED**
16 **EDUCATION BENEFITS TO FAMILY MEMBERS.**

17 (a) IN GENERAL.—It is the sense of Congress that each Secretary concerned should—

18 (1) exercise the discretionary authority granted under section 3319(a)(2) of title
19 10, United States Code, regarding transferability of unused educational benefits to family
20 members, in a manner that encourages retention of individuals in the uniformed services;
21 and

22 (2) be more selective in permitting such transferability.

1 (b) DEFINITIONS.—In this section the terms “Secretary concerned” and “uniformed
2 services” have the meanings given the terms in section 101 of title 10, United States Code.

3 **SEC. 1106. REPORT ON EDUCATIONAL ATTAINMENT.**

4 Paragraph (1) of section 3325(b) of title 38, United States Code, is amended—

5 (1) in subparagraph (B), by striking “and” after the semicolon; and

6 (2) by adding at the end the following new subparagraph:

7 “(D) indicating the highest level of education obtained by each individual
8 who transfers an education benefit under section 3319; and”.

9 **SEC. 1107. REPORT ON EDUCATIONAL LEVELS OF SERVICE MEMBERS AT
10 SEPARATION.**

11 Section 1142 of title 10, United States Code, is amended by adding at the end the
12 following new subsection:

13 “(d) REPORT ON EDUCATIONAL LEVELS OF SERVICE MEMBERS AT SEPARATION.— The
14 Secretary concerned shall—

15 “(1) collect information, at the time of separation, on the highest level of
16 education obtained by each individual who transfers an education benefit under section
17 3319 of title 38, United States Code; and

18 “(2) prepare and submit annually to Congress a report that contains the
19 information described in paragraph (1).”.

20 **SEC. 1108. TERMINATION OF BAH PAYMENTS FOR DEPENDENTS USING
21 TRANSFERRED EDUCATION BENEFITS.**

22 Paragraph (2) of section 3319(h) of title 38, United States Code, is amended—

1 (1) in subparagraph (A), by inserting “, except that beginning on July 1, 2017, the
2 spouse shall not receive the monthly housing stipend described in section 3313(c)(1)(B)”
3 before the semicolon; and

4 (2) in subparagraph (B), by inserting “, except that beginning on July 1, 2017, the
5 child shall not receive the monthly housing stipend described in section 3313(c)(1)(B)”
6 before the semicolon.

7 **SEC. 1109. UNEMPLOYMENT INSURANCE.**

8 Subsection (b) of section 8525 of title 5, United States Code, is amended—

9 (1) in paragraph (1), by striking “or” after the semicolon;

10 (2) in paragraph (2), by striking the period and inserting “; or”; and

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

12 “(3) an educational assistance allowance under chapter 33 of title 38.”.

13 **SEC. 1110. REPORTING ON STUDENT PROGRESS.**

14 (a) IN GENERAL.—Chapter 33 of title 38, United States Code, is amended—

15 (1) in subsection 3325(c)—

16 (A) in paragraph (2), by striking “and” after the semicolon;

17 (B) by redesignating paragraph (3) as paragraph (4); and

18 (C) by inserting after paragraph (2) (as amended by subparagraph (A)) the
19 following new paragraph:

20 “(3) the student progress information received under section 3326 of this title;

21 and”; and

22 (2) by adding at the end the following new section:

23 **“§ 3326. Report on student progress**

1 Each educational institution receiving a payment on behalf of an individual who receives
2 educational assistance under this chapter shall report annually to the Secretary such information
3 regarding the academic progress of the individual as the Secretary may require.”.

4 (b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is
5 amended by adding at the end the following:
6 “3326. Report on Student Progress.”.

1 **SEC. 1201. JOB FAIR PARTICIPATION RATES.**

2 Paragraph (1) of section 136(d) of the Workforce Investment Act of 1998 (29 U.S.C.
3 2871(d)) is amended by adding at the end the following new sentence: “The report also shall
4 include information, for the year preceding the year the report is submitted, on the number of job
5 fairs attended by one-stop career center employees at which the employees had contact with a
6 veteran, and the number of veterans contacted at each such job fair.”.

7 **SEC. 1202. COORDINATION WITH STATE DEPARTMENTS OF LABOR AND**
8 **VETERANS AFFAIRS.**

9 Section 4103 of title 38, United States Code, is amended by adding at the end the
10 following new subsection:

11 “(c) COORDINATION WITH STATE DEPARTMENTS OF LABOR AND VETERANS AFFAIRS.—
12 Each Director for Veterans’ Employment and Training for a State shall coordinate the Director’s
13 activities under this chapter with the State Department of Labor (or the equivalent State
14 department, agency or office) and the State Department of Veterans Affairs (or the equivalent
15 State department, agency or office).”.

16 **SEC. 1203. VETERANS UNEMPLOYMENT REVIEW AND REPORT.**

17 (a) REVIEW.—

18 (1) IN GENERAL.—The Secretary of Labor, in consultation with the Secretary of
19 Defense and the Secretary of Veterans Affairs, shall conduct a review of—

20 (A) the challenges faced by employers that seek to hire veterans; and

21 (B) information sharing among Federal departments and agencies that
22 serve veterans and members of the Armed Forces who are separating from
23 service.

1 (2) MATTERS REVIEWED.—The review shall examine the following:

2 (A) The barriers employers face in gaining information identifying
3 veterans who are seeking jobs.

4 (B) The extent and quality of information sharing among Federal
5 departments and agencies that serve veterans and members of the Armed Forces
6 who are separating from service, including how the departments and agencies
7 may more easily connect employers with such veterans and members.

8 (b) REPORT.—

9 (1) IN GENERAL.— The Secretary of Labor, in consultation with the Secretary of
10 Defense and the Secretary of Veterans Affairs, shall prepare a report addressing the
11 matters reviewed under subsection (a). The report shall include the following:

12 (A) Recommendations for addressing the barriers described in subsection
13 (a)(2)(A).

14 (B) Recommendations for improving information sharing described in
15 subsection (a)(2)(B).

16 (2) SUBMISSION.—Not later than 120 days after the date of enactment of this Act,
17 the Secretary of Labor shall submit the report to the Committees on Armed Services of
18 the Senate and House of Representatives and the Committees on Veterans Affairs of the
19 Senate and House of Representatives.

20 **SEC. 1204. TRANSITION GPS PROGRAM CORE CURRICULUM REVIEW AND**
21 **REPORT.**

22 (a) REVIEW.—

1 (1) IN GENERAL.— The Secretary of Defense, in consultation with the Secretary of
2 Veterans Affairs and the Secretary of Labor, shall conduct a review of the Department of
3 Defense Transition GPS Program Core Curriculum in effect on the date of enactment of
4 the _____ Act.

5 (2) MATTERS REVIEWED.—The review shall examine the following:

6 (A) The Department of Defense Transition GPS Program Core Curriculum
7 in effect on the date of enactment of the _____
8 Act, including an examination of whether the curriculum most accurately
9 addresses the needs of members of the Armed Forces transitioning out of military
10 service.

11 (B) The roles and responsibilities of each Federal department participating
12 in the Transition GPS Program and whether the various roles and responsibilities
13 of the Federal departments are adequately aligned with one another.

14 (C) The allotment of time spent on issues under the jurisdiction of each
15 Federal department participating in the Transition GPS Program and whether the
16 allotment is adequate to provide members of the Armed Forces with all the
17 information the members need regarding important benefits that can assist the
18 members in transitioning out of military service.

19 (D) Whether any of the information in the 3 optional tracks in the
20 Transition GPS Program Core Curriculum should be addressed more
21 appropriately in mandatory tracks rather than optional tracks.

22 (E) The benefits of and obstacles to establishing—

1 (i) a standard implementation plan of long-term outcome measures
2 for the Transition GPS Program; and

3 (ii) a comprehensive system of metrics for such measures.

4 (b) REPORT.—

5 (1) IN GENERAL.— The Secretary of Defense, in consultation with the Secretary of
6 Veterans Affairs and the Secretary of Labor, shall prepare a report addressing the matters
7 reviewed under subsection (a). The report shall include the following:

8 (A) Recommendations for improving the Department of Defense
9 Transition GPS Program Core Curriculum in order to more accurately address the
10 needs of members of the Armed Forces transitioning out of military service.

11 (B) Recommendations for improving the roles and responsibilities
12 described in subsection (a)(2)(B).

13 (C) Recommendations for improving the allotment of time described in
14 subsection (a)(2)(C).

15 (D) Any recommendations regarding the optional and mandatory tracks in
16 the Transition GPS Program Core Curriculum.

17 (E) Any recommendations with respect to the outcome measures and
18 metrics described in subsection (a)(2)(E).

19 (F) An identification of any other areas of concern in the Transition GPS
20 Program, and recommendations for addressing the concerns.

21 (2) SUBMISSION.—Not later than 120 days after the date of enactment of this Act,
22 the Secretary of Defense shall submit the report to the Committees on Armed Services of

- 1 the Senate and House of Representatives and the Committees on Veterans Affairs of the
- 2 Senate and House of Representatives.

1 **SEC. 1301. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**
2 **INFORMATION.**

3 Paragraph (8) of section 11(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e))
4 is amended—

5 (1) in clause (iii) of subparagraph (E), by striking “and” after the semicolon;

6 (2) in subparagraph (F), by inserting “and” after the semicolon; and

7 (3) by adding at the end the following new subparagraph:

8 “(G) the safeguards shall not prevent the use of such information by, or the
9 disclosure of such information to, the Department of Defense for the purposes of
10 determining the number of applicant households that contain one or more
11 members of an active component or reserve component of the Armed Forces;”.

12 **SEC. 1302. SUPPLEMENTAL SUBSISTENCE ALLOWANCE.**

13 Subsection (b) of section 402a of title 37, United States Code, is amended by adding at
14 the end the following new paragraph:

15 “(4) Notwithstanding any other provision of this section, only members of
16 the armed forces who are serving outside the several States of the United States,
17 the District of Columbia, the Commonwealth of Puerto Rico, the United States
18 Virgin Islands, or Guam may receive a supplemental assistance allowance under
19 this section after September 30, 2016.”.

1 **SEC. 1501. NATIONAL MILITARY DEPENDENT STUDENT IDENTIFIER.**

2 Section 1111(b)(3)(C)(xiii) of the Elementary and Secondary Education Act of 1965 (20

3 U.S.C. 6311(b)(3)(C)(xiii)) is amended—

4 (1) by striking “and by” and inserting “by”; and

5 (2) by inserting “and by students whose parent or guardian is an active duty

6 member of the Armed Forces as defined in section 101(a)(4) of title 10, United States

7 Code (further disaggregated by the branch of the Armed Forces in which such parent or

8 guardian serves),” before “except”.

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