SEC. 525. TWO-YEAR EXTENSION AND FOUR-YEAR LIMITATION OF ENTITLEMENT OF CERTAIN EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE WHO ARE INVOLUNTARILY SEPARATED.

(a) TWO-YEAR EXTENSION OF CONTINUATION OF ENTITLEMENT UPON INVOLUNTARY SEPARATION FOR CERTAIN FORCE DRAWDOWN REASONS.—Subsection (b)(1)(B) of section 16133 of title 10, United States Code, is amended by striking "September 30, 2014" and inserting "September 30, 2016".

(b) FOUR-YEAR LIMITATION.—In the case of a person described in subsection (b)(1)(B) of section 16133 of title 10, United States Code, as amended by subsection (a), who ceases to be a member of the Selected Reserve during the period beginning on October 1, 2014, and ending on September 30, 2016, the period of entitlement applicable under subsection (a) of that section during which that person is entitled to educational assistance under chapter 1606 of such title expires at the end of the four-year period beginning on the date on which the person is separated from the Selected Reserve.

(c) CONFORMING AMENDMENT FOR PRIOR ENACTMENT OF ADDITIONAL ACTIVE DUTY AUTHORITIES.—Subsection (b)(4) of section 16133 of title 10, United States Code, is amended by striking "or 12304" and inserting "12304, 12304a, or 12304b".

Section-by-Section Analysis

This proposal would clarify and extend the period-of-eligibility provisions of the reserve-component portion of the Montgomery GI Bill (chapter 1606 of title 10, United States Code).

In return for a commitment to serve in the Selected Reserve, certain service members qualify for 36 months of Montgomery GI Bill benefits. The program for Selected Reserve members was designed as a recruitment and retention incentive, and continued membership in the Selected Reserve is required to use those benefits.

The proposal would extend by two years eligibility for previously qualified Selected Reserve Service members to use GI Bill educational benefits who are involuntarily separated from the Selected Reserve due to end strength reductions or other force management actions. A previous amendment in 2008 provided continuation of the entitlement through September 30, 2014. This proposal would extend this protection through September 30, 2016, in anticipation of drawdown actions affecting all reserve components of all services.

In addition, this proposal would provide eligible members of the reserve components a period of 4 years to use their Montgomery GI Bill benefits in the event they are involuntarily separated, without cause, due to end strength reductions or force management actions. No new monetary benefit is created. This 4-year period is intended to ensure that a service member has adequate opportunity to use his accrued benefits in the event of a unilateral decision (drawdown) resulting in the early termination of an enlistment agreement.

There are several reasons for the inclusion of this 4-year "window." Present law permits an eligible member to use these educational benefits so long as they remain affiliated with a Selected Reserve unit. However, the anticipated drawdown in forces will likely disrupt the career plans and expectations of a number of members, many of whom will be given only 6-12 months' notice that they will be discharged early. An unanticipated, and early, discharge may require a member to alter his education plans while adjusting employment and reserve commitments. DoDI 1322.17, beginning at subparagraph 6.7.3, authorizes a 12-month "suspension" of educational benefits for a member separated from the Selected Reserve. These benefits can be "restored" if the member re-affiliates with another Selected Reserve unit. However, the likelihood of this happening depends on a number of factors - distance, military occupational specialty, billet vacancy - that may not be in the member's control. Additionally, many Selected Reserve units experience retention rates above 90 percent. As such, benefits have frequently been used during a second or subsequent contract as there has previously been an expectation that a member could use benefits after his initial obligation expired. This 4-year window would be a reduction from a previous 10-year period of eligibility contained in the statute. This 4-year period of eligibility would apply to members separated after enactment of this provision.

This proposal would also add active duty performed pursuant to sections 12304a and 12304b of title 10 to the present list of duty statuses which entitle a member to an extension of the period of entitlement to education benefits. These two provisions of title 10 were added in the National Defense Authorization Act for Fiscal Year 2012; no cross-reference to section 16133 was made at that time. This amendment would rectify that oversight. Members would not acquire any additional entitlements under the Montgomery GI Bill for duty performed under either section.

Budget Implications: Funding for Montgomery GI Bill (MGIB) educational benefits for reserve component members is calculated and paid in 2 ways: (1) the Services pay an eligibility fee for each member that establishes the eligibility to use MGIB-Selected Reserve (MGIB-SR) benefits; and (2) the Services pay an actuarial charge each year based on how many members are using their MGIB-SR educational benefits.

When calculating the cost of this proposal vice the status quo, consider the following Montgomery GI Bill program calculations:

1) Statutory protections of Montgomery GI Bill educational assistance currently exist through fiscal year (FY) 2014. If those protections were allowed to sunset at that time, each member of the Selected Reserve involuntary separated would lose their ability to claim any remaining educational assistance. Ten percent of reserve component members use educational assistance. The median member utilizes $17,000 in 36 months. Assuming the median member has half their eligibility remaining, each member would lose access to $8,500 in educational assistance without this protection. Calculating the take rate across the population, the involuntary separation of 1,000 reserve component members would equate to $85,000 in actuary costs if this protection is extended. The budget table below assumes 1,000 reserve component members involuntarily separated in FY 2016.

2) The cost estimate below includes actuary costs to reserve components (MGIB-SR costs). Reserve benefits are funded through the Department of Defense's Education Benefits Fund.

RESOURCE REQUIREMENTS ($MILLIONS)						
	FY 2015	**FY 2016**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Air Guard MILPERS	.085	.085	3850 Milpers	01	100 Education	58150F
Army Guard MILPERS	.085	.085	2060 Milpers	01	100 Education	MM
Total	.170	.170				

Changes to Existing Law: This proposal would make the following changes to section 16133 of title 10, United States Code:

§ 16133. Time limitation for use of entitlement

(a) Except as provided in subsection (b), the period during which a person entitled to educational assistance under this chapter may use such person's entitlement expires on the date the person is separated from the Selected Reserve.

(b)(1) In the case of a person—

(A) who is separated from the Selected Reserve because of a disability which was not the result of the individual's own willful misconduct incurred on or after the date on which such person became entitled to educational assistance under this chapter; or

(B) who, on or after the date on which such person became entitled to educational assistance under this chapter, ceases to be a member of the Selected Reserve during the period beginning on October 1, 1991, and ending on December 31, 2001, or the period beginning on October 1, 2007, and ending on September 30, ~~2014~~ 2016, by reason of the

inactivation of the person's unit of assignment or by reason of involuntarily ceasing to be designated as a member of the Selected Reserve pursuant to section 10143(a) of this title, the period for using entitlement prescribed by subsection (a) shall be determined without regard to clause (2) of such subsection.

(2) The provisions of section 3031(f) of title 38 shall apply to the period of entitlement prescribed by subsection (a).

(3) The provisions of section 3031(d) of title 38 shall apply to the period of entitlement prescribed by subsection (a) in the case of a disability incurred in or aggravated by service in the Selected Reserve.

(4) In the case of a member of the Selected Reserve of the Ready Reserve who serves on active duty pursuant to an order to active duty issued under section 12301(a), 12301(d), 12301(g), 12302, ~~or~~ 12304, 12304a, or 12304b of this title—

(A) the period of such active duty service plus four months shall not be considered in determining the expiration date applicable to such member under subsection (a); and

(B) the member may not be considered to have been separated from the Selected Reserve for the purposes of clause (2) of such subsection by reason of the commencement of such active duty service.