

**38 CFR Part 21****RIN 2900-AS93****Processing Certain Veteran-Requested Veteran Readiness and Employment Benefit Changes Without Administrative Delays**

**AGENCY:** Department of Veterans Affairs.

**ACTION:** Proposed rule.

**SUMMARY:** The Department of Veterans Affairs (VA) proposes to amend regulations under the Veteran Readiness and Employment (VR&E) program to ensure veterans' requests to forgo, suspend, reduce, or terminate their benefits and services may be processed timely and without unnecessary delays. The current regulation requires VR&E to provide at least 30 days advance notice and opportunity for response before taking such actions, even in cases where VR&E is acting on a veteran's request. VA also proposes to clarify existing regulatory exceptions to advance notice to reduce or eliminate potential overpayments for veterans.

**DATES:** Comments must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments through [www.regulations.gov](http://www.regulations.gov) under RIN 2900-AS93. That website includes a plain-language summary of the rulemaking. Instructions for accessing agency documents, submitting comments, and viewing the rulemaking docket are available on [www.regulations.gov](http://www.regulations.gov) under "FAQ."

**FOR FURTHER INFORMATION CONTACT:** Pamela Salazar, Supervisor of National Policy, Veteran Readiness and Employment Service, Veterans Benefits Administration, (202) 461-9600 or [pamela.salazar@va.gov](mailto:pamela.salazar@va.gov).

**SUPPLEMENTARY INFORMATION:** Under 38 CFR 21.420(a), VR&E must notify veterans in writing of findings affecting receipt of Chapter 31 benefits. VR&E proposes

to amend § 21.420(a) by adding the term “decisions” to clarify that the regulation addresses both decisions and findings that affect a veteran’s benefits. VR&E also proposes to amend § 21.420(d) to clarify that prior notification of an adverse action would not be required when veterans request to forgo, suspend, reduce, or terminate their benefits under Chapter 31. In accordance with 38 U.S.C. 5104, VR&E would provide the veteran with a written notice confirming any action taken regarding their request to forgo, suspend, reduce, or terminate their Chapter 31 benefits. This notice would include an explanation of the veteran’s appeal rights. The only change under this proposed amendment to the regulation is that VR&E would not send a notification prior to acting on the veteran’s request.

The purpose of providing prior notification of an adverse action is to allow the veteran time to meet with their Vocational Rehabilitation Counselor (VRC) to review the reason for the proposed action and submit any materials to VA that are relevant to the proposed action prior to the adverse action taking effect. However, there would be no need to provide prior notification when VR&E acts upon the veteran’s request to forgo, suspend, reduce, or terminate benefits because VR&E would be following the veteran’s instructions and the veteran would not disagree with an action they requested that VR&E take. When the veteran initiates the request to forgo, suspend, reduce, or terminate their Chapter 31 benefits, as a matter of practice, the VRC will discuss or likely will have already discussed the advantages and disadvantages of the requested action, which would assist the veteran in making a well-informed decision. Additionally, the standard 30-day due process period required before implementing an adverse action can, in certain circumstances, result in unintended consequences that may cause undue hardship for the veteran. For example, if a veteran wants to use another VA benefit program while their Chapter 31 case is open, they would be prevented from doing so because it would result in duplication of benefits. The proposed revision would

allow VR&E to take immediate action at the request of the veteran to forgo, suspend, reduce, or terminate benefits and services under the Chapter 31 program.

Current § 21.420(d) provides that VR&E does not need to provide advance notification if an adverse action “arises as a consequence of a change in training time or other such alteration in circumstances.” In addition to cases in which a veteran requests to forgo, suspend, reduce, or terminate benefits, we would clarify that advance notification is also not needed for cases involving a dependent reporting error, a veteran’s death, or other unexpected circumstance causing a change to a veteran’s payment. VR&E would ensure the accuracy of the relevant information in these other cases and that any administrative update takes place quickly to ensure that no overpayment or no significant overpayment is created that would cause an undue burden on the veteran.

#### **Executive Orders 12866, 13563, and 14192**

VA examined the impact of this rulemaking as required by Executive Orders 12866 (Sept. 30, 1993) and 13563 (Jan. 18, 2011), which direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits. The Office of Information and Regulatory Affairs has determined that this rulemaking is not a significant regulatory action under Executive Order 12866, as supplemented by Executive Order 13563.

*Economic Impact:* This proposed rule, once finalized, is expected to be a deregulatory action under Executive Order 14192. The proposed amendment to 38 CFR 21.420 would clarify that VA is not required to provide prior notification of adverse action when a veteran voluntarily requests to forgo, suspend, reduce, or terminate their Chapter 31 benefits under the VR&E program. This change reduces administrative burden and processing delays by eliminating unnecessary procedural requirements in cases where the veteran has initiated the action. It enhances program efficiency and

responsiveness by allowing VA to act immediately on a veteran's informed decision, thereby avoiding potential duplication of benefits, and minimizing the risk of overpayments.

### **Regulatory Flexibility Act**

The Secretary hereby certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities as defined in the Regulatory Flexibility Act (5 U.S.C. 601-612). This proposed rule would only affect individuals who request to forgo, suspend, reduce, or terminate their VR&E benefits or services and would not have any impact on small entities. Therefore, under 5 U.S.C. 605(b), the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604 do not apply.

### **Unfunded Mandates**

This proposed rule would not result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year.

### **Paperwork Reduction Act**

This proposed rule contains no provisions constituting a collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3521).

### **List of Subjects in 38 CFR Part 21**

Administrative practice and procedure, Armed forces, Civil rights, Claims, Colleges and universities, Conflict of interests, Education, Employment, Grant programs—education, Grant programs—veterans, Health care, Loan programs—education, Loan programs—veterans, Manpower training programs, Reporting and recordkeeping requirements, Schools, Travel and transportation expenses, Veterans, Vocational education, Vocational rehabilitation.

## **SIGNING AUTHORITY**

Douglas A. Collins, Secretary of Veterans Affairs, approved this document on May 28, 2026, and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs.

**Gabriela DeCuir,**

*Alternate Federal Register Liaison Officer, Department of Veterans Affairs.*

For the reasons stated in the preamble, the Department of Veterans Affairs proposes to amend 38 CFR part 21 as set forth below:

## **PART 21 – VETERAN READINESS AND EMPLOYMENT AND EDUCATION**

### **Subpart A – Veteran Readiness and Employment**

1. The authority citation for part 21, subpart A continues to read as follows:

Authority: 38 U.S.C. 501(a), chs. 18, 31, and as noted in specific sections.

2. Amend § 21.420 by revising the introductory text of paragraph (a) and the introductory text of paragraph (d) to read as follows:

#### **§ 21.420 Informing the veteran.**

(a) *General.* VA will inform a veteran in writing of decisions and findings affecting receipt of benefits and services under Chapter 31. This includes veterans:

\* \* \* \* \*

(d) *Prior notification of adverse action.* Except in cases of: a veteran's request to forgo, suspend, reduce, or terminate benefits; needing to correct or update information regarding a veteran's dependents; a veteran's death; or other unexpected circumstance causing a change to a veteran's payment, VA shall provide the veteran at least 30 days to review any proposed adverse action before it is implemented. Exceptions to the prior notification requirement will allow prompt adjustment of awards and prevent the creation of debts. During the 30-day period, the veteran shall be given the opportunity to:

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