addition, during the course of the investigation or operation, the investigator or operative may obtain information which is incidental to the main purpose of the investigative jurisdiction of another agency. Such information cannot readily be segregated. Furthermore, during the course of the investigation or operation, the investigator may obtain information concerning violations of law other than those which are within the scope of his/ her jurisdiction. In the interest of effective intelligence operations and law enforcement, military intelligence agents should retain information, since it is an aid in establishing patterns of criminal or intelligence activity and provides valuable leads for other law enforcement or intelligence agencies.

(d) From subsection (e)(4)(G), (e)(4)(H), and (f) because this system of records is being exempt from subsection (d) of the Act concerning access to records. These requirements are inapplicable to the extent that this system of records will be exempt from subsections (d)(1) through (d)(5) of the Act. Although the system would be exempt from these requirements, the Deputy Chief of Staff for Intelligence has published information concerning its notification, access, and contest procedures because under certain circumstances, the Deputy Chief of staff for Intelligence could decide it is appropriate for an individual to have access to all or a portion of his/her records in this system of records.

(e) From subsection (e)(4)(I) because it is necessary to protect the confidentiality of sources of information, to protect the privacy and physical safety of participants and their families, confidential sources, and witnesses and to avoid the disclosure of specialized techniques and procedures. Although the system will be exempt from this requirement, the Deputy Chief of Staff for Intelligence has published such a notice in broad generic terms.

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Dated: September 28, 1995.

L. M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense. [FR Doc. 95–24664 Filed 10–3–95; 8:45 am] BILLING CODE 5000–04–F

DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 3

RIN 2900-AH18

Eligibility Reporting Requirements

AGENCY: Department of Veterans Affairs. **ACTION:** Final rule.

SUMMARY: This document amends the Department of Veterans Affairs (VA) adjudication regulations regarding eligibility verification reports (EVRs) for income-based benefits. This amendment implements legislation which eliminated the mandatory requirement for submission of EVRs on an annual basis from recipients of pension or parents' dependency and indemnity compensation (DIC) and gives VA discretionary authority to require such reports where necessary to determine eligibility. This amendment sets forth the guidelines that the Secretary will use in exercising this discretionary authority.

EFFECTIVE DATE: This amendment is effective October 4, 1995.

FOR FURTHER INFORMATION CONTACT: Paul Trowbridge, Consultant, Regulations Staff, Compensation and Pension Service, Veterans Benefits Administration, 810 Vermont Avenue NW., Washington, DC 20420, telephone (202) 273–7210.

SUPPLEMENTARY INFORMATION: The term "eligibility verification report" means a VA form which requests information needed to determine or verify eligibility for VA's income-based benefit programs (pension and parents' DIC). Until recently VA was required by law (38 U.S.C. 1315(e) and 38 U.S.C. 1506(2)) to secure a completed EVR at least once a year from every pension beneficiary and every parents' DIC beneficiary under the age of 72. Public Law 103-271, the Board of Veterans' Appeals Administrative Procedures Improvement Act of 1994, amended 38 U.S.C. 1315 and 1506 to give the Secretary of Veterans Affairs discretionary authority to require submission of income and resource reports by recipients of income-based benefits.

On May 15, 1995, we published a document in the Federal Register (60 FR 25877) proposing criteria for determining which claimants and beneficiaries must complete an EVR. Interested parties were invited to submit written comments on or before July 14, 1995, and we appreciate the one comment that was received.

The commenter, noting that in the past workload backlogs developed when

all EVRs fell due at the same time, expressed concern over the possibility of similar backlogs developing if all EVRs are sent at the same time.

While we appreciate the commenter's concern, any potential negative impact from concentrating the EVR workload at one time will be ameliorated by the vast reduction in the total number of EVRs we request. We project that with implementation of this final rule the number of annual EVRs will drop from approximately 850,000 to around 350,000.

The commenter also expressed concern that some beneficiaries who are not required to complete an annual EVR will not advise VA of unreimbursed medical expenses that could reduce countable income for VA purposes, and thereby lose potential entitlement to increased benefits.

Each year VA will remind beneficiaries who are not required to submit EVRs that they might be due an adjustment because of unreimbursed medical expenses paid from their own funds during the previous calendar year. Beneficiaries will therefore be reminded of the opportunity to advise VA of medical expenses as they have been in the past, but the ultimate responsibility for doing so lies with the beneficiary.

Based on the rationale set forth in this document and in the proposed rule, the provisions of the proposed rule are adopted as a final rule without change.

The Secretary certifies that this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This amendment will directly affect VA beneficiaries but will not affect small businesses. Therefore, pursuant to 5 U.S.C. 606(b), this final rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

The Catalog of Federal Domestic Assistance program numbers are 64.104, 64.105, and 64.110.

List of Subjects in 38 CFR Part 3

Administrative practice and procedure, Claims, Health care, Individuals with disabilities, Pensions, Veterans.

Approved: September 7, 1995.

Jesse Brown,

Secretary of Veterans Affairs.

For the reasons set forth in the preamble, 38 CFR part 3 is amended as follows: