

**THE FISCAL YEAR 2011 BUDGET FOR
VETERANS' PROGRAMS**

HEARING
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
ONE HUNDRED ELEVENTH CONGRESS
SECOND SESSION

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FEBRUARY 26, 2010
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THE FISCAL YEAR 2011 BUDGET FOR VETERANS' PROGRAMS

FRIDAY, FEBRUARY 26, 2010

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:32 a.m., in room 418, Russell Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Committee, presiding.

Present: Senators Akaka, Begich, Burr, and Johanns.

OPENING STATEMENT OF HON. DANIEL K. AKAKA, CHAIRMAN, U.S. SENATOR FROM HAWAII

Chairman AKAKA. The hearing will come to order, and aloha to all of you this morning, this hearing on the fiscal year 2011 budget for the Department of Veterans Affairs. I want to extend a warm welcome to Secretary Eric K. Shinseki. Secretary Shinseki, I look forward to our continued work together on behalf of our Nation's veterans, and thank you for having your staff here as well, as we discuss the budget for the Veterans Administration.

A strong VA budget moves beyond the rhetoric of supporting veterans and provides actual support by providing the funding to make VA's programs work. The President's budget for VA for the next fiscal year is indeed a strong one. Although many agencies are facing budget cuts, I am pleased that the VA budget—critical for meeting the health care and benefit needs of so many of this Nation's veterans—is increasing. Many of the initiatives in the President's budget request, such as the commitment to end veterans' homelessness and increase staffing to help eliminate the claims backlog, are designed to make responsible investments now in order to reduce Federal spending.

The President has requested a budget for VA of \$125 billion, including a total discretionary request of \$60.3 billion. For fiscal year 2011, the administration is requesting \$51.5 billion in resources for VA medical care, including collections. This funding level is an increase of \$4.1 billion over fiscal year 2010 levels. It is a good thing, too, since for the first time the number of patients is predicted to exceed 6 million. With this budget, we also see the fruits of our labor in passing the Veterans Health Care Budget Reform and Transparency Act. We have before us a budget that includes a funding request for VA medical care into fiscal year 2012.

Last year, both President Obama and Secretary Shinseki stated their commitment to ending homelessness among veterans—a commitment that I share. With VA's objective to meet this goal in 5

years, it is encouraging to see that this budget calls for nearly \$800 million in additional spending for homeless veteran programs. This represents a significant effort by VA to reduce the number of homeless veterans and prevent those “at risk” from becoming homeless.

The administration is also requesting nearly \$1.75 billion for construction programs. This includes the cost of initiatives designed to help VA better manage its physical infrastructure. I am pleased to see that VA continues to make health care more accessible for veterans living in rural areas.

On the benefits side of the ledger, timely and accurate adjudication of disability claims and appeals remains a significant problem. I know that the President and Secretary Shinseki are committed to addressing this issue, and I am pleased by the proposal to add significant staff and resources to that effort. The President’s budget responds to the rapid rise in the number of disability claims being filed by veterans and prepares for an increased workload due to the recent extension of new Agent Orange presumptive conditions. I hope to hear from VA in detail how it intends to handle these workload increases.

We must be candid about the backlog. It appears that this situation will get worse before it gets better. It can take years for new staff to become skilled at processing complicated claims, and technology and pilot programs can only do so much in the short term. VA must be able to absorb new court decisions, changes in legislation and regulation, and other unforeseen events so that when new circumstances arise, the system is not paralyzed.

I am encouraged that the administration has included what it believes will be adequate resources to continue to press forward with the prompt and accurate delivery of education benefits under the new GI bill. I know that there have been some difficult moments over the last several months, but I believe that VA has made progress toward improving the payment delivery process. I will continue to do whatever I can to help in this area.

I look forward to working with my colleagues on the Committee and in Congress, the executive branch, and leaders from the veterans’ community to adopt a viable budget for veterans and for the system designed to serve them.

And now let me ask our Ranking Member for him to deliver his opening statement. Senator Burr, aloha.

**STATEMENT OF HON. RICHARD BURR, RANKING MEMBER,
U.S. SENATOR FROM NORTH CAROLINA**

Senator BURR. Aloha, Senator. Thank you. General, welcome. I welcome you this morning as well as your senior leadership team and the representatives of all the various veterans’ service organizations that are here.

We are here to review the President’s fiscal year 2011 budget for the Department of Veterans Affairs. Each Member of the Committee and each Member of Congress will have their own criteria by which they judge this \$125 billion request. My own judgment will be guided by three core principles.

First, we remain a nation at war. We have men and women thousands of miles away from home, away from their families, away from their friends, putting themselves in harm’s way on a daily

basis. They and their families command our highest obligation. We must have a VA health and benefits system that meets their needs, is responsive to their expectations, and appropriately expresses the gratitude of the Nation for their tremendous sacrifice.

Second, we are a country that values the service of all generations of veterans who have worn the Nation's uniform. We must not forget our obligations to them, their families, and their survivors. We must care for their injuries resulting from service, extend a helping hand during tough economic times, and honor and memorialize the memory of our fallen heroes.

Third, we need to be accountable for what we spend. We have a deficit and a debt of staggering proportions. All Americans—and especially veterans—deserve the assurance that every tax dollar going to the VA is spent to improve the lives of veterans.

With those as my guiding principles, here are my initial thoughts on the President's budget.

The budget represents a 10-percent increase in spending overall and an 8-percent increase in discretionary spending. Significant investments are proposed to end homelessness, increase mental health treatment access, and care for returning OEF/OIF veterans. I am looking forward to asking you, Mr. Secretary, as to how these investments will translate into improved outcomes for our veterans, and I applaud you for making these priorities.

There are some aspects of this budget, however, that do leave me puzzled. Whether it is throwing more money at a problem like the claims backlog—a strategy that has clearly not worked—or whether it is throwing money at administrative functions that may be nice to have, but may rank low on a priority list, I think that we owe it to the American people to make sure that every dollar we spend translates into improved services for our veterans and their families.

Let me first talk about the backlog issue. Mr. Secretary, your budget proposes to increase permanent staffing for claims adjudication by roughly 4,000 FTEs. If you look at the chart that I had put up, you will see that the claims staffing has exploded in recent years. Every year we have been told that the system needs more staff, but when the resources for staff are provided, clearly productivity goes down.

Let me say that again. As we increase the staffing, productivity goes down per FTE.

Let me talk about a couple of other items that jump out, and I will just raise these as questions for everyone to consider.

If this budget is approved, there will be a 38-percent increase in the General Administration account since 2009, nearly \$130 million. Now, where is this money going and, in a time of massive deficits and debt, is this responsible? Here are some highlights: a 2-year increase of 65 percent in the Office of Congressional and Legislative Affairs; a 2-year increase of 97 percent in the Office of Policy and Planning; and a 2-year increase of 51 percent for the Office of the Secretary.

Now, are these requests essential? How will they help improve the lives of veterans and their families? How is it that the Office of Inspector General, the office tasked to do the oversight of a \$125

billion Department, is slated for a funding freeze, but these support offices are getting huge bumps?

Just a couple more examples in this budget, Mr. Chairman. How about an initiative to put printers on the desks of all VBA employees, especially when VBA is going paperless? Or the publication of an annual Veterans Law Review containing articles and book reviews?

Mr. Chairman, these line items may seem like pocket change, but these dollars add up, and they have real consequences for whether we will be able to meet some of the core obligations to our veterans. I for one believe that we must provide more support for our family caregivers of our wounded warriors. It is my hope Congress passes the family caregiver bill as soon as possible. If Congress does, will the VA have the money to fund this program under this budget?

We also have a moral obligation to provide VA health care to veterans and family members who were exposed to contaminated drinking water during their service at Camp Lejeune. Will we do this for our veterans and their families, or will we fritter these dollars away on printers on every desk and book reviews?

I will end on this point: If we waste money on bureaucrats and shopping sprees at Staples, we may not have the funds to follow through on the promises we have made and we need to keep. We should not be giving false hope to the family caregivers of severely wounded veterans or the marines and their families who drank toxic water at Camp Lejeune that the VA is going to be there for them and we are not. They deserve better.

We have got to prioritize the money our taxpayers entrust us with so that veterans and their families will have the benefits and services they need and they earned. I am looking forward to asking several questions in these areas.

Mr. Chairman, I thank you. Mr. Secretary, I applaud your leadership at the Veterans Administration and, more importantly, your service to this country.

I thank the Chair. I yield.

Chairman AKAKA. Thank you very much, Senator Burr.

Now I would like to call on Senator Johanns for his statement.

**STATEMENT OF HON. MIKE JOHANNS,
U.S. SENATOR FROM NEBRASKA**

Senator JOHANNS. Mr. Chairman, thank you very much. My comments this morning will be relatively brief because I am anxious to hear from the witnesses. Let me, if I might, start out in a very positive vein and offer some words of gratitude.

First, I would like to thank the Chairman and the Ranking Member. Last summer, as we were preparing for the August recess and planning our month's schedule back home, we asked for the opportunity to do a hearing in Omaha at the VA hospital. And, Mr. Chairman, you granted that request, and we had an excellent hearing. It was excellent because the VA staff really, really stepped up and tried to do everything they could to make sure that we made a very, very positive record. So, I thank you for that opportunity. It meant a lot to the people back home in Nebraska.

Mr. Secretary, I also want to compliment you on your leadership. As you know, you have many fans on my staff, including a former adjutant general who heads up my military affairs issues. We think you are the right guy to do the job that you are doing, and you have surrounded yourself with very good people.

Dr. Petzel, a special thanks to you. You helped us organize our thinking and our efforts as we tried to figure out what to do about the VA hospital in Omaha and how best to proceed. I just cannot express enough how we feel that process was handled very fairly, in a very open way, and in a very transparent way. I think that is in large part because of your leadership.

That brings me to something in the budget that I do want to acknowledge, and that is that we are starting to take some initial steps on that hospital in Omaha, which is in pretty dire condition, as you know. I think that is a step in the right direction. During my questioning I will probe a little bit more as to other needs across the country and how those will be addressed.

I do not think we have had a hearing where I have not raised the issue of mental health and trying to do all we can to provide the services necessary for our veterans as they return home. The mental health issues are every bit as real as the physical issues that some of our veterans face, and so I really applaud the efforts to deal with that and to try to address those issues. Again, I will probably be asking some questions on what we are doing there, what difference will that make, is it a good investment, and where do we go from here.

The final thing I want to highlight—and then I will wrap up—is this: All of us have been very, very concerned about the claims backlog. At times, as I have listened to the testimony and tried to get my head around the size of this backlog, it almost seems like it is insurmountable, but it is not. It can be addressed. This budget, I think, does a number of very positive things. The important thing about it, though, is that it sends the message to those who have been waiting for us to get to their claim that we are serious about dealing with the backlog; we are going to do everything we can to address it.

In that vein, I was very pleased to see that this is not just about muscling our way through it, you know—throwing staff in the midst of it. Mr. Secretary, as you know, you stopped by my office, and you talked about some of the innovative things that you are doing. I have great optimism that we can learn from some of the positive things that are happening out there.

As I mentioned to you and as General Lemke mentioned to you during that meeting, we think there are some good things happening in Lincoln, Nebraska, and at least our experience in my office there (my Senate office), is this is a focused, determined group who has a tremendous amount of spirit and orientation toward providing first-class quality services in working with the veterans. So I would just ask again that you take a look at some of the things they are doing there. It is very possible that we will see they are doing some very positive, innovative things.

I will wrap up with those comments and say that we are all going to look at these budgets with close scrutiny. We should. That is why we are here. But, on the other hand, what I have really en-

joyed about this Committee and the Chairman's leadership is that at the end of the day we are focused on one thing, and that is, how do we care for the veterans. They have given us a lot, and we want to do everything we can to try to make sure that not only are we providing the resources, but that we are handling those resources in a smart way, in an efficient way, and in a way that we can justify to our constituents and the taxpayers.

So I look forward to our continued work in that vein. And, Mr. Chairman, thank you for the opportunity to say a few words.

Chairman AKAKA. Thank you very much, Senator Johanns. I am glad you mentioned mental health—that we have had hearings on that. And just to let you know, we are planning to have a hearing on mental health next week.

Senator JOHANNNS. Good.

Chairman AKAKA. Thank you so much.

Senator Begich, your opening statement.

**STATEMENT OF HON. MARK BEGICH,
U.S. SENATOR FROM ALASKA**

Senator BEGICH. Mr. Chairman, I am looking forward to the presentation of the budget. First, I want to thank the Secretary for the insightful conversation we had on VA health care yesterday. And thank you for sending some of your folks to the field hearings in Alaska.

Mr. Chairman, I'd like to thank you once again for allowing me to hold hearings in my home State with your staff's support. I really felt we tackled employment issues, as well as VA health care issues. As you and I discussed yesterday, most of my concerns today will most likely touch on the importance of rural health care and VA's plans in the fiscal year to provide better access in these hard to reach areas.

So, again, I appreciate your being here and your leadership within the VA. As a couple folks have mentioned, while in Alaska, Ray Jefferson from the Department of Labor, Under Secretary for Veterans Employment and Training, said you have a hefty job by moving a large ship—a large budget of \$100 billion plus, you know, tons of employees—to move that in a new direction and while becoming more and more responsive to our veterans. So you have a big task ahead of you. I know you have only been there a year, as I have only been here a year.

I am looking forward to your presentation, and then, as we discussed yesterday, some additional follow-up on rural health care and the unique situation in Alaska.

Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Chairman AKAKA. Thank you very much, Senator Begich.

I would like to welcome back to the Committee Secretary Eric Shinseki. I thank you for joining us today to give your perspective on the Department's fiscal year 2011 budget. I look forward to your testimony.

Secretary Shinseki is accompanied by Dr. Robert Petzel, who was just sworn in as Under Secretary for Health. And we also have Michael Walcoff, Acting Under Secretary for Benefits; Steve Muro, Under Secretary for Memorial Affairs; Roger Baker, Assistant Secretary for Information and Technology; and W. Todd Grams, Acting

Assistant Secretary for Management. Thank you very much for being here.

Mr. Secretary, your prepared statement will, of course, appear in the record of the Committee. Will you please begin with your statement?

STATEMENT OF HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY HON. ROBERT A. PETZEL, M.D., UNDER SECRETARY FOR HEALTH; MICHAEL WALCOFF, ACTING UNDER SECRETARY FOR BENEFITS; STEVE L. MURO, ACTING UNDER SECRETARY FOR MEMORIAL AFFAIRS; HON. ROGER W. BAKER, ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY; AND W. TODD GRAMS, ACTING ASSISTANT SECRETARY FOR MANAGEMENT

Secretary SHINSEKI. Well, thank you very much, Mr. Chairman, Ranking Member Burr, other distinguished Members of the Committee. Good morning. Good to see all of you.

Mr. Chairman, thank you for introducing the members on the panel with me, all great VA leaders who are very happy to be here to participate in the testimony.

Thank you for this opportunity to present the President's 2011 budget and the advance appropriations request for the Department of Veterans Affairs. I am pleased to report a good start in 2009, and I have covered some of that with you as I came around to make my office calls. I think we have a tremendous opportunity here in 2010 and the President's continued strong support of veterans and veterans' needs in 2011 and 2012. I regret that the intervention of some bad weather precluded my visiting all the Members of the Committee, as I like to do. These opportunities are always valuable for me, and I appreciate the generosity of time of those Members I was able to call on.

Let me also acknowledge, as Senator Burr did, the representatives from some of our veterans' service organizations who are in attendance today. Their insights for the year that I have been here have been very helpful in helping us to meet our obligations to veterans and framing our thoughts and understanding of what the needs were.

Mr. Chairman, thank you for accepting my written statement for the record. I appreciate that.

This Committee's longstanding commitment to our Nation's veterans has always been unequivocal and unwavering. That is the reputation of this Committee. Such commitment and the President's own steadfast support of veterans resulted in a 2010 budget that provides this Department the resources to begin renewing itself in fundamental and comprehensive ways. And some of this goes to some of the questions you posed, Senator Burr, which I would be very happy to elaborate on during questioning. We are well launched on that effort.

As I remind all in VA, 2009 was a congressionally enhanced budget, and we are well launched on the basis of that set of resources provided to us. That effort continues, and we are determined to continue transforming VA in 2011 and 2012, well begun this year, and the next 2 years are important.

We have crafted a new strategic framework organized around three governing principles—principles that I have mentioned for the past year now. It is about transforming VA, and to do that, there's nothing magical here. Take a good, hard look at your mission, understand what your mission is, focus on that, and then fundamentally and comprehensively go back and challenge all the assumptions on how you are doing that. Go back and review how you do this.

In doing that, we are looking at being people-centric, and that is both veteran-centric and also developing the workforce to better serve those veterans. It is about results-driven. A lot of promises made. We do not get graded until the results are in, so we intend to have metrics to be able to measure our progress. Then forward-looking we know there is a history here where we have had some problems, and claims may be a good example to talk about. How do we take what we know and then transform ourselves for the future?

So this new strategic plan delivers on President Obama's vision for VA. It is in the final stages of review. Its strategic goals will do several things: improve the quality of and increase access to VA care and benefits, while optimizing their value for veterans; heighten readiness to protect our people, both our clients, our veterans, as well as our workforce, and our resources day-to-day and in times of crisis; enhance veteran satisfaction with our health, education, training, counseling, financial, and burial benefits and services—it is a very large charter that goes with VA; and finally, invest in our human capital, both in their well-being and in their development as leaders to drive excellence over the long term in everything we do—everything day-to-day—and toward the objectives we are trying to achieve, from management to IT systems to support services.

This goal is vital to mission performance if we are to attain our goal—a model of good governance—in the next 4 years. These goals will guide our people daily and focus them on producing the outcomes veterans expect and have earned through their service to our country.

To support our pursuit of these goals, the President's budget provides \$125 billion, Mr. Chairman, as you pointed out, in 2011—\$60.3 billion in discretionary resources, \$64.7 billion in mandatory funding. Our discretionary budget request represents an increase of \$4.2 billion, or a 7.6 percent increase over the President's 2010 enacted budget, which was the largest percentage budget increase in 30 years.

VA's 2011 budget focuses primarily on three critical concerns that are of significant importance to veterans—at least I hear about them as I travel: better access to benefits and services; reducing the disability claims backlog and wait time for the receipt of earned benefits; and, finally, ending the downward spiral that often enough results in veterans' homelessness.

Let me just touch on access. This budget provides the resources required to enhance access to our health care system and to our national cemeteries. We will expand access to health care: through the activations of new and improved facilities; by honoring the President's commitment to veterans who were exposed to the toxic effects of Agent Orange 40 years ago; by delivering on President

Obama's promise to provide health care eligibility to more Priority Group 8 veterans; and by making greater investments in telehealth to extend our health care deliveries into the most remote communities and, where warranted, even into veterans' homes, which we are already doing. And, finally, we will increase access to our national shrines by establishing five new national cemeteries.

The backlog. We are requesting an unprecedented 27-percent increase in funding for VBA—our Veterans Benefits Administration—primarily for staffing, to address the growing increase in disability claims receipts. That is the initial investment. We are re-engineering our processes and developing what we intend to achieve as a paperless system, integrated with a virtual lifetime electronic record that the President has mandated that both Defense and VA go to work on.

Ending homelessness. We are also requesting a substantial investment in our homelessness program as part of our plan to eliminate veterans' homelessness in 5 years through an aggressive approach that includes housing, education, jobs, and health care. In this effort, we partner with the Department of Housing and Urban Development, probably our closest collaborator, and also with the Departments of Labor, Education, Health and Human Services, and Small Business Administration, among others. Taken together, these initiatives are intended to meet veteran expectations in each of these three mission-focused areas: increase access; reduce the backlog; and end homelessness.

We will achieve these objectives by developing innovative business processes and delivery systems that not only better serve veterans' and families' needs for many years to come, but which will also dramatically improve the efficiency and cost control of our operations.

Our budget and advanced appropriations request for 2011 and 2012 provide the resources necessary to continue our aggressive pursuit of the President's two overarching goals for the VA Department: transform and ensure client access to timely, high-quality care and benefits without fail.

We still have much work to accomplish. Our efforts are well begun, and I am very proud of the steps we have taken the past year and where we are thus far in 2010—well begun. But there is still, as Members of this Committee know, much yet to be accomplished if we are going to meet our obligations to those who have defended the Nation.

Again, thank you for this opportunity to appear before the Committee and for your continued and unwavering support of our mission on behalf of veterans. I look forward—we all look forward—to your questions.

[The prepared statement of Secretary Shinseki follows:]

PREPARED STATEMENT OF HON. ERIC K. SHINSEKI, SECRETARY,
U.S. DEPARTMENT OF VETERANS AFFAIRS

Chairman Akaka, Ranking Member Burr, Distinguished Members of the Senate Committee on Veterans' Affairs: Thank you for this opportunity to present the President's Fiscal Year 2011 Budget and Fiscal Year 2012 Advance Appropriations request for the Department of Veterans Affairs (VA). Our budget provides the resources necessary to continue our aggressive pursuit of the President's two overarching goals for the Department—to transform VA into a 21st Century organization and to ensure that we provide timely access to benefits and high quality care

to our Veterans over their lifetimes, from the day they first take their oaths of allegiance until the day they are laid to rest.

We recently completed development of a new strategic framework that is people-centric, results-driven, and forward-looking. The path we will follow to achieve the President's vision for VA will be presented in our new strategic plan, which is currently in the final stages of review. The strategic goals we have established in our plan are designed to produce better outcomes for all generations of Veterans:

- Improve the quality and accessibility of health care, benefits, and memorial services while optimizing value;
- Increase Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services;
- Protect people and assets continuously and in time of crisis; and,
- Improve internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital.

The strategies in our plan will guide our workforce to ensure we remain focused on producing the outcomes Veterans expect and have earned through their service to our country.

To support VA's efforts, the President's budget provides \$125 billion in 2011—almost \$60.3 billion in discretionary resources and nearly \$64.7 billion in mandatory funding. Our discretionary budget request represents an increase of \$4.3 billion, or 7.6 percent, over the 2010 enacted level.

VA's 2011 budget also focuses on three concerns that are of critical importance to our Veterans—easier access to benefits and services; reducing the disability claims backlog and the time Veterans wait before receiving earned benefits; and ending the downward spiral that results in Veterans' homelessness.

This budget provides the resources required to enhance access in our health care system and our national cemeteries. We will expand access to health care through the activations of new or improved facilities, by expanding health care eligibility to more Veterans, and by making greater investments in telehealth. Access to our national cemeteries will be increased through the implementation of new policy for the establishment of additional facilities.

We are requesting an unprecedented increase for staffing in the Veterans Benefits Administration (VBA) to address the dramatic increase in disability claim receipts while continuing our process-reengineering efforts, our development of a paperless claims processing system, and the creation of a Virtual Lifetime Electronic Record.

We are also requesting a substantial investment for our homelessness programs as part of our plan to ultimately eliminate Veterans' homelessness through an aggressive approach that includes housing, education, jobs, and health care.

VA will be successful in resolving these three concerns by maintaining a clear focus on developing innovative business processes and delivery systems that will not only serve Veterans and their families for many years to come, but will also dramatically improve the efficiency of our operations by better controlling long-term costs. By making appropriate investments today, we can ensure higher value and better outcomes for our Veterans. The 2011 budget also supports many key investments in VA's six high priority performance goals (HPPGs).

HPPG I: REDUCING THE CLAIMS BACKLOG

The volume of compensation and pension rating-related claims has been steadily increasing. In 2009, for the first time, we received over one million claims during the course of a single year. The volume of claims received has increased from 578,773 in 2000 to 1,013,712 in 2009 (a 75% increase). Original disability compensation claims with eight or more claimed issues have increased from 22,776 in 2001 to 67,175 in 2009 (nearly a 200% increase). Not only is VA receiving substantially more claims, but the claims have also increased in complexity. We expect this level of growth in the number of claims received to continue in 2010 and 2011 (increases of 13 percent and 11 percent were projected respectively even without claims expected under new presumptions related to Agent Orange exposure), which is driven by improved access to benefits through initiatives such as the Benefits Delivery at Discharge Program, increased demand as a result of nearly ten years of war, and the impact of a difficult economy prompting America's Veterans to pursue access to the benefits they earned during their military service.

While the volume and complexity of claims has increased, so too has the productivity of our claims processing workforce. In 2009, the number of claims processed was 977,219, an increase of 8.6 percent over the 2008 level of 899,863. The average time to process a rating-related claim fell from 179 to 161 days in 2009, an improvement of 11 percent.

The progress made in 2009 is a step in the right direction, but it is not nearly enough. My goal for VA is an average time to process a claim of no more than 125 days. Reaching this goal will become even more challenging because of additional claims we expect to receive related to Veterans' exposure to Agent Orange. Adding Parkinson's disease, ischemic heart disease, and B-cell leukemias to the list of presumptive disabilities is projected to significantly increase claims inventories in the near term, even while we make fundamental improvements to the way we process disability compensation claims.

We expect the number of compensation and pension claims received to increase from 1,013,712 in 2009 to 1,318,753 in 2011 (a 30 percent increase). Without the significant investment requested for staffing in this budget, the inventory of claims pending would grow from 416,335 to 1,018,343 and the average time to process a claim would increase from 161 to 250 days. If Congress provides the funding requested in our budget, these increases are projected to be 804,460 claims pending with an average processing time of 190 days. Through 2011, we expect over 228,000 claims related to the new presumptions and are dedicated to processing this near-term surge in claims as efficiently as possible.

This budget is based on our plan to improve claims processing by using a three-pronged approach involving improved business processes, expanded technology, and hiring staff to bridge the gap until we fully implement our long-range plan. We will explore process and policy simplification and contracted service support in addition to the traditional approach of hiring new employees to address this spike in demand. We expect these transformational approaches to begin yielding significant performance improvements in fiscal year 2012 and beyond; however, it is important to mitigate the impact of the increased workload until that time.

The largest increase in our 2011 budget request, in percentage terms, is directed to the Veterans Benefits Administration as part of our mitigation of the increased workload. The President's 2011 budget request for VBA is \$2.149 billion, an increase of \$460 million, or 27 percent, over the 2010 enacted level of \$1.689 billion. The 2011 budget supports an increase of 4,048 FTEs, including maintaining temporary FTE funded through ARRA. In addition, the budget also includes \$145.3 million in information technology (IT) funds in 2011 to support the ongoing development of a paperless claims processing system.

HPPG II: ELIMINATING VETERAN HOMELESSNESS

Our Nation's Veterans experience higher than average rates of homelessness, depression, substance abuse, and suicides; many also suffer from joblessness. On any given night, there are about 131,000 Veterans who live on the streets, representing every war and generation, including those who served in Iraq and Afghanistan. VA's major homeless-specific programs constitute the largest integrated network of homeless treatment and assistance services in the country. These programs provide a continuum of care for homeless Veterans, providing treatment, rehabilitation, and supportive services that assist homeless Veterans in addressing health, mental health and psychosocial issues. VA also offers a full range of support necessary to end the cycle of homelessness by providing education, jobs, and health care, in addition to safe housing. We will increase the number and variety of housing options available to homeless Veterans and those at risk of homelessness with permanent, transitional, contracted, community-operated, HUD-VASH provided, and VA-operated housing.

Homelessness is primarily a health care issue, heavily burdened with depression and substance abuse. VA's budget includes \$4.2 billion in 2011 to prevent and reduce homelessness among Veterans—over \$3.4 billion for core medical services and \$799 million for specific homeless programs and expanded medical programs. Our budget includes an additional investment of \$294 million in programs and new initiatives to reduce the cycle of homelessness, which is almost 55 percent higher than the resources provided for homelessness programs in 2010.

VA's health care costs for homeless Veterans can drop in the future as the Department emphasizes education, jobs, and prevention and treatment programs that can result in greater residential stability, gainful employment, and improved health status.

HPPG III: AUTOMATING THE GI BILL BENEFITS SYSTEM

The Post-9/11 GI Bill creates a robust enhancement of VA's education benefits, evoking the World War II Era GI Bill. Because of the significant opportunities the Act provides to Veterans in recognition of their service, and the value of the program in the current economic environment, we must deliver the benefits in this Act effectively and efficiently, and with a client-centered approach. In August 2009, the

new Post-9/11 GI Bill program was launched. We received more than 397,000 original and 219,000 supplemental applications since the inception of this program.

The 2011 budget provides \$44.1 million to complete the automated solution for processing Post-9/11 GI Bill claims and to begin the development and implementation of electronic systems to process claims associated with other education programs. The automated solution for the Post-9/11 GI Bill education program will be implemented by December 2010.

In 2011, we expect the total number of all types of education claims to grow by 32.3 percent over 2009, from 1.70 million to 2.25 million. To meet this increasing workload and complete education claims in a timely manner, VA has established a comprehensive strategy to develop an end-to-end solution that utilizes rules-based, industry-standard technologies to modernize the delivery of education benefits.

HPPG IV: ESTABLISHING A VIRTUAL LIFETIME ELECTRONIC RECORD

Each year, more than 150,000 active and reserve component servicemembers leave the military. Currently, this transition is heavily reliant on the transfer of paper-based administrative and medical records from the Department of Defense (DOD) to the Veteran, the VA or other non-VA health care providers. A paper-based transfer carries risks of errors or oversights and delays the claim process.

In April 2009, the President charged me and Defense Secretary Gates with building a fully interoperable electronic records system that will provide each member of our Armed Forces a Virtual Lifetime Electronic Record (VLER). This virtual record will enhance the timely delivery of high-quality benefits and services by capturing key information from the day they put on the uniform, through their time as Veterans, until the day they are laid to rest. The VLER is the centerpiece of our strategy to better coordinate the user-friendly transition of servicemembers from their service component into VA, and to produce better, more timely outcomes for Veterans in providing their benefits and services.

In December 2009, VA successfully exchanged electronic health record (EHR) information in a pilot program between the VA Medical Center in San Diego and a local Kaiser Permanente hospital. We exchanged EHR information using the Nationwide Health Information Network (NHIN) created by the Department of Health and Human Services. Interoperability is key to sharing critical health information. Utilizing the NHIN standards allows VA to partner with private sector health care providers and other Federal agencies to promote better, faster, and safer care for Veterans. During the second quarter of 2010, the DOD will join this pilot and we will announce additional VLER health community sites.

VA has \$52 million in IT funds in 2011 to continue the development and implementation of this Presidential priority.

HPPG V: IMPROVING MENTAL HEALTH CARE

The 2011 budget continues the Department's keen focus on improving the quality, access, and value of mental health care provided to Veterans. VA's budget provides over \$5.2 billion for mental health, an increase of \$410 million, or 8.5 percent, over the 2010 enacted level. We will expand inpatient, residential, and outpatient mental health programs with an emphasis on integrating mental health services with primary and specialty care.

Post-Traumatic Stress Disorder (PTSD) is the mental health condition most commonly associated with combat, and treating Veterans who suffer from this debilitating disorder is central to VA's mission. Screening for PTSD is the first and most essential step. It is crucial that VA be proactive in identifying PTSD and intervening early in order to prevent chronic problems that could lead to more complex disorders and functional problems.

VA will also expand its screening program for other mental health conditions, most notably Traumatic Brain Injury (TBI), depression, and substance use disorders. We will enhance our suicide prevention advertising campaign to raise awareness among Veterans and their families of the services available to them.

More than one-fifth of the Veterans seen last year had a mental health diagnosis. In order to address this challenge, VA has significantly invested in our mental health workforce, hiring more than 6,000 new workers since 2005.

In October 2009, VA and DOD held a mental health summit with mental health experts from both departments, and representatives from Congress and more than 57 non-government organizations. We convened the summit to discuss an innovative, wide-ranging public health model for enhancing mental health for returning servicemembers, Veterans, and their families. VA will use the results to devise new innovative strategies for improving the health and quality of life for Veterans suffering from mental health problems.

HPPG VI: DEPLOYING A VETERANS RELATIONSHIP MANAGEMENT SYSTEM

A key component of VA's transformation is to employ technology to dramatically improve service and outreach to Veterans by adopting a comprehensive Veterans' Relationship Management System to serve as the primary interface between Veterans and the Department. This system will include a framework that provides Veterans with the ability to:

- Access VA through multiple methods;
- Uniformly find information about VA's benefits and services;
- Complete multiple business processes within VA without having to re-enter identifying information; and,
- Seamlessly access VA across multiple lines of business.

This system will allow Veterans to access comprehensive online information anytime and anywhere via a single consistent entry point. Our goal is to deploy the Veterans Relationship Management System in 2011. Our budget provides \$51.6 million for this project.

In addition to resources supporting these high-priority performance goals, the President's budget enhances and improves services across the full spectrum of the Department. The following highlights funding requirements for selected programs along with the outcomes we will achieve for Veterans and their families.

DELIVERING WORLD-CLASS MEDICAL CARE

The Budget provides \$51.5 billion for medical care in 2011, an increase of \$4 billion, or 8.5 percent, over the 2010 level. This level will allow us to continue providing timely, high-quality care to all enrolled veterans. Our total medical care level is comprised of funding for medical services (\$37.1 billion), medical support and compliance (\$5.3 billion), medical facilities (\$5.7 billion), and resources from medical care collections (\$3.4 billion). In addition to reducing the number of homeless Veterans and expanding access to mental health care, our 2011 budget will also achieve numerous other outcomes that improve Veterans' quality of life, including:

- Providing extended care and rural health services in clinically appropriate settings;
- Expanding the use of home telehealth;
- Enhancing access to health care services by offering enrollment to more Priority Group 8 Veterans and activating new facilities; and,
- Meeting the medical needs of women Veterans.

During 2011, we expect to treat nearly 6.1 million unique patients, a 2.9 percent increase over 2010. Among this total are over 439,000 Veterans who served in Operation Enduring Freedom and Operation Iraqi Freedom, an increase of almost 57,000 (or 14.8 percent) above the number of Veterans from these two campaigns that we anticipate will come to VA for health care in 2010.

In 2011, the budget provides \$2.6 billion to meet the health care needs of Veterans who served in Iraq and Afghanistan. This is an increase of \$597 million (or 30.2 percent) over our medical resource requirements to care for these Veterans in 2010. This increase also reflects the impact of the recent decision to increase troop size in Afghanistan. The treatment of this newest generation of Veterans has allowed us to focus on, and improve treatment for, PTSD as well as TBI, including new programs to reach Veterans at the earliest stages of these conditions.

The FY 2011 Budget also includes funding for new patients resulting from the recent decision to add Parkinson's disease, ischemic heart disease, and B-cell leukemias to the list of presumptive conditions for Veterans with service in Vietnam.

Extended Care and Rural Health

VA's budget for 2011 contains \$6.8 billion for long-term care, an increase of 858.8 million (or 14.4 percent) over the 2010 level. In addition, \$1.5 billion is included for non-institutional long-term care, an increase of \$276 million (or 22.9 percent) over 2010. By enhancing Veterans' access to non-institutional long-term care, VA can provide extended care services to Veterans in a more clinically appropriate setting, closer to where they live, and in the comfort and familiar settings of their homes.

VA's 2011 budget also includes \$250 million to continue strengthening access to health care for 3.2 million enrolled Veterans living in rural and highly rural areas through a variety of avenues. These include new rural health outreach and delivery initiatives and expanded use of home-based primary care, mental health, and telehealth services. VA intends to expand use of cutting edge telehealth technology to broaden access to care while at the same time improve the quality of our health care services.

Home Telehealth

Our increasing reliance on non-institutional long-term care includes an investment in 2011 of \$163 million in home telehealth. Taking greater advantage of the latest technological advancements in health care delivery will allow us to more closely monitor the health status of Veterans and will greatly improve access to care for Veterans in rural and highly rural areas. Telehealth will place specialized health care professionals in direct contact with patients using modern IT tools. VA's home telehealth program cares for 35,000 patients and is the largest of its kind in the world. A recent study found patients enrolled in home telehealth programs experienced a 25 percent reduction in the average number of days hospitalized and a 19 percent reduction in hospitalizations. Telehealth and telemedicine improve health care by increasing access, eliminating travel, reducing costs, and producing better patient outcomes.

Expanding Access to Health Care

In 2009 VA opened enrollment to Priority 8 Veterans whose incomes exceed last year's geographic and VA means-test thresholds by no more than 10 percent. Our most recent estimate is that 193,000 more Veterans will enroll for care by the end of 2010 due to this policy change.

In 2011 VA will further expand health care eligibility for Priority 8 Veterans to those whose incomes exceed the geographic and VA means-test thresholds by no more than 15 percent compared to the levels in effect prior to expanding enrollment in 2009. This additional expansion of eligibility for care will result in an estimated 99,000 more enrollees in 2011 alone, bringing the total number of new enrollees from 2009 to the end of 2011 to 292,000.

Meeting the Medical Needs of Women Veterans

The 2011 budget provides \$217.6 million to meet the gender-specific health care needs of women Veterans, an increase of \$18.6 million (or 9.4 percent) over the 2010 level. The delivery of enhanced primary care for women Veterans remains one of the Department's top priorities. The number of women Veterans is growing rapidly and women are increasingly reliant upon VA for their health care.

Our investment in health care for women Veterans will lead to higher quality of care, increased coordination of care, enhanced privacy and dignity, and a greater sense of security among our women patients. We will accomplish this through expanding health care services provided in our Vet Centers, increasing training for our health care providers to advance their knowledge and understanding of women's health issues, and implementing a peer call center and social networking site for women combat Veterans. This call center will be open 24 hours a day, 7 days a week.

ADVANCE APPROPRIATIONS FOR MEDICAL CARE IN 2012

VA is requesting advance appropriations in 2012 of \$50.6 billion for the three medical care appropriations to support the health care needs of 6.2 million patients. The total is comprised of \$39.6 billion for Medical Services, \$5.5 billion for Medical Support and Compliance, and \$5.4 billion for Medical Facilities. In addition, \$3.7 billion is estimated in medical care collections, resulting in a total resource level of \$54.3 billion. It does not include additional resources for any new initiatives that would begin in 2012.

Our 2012 advance appropriations request is based largely on our actuarial model using 2008 data as the base year. The request continues funding for programs that we will continue in 2012 but which are not accounted for in the actuarial model. These initiatives address homelessness and expanded access to non-institutional long-term care and rural health care services through telehealth. In addition, the 2012 advance appropriations request includes resources for several programs not captured by the actuarial model, including long-term care, the Civilian Health and Medical Program of the Department of Veterans Affairs, Vet Centers, and the state home per diem program. Overall, the 2012 requested level, based on the information available at this point in time, is sufficient to enable us to provide timely and high-quality care for the estimated patient population. We will continue to monitor cost and workload data throughout the year and, if needed, we will revise our request during the normal 2012 budget cycle.

After a cumulative increase of 26.4 percent in the medical care budget since 2009, we will be working to reduce the rate of increase in the cost of the provision of health care by focusing on areas such as better leveraging acquisitions and contracting, enhancing use of referral agreements, strengthening DOD/VA joint ventures, and expanding applications of medical technology (e.g. tele-home health).

INVESTMENTS IN MEDICAL RESEARCH

VA's budget request for 2011 includes \$590 million for medical and prosthetic research, an increase of \$9 million over the 2010 level. These research funds will help VA sustain its long track record of success in conducting research projects that lead to clinically useful interventions that improve the health and quality of life for Veterans as well as the general population.

This budget contains funds to continue our aggressive research program aimed at improving the lives of Veterans returning from service in Iraq and Afghanistan. This focuses on prevention, treatment, and rehabilitation research, including TBI and polytrauma, burn injury research, pain research, and post-deployment mental health research.

SUSTAINING HIGH QUALITY BURIAL AND MEMORIAL PROGRAMS

VA remains steadfastly committed to providing access to a dignified and respectful burial for Veterans choosing to be buried in a VA national cemetery. This promise to Veterans and their families also requires that we maintain national cemeteries as shrines dedicated to the memory of those who honorably served this Nation in uniform. This budget implements new policy to expand access by lowering the Veteran population threshold for establishing new national cemeteries and developing additional columbaria to better serve large urban areas.

VA expects to perform 114,300 interments in 2011 or 3.8 percent more than in 2010. The number of developed acres (8,441) that must be maintained in 2011 is 4.6 percent greater than the 2010 estimate, while the number of gravesites (3,147,000) that will be maintained is 2.6 percent higher. VA will also process more than 617,000 Presidential Memorial Certificates in recognition of Veterans' honorable military service.

Our 2011 budget request includes \$251 million in operations and maintenance funding for the National Cemetery Administration. The 2011 budget request provides \$36.9 million for national shrine projects to raise, realign, and clean an estimated 668,000 headstones and markers, and repair 100,000 sunken graves. This is critical to maintaining our extremely high client satisfaction scores that set the national standard of excellence in government and private sector services as measured by the American Customer Satisfaction Index. The share of our clients who rate the quality of the memorial services we provide as excellent will rise to 98 percent in 2011. The proportion of clients who rate the appearance of our national cemeteries as excellent will grow to 99 percent. And we will mark 95 percent of graves within 60 days of interment.

The 2011 budget includes \$3 million for solar and wind power projects at three cemeteries to make greater use of renewable energy and to improve the efficiency of our program operations. It also provides \$1.25 million to conduct independent Facility Condition Assessments at national cemeteries and \$2 million for projects to correct safety and other deficiencies identified in those assessments.

LEVERAGING INFORMATION TECHNOLOGY

We cannot achieve the transformation of VA into a 21st Century organization capable of meeting Veterans' needs today and in the years to come without leveraging the power of IT. The Department's IT program is absolutely integral to everything we do, and it is vital we continue the development of IT systems that will meet new service delivery demands and modernize or replace increasingly fragile systems that are no longer adequate in today's health care and benefits delivery environment. Simply put, IT is indispensable to achieving VA's mission.

The Department's IT operations and maintenance program supports 334,000 users, including VA employees, contractors, volunteers, and researchers situated in 1,400 health care facilities, 57 regional offices, and 158 national cemeteries around the country. Our IT program protects and maintains 8.5 million vital health and benefits records for Veterans with the level of privacy and security mandated by both statutes and directives.

VA's 2011 budget provides \$3.3 billion for IT, the same level of funding provided in 2010. We have prioritized potential IT projects to ensure that the most mission-critical projects for improving service to Veterans are funded. For example, the resources we are requesting will fund the development and implementation of an automated solution for processing education claims (\$44.1 million), the Financial and Logistics Integrated Technology Enterprise project to replace our outdated, non-compliant core accounting system (\$120.2 million), development and deployment of the paperless claims processing system (\$145.3 million), and continued development of HealtheVet, VA's electronic health record system (\$346.2 million). In addition, the

2011 budget request includes \$52 million for the advancement of the Virtual Lifetime Electronic Record, a Presidential priority that involves our close collaboration with DOD.

ENHANCING OUR MANAGEMENT INFRASTRUCTURE

A critical component of our transformation is to create a reliable management infrastructure that expands or enhances corporate transparency at VA, centralizes leadership and decentralizes execution, and invests in leadership training. This includes increasing investment in training and career development for our career civil service and employing a suitable financial management system to track expenditures. The Department's 2011 budget provides \$463 million in General Administration to support these vital corporate management activities. This includes \$23.6 million in support of the President's initiative to strengthen the acquisition workforce.

We will place particular emphasis on increasing our investment in training and career development—helping to ensure that VA's workforce remain leaders and standard-setters in their fields, skilled, motivated, and client-oriented. Training and development (including a leadership development program), communications and team building, and continuous learning will all be components of reaching this objective.

CAPITAL INFRASTRUCTURE

VA must provide timely, high-quality health care in medical infrastructure which is, on average, over 60 years old. In the 2011 budget, we are requesting \$1.6 billion to invest in our major and minor construction programs to accomplish projects that are crucial to right sizing and modernizing VA's health care infrastructure, providing greater access to benefits and services for more Veterans, closer to where they live, and adequately addressing patient safety and other critical facility deficiencies.

Major Construction

The 2011 budget request for VA major construction is \$1.151 billion. This includes funding for five medical facility projects in New Orleans, Louisiana; Denver, Colorado; Palo Alto and Alameda, California; and Omaha, Nebraska.

This request provides \$106.9 million to support the Department's burial program, including gravesite expansion and cemetery improvement projects at three national cemeteries—Indiantown Gap, Pennsylvania; Los Angeles, California; and Tahoma, Washington.

Our major construction request includes \$51.4 million to begin implementation of a new policy to expand and improve access to burial in a national cemetery. Most significantly, this new policy lowers the Veteran population threshold to build a new national cemetery from 170,000 to 80,000 Veterans living within 75 miles of a cemetery. This will provide access to about 500,000 additional Veterans. Moreover, it will increase our strategic target for the percent of Veterans served by a burial option in a national or state Veterans cemetery within 75 miles of their residence from 90 percent to 94 percent.

VA's major construction request also includes \$24 million for resident engineers that support medical facility and national cemetery projects. This represents a new source of funding for the resident engineer program, which was previously funded under General Operating Expenses.

Minor Construction

The \$467.7 million request for 2011 for minor construction is an integral component of our overall capital program. In support of the medical care and medical research programs, minor construction funds permit VA to realign critical services; make seismic corrections; improve patient safety; enhance access to health care; increase capacity for dental care; enhance patient privacy; improve treatment of special emphasis programs; and expand our research capability. Minor construction funds are also used to improve the appearance of our national cemeteries. Further, minor construction resources will be used to comply with energy efficiency and sustainability design requirements.

SUMMARY

Our job at the VA is to serve Veterans by increasing their access to VA benefits and services, to provide them the highest quality of health care available, and to control costs to the best of our ability. Doing so will make VA a model of good governance. The resources provided in the 2011 President's budget will permit us to fulfill our obligation to those who have bravely served our country.

The 298,000 employees of the VA are committed to providing the quality of service needed to serve our Veterans and their families. They are our most valuable resource. I am especially proud of several VA employees that have been singled out for special recognition this year.

First, let me recognize Dr. Janet Kemp, who received the “2009 Federal Employee of the Year” award from the Partnership for Public Service. Under Dr. Kemp’s leadership, VA created the Veterans National Suicide Prevention Hotline to help Veterans in crisis. To date, the Hotline has received almost 225,000 calls and rescued about 6,800 people judged to be at imminent risk of suicide since its inception.

Second, we are also very proud of Nancy Fichtner, an employee at the Grand Junction Colorado Medical Center, for being the winner of the President’s first-ever SAVE (Securing Americans Value and Efficiency) award. Ms. Fichtner’s winning idea is for Veterans leaving VA hospitals to be able to take medication they have been using home with them instead of it being discarded upon discharge.

And third, we are proud of the VA employees at our Albuquerque, New Mexico Clinical Research Pharmacy Coordinating Center, including the Center Director, Mike R. Sather, for excellence in supporting clinical trials targeting current Veteran health issues. Their exceptional and important work garnered the center’s recognition as the 2009 Malcolm Baldrige National Quality Award Recipient in the non-profit category.

The VA is fortunate to have public servants that are not only creative thinkers, but also able to put good ideas into practice. With such a workforce, and the continuing support of Congress, I am confident we can achieve our shared goal of accessible, high-quality and timely care and benefits for Veterans.

RESPONSE TO PRE-HEARING QUESTIONS SUBMITTED BY HON. DANIEL K. AKAKA TO
HON. ERIC SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 1. Since the population threshold for the purposes of locating future National Cemeteries has been lowered from 170,000 to 80,000 veterans, what impact will this have on the sizing of new cemeteries in the future?

Response. The revised Veteran population threshold will result in the construction of five new national cemeteries in the areas of Melbourne/Daytona, FL; Omaha, NE; Buffalo, NY; Tallahassee, FL; and Southern Colorado. The new threshold will not alter VA’s approach to the purchase of land for new national cemeteries. We will continue to seek large parcels that will ensure uninterrupted service into the foreseeable future and accommodate the necessary infrastructure. In addition, future budget requests will reflect Phase One cemetery development projects sufficient to accommodate interments for a ten year period. The number of acres to be developed in Phase One will depend on estimated death and usage rates for Veterans and eligible family members.

Question 2. The *Independent Budget (IB)* notes that given the increased reliance on contract services, VR&E needs an additional 50 FTE’s dedicated to management and oversight of contract counselors and rehabilitation and employment service providers. Please comment on the FTE dedicated to this management and oversight function envisioned in the President’s budget.

Response. VR&E Service currently has dedicated 24 contract specialists throughout the country to provide oversight and support of contracting activities in each regional office. The number of contracts varies by office, with the average office supporting two local contracts. Structured guidance was provided to the regional offices, reducing associated complexity of development and procurement of contracts at the local level. Because contracting activity varies by office, contract specialist support has been placed in offices with the highest usage. Where the use of contracts does not warrant a full-time contract specialist, the specialist is responsible to support multiple offices. VR&E Service works with the Office of Field Operations to evaluate the need for additional contract specialists, and staff has been added when appropriate.

In addition, VR&E Officers are required to complete basic contract warrant and contracting officer technical representative training. This training provides VR&E managers with the knowledge to effectively administer contracts. Working in collaboration with VA’s Office of Acquisition, Logistics, and Construction, VR&E Service also provides routine training and oversight to field offices to ensure consistent compliance with Federal acquisition regulations.

Question 3. At VA’s budget briefing on February 1, a decrease of nine FTE for the VR&E program was justified on the basis of “efficiencies”. Please provide more detail on the precise nature of these efficiencies.

Response. The following chart displays the VR&E budget for 2010 and 2011. Direct FTE remains constant at 1,155 for both 2010 and 2011, with VBA management support FTE allocated to the VR&E Program reduces by nine FTE in 2011. VBA management support FTE provide support to program management and operations. This includes but is not limited to offices such as Resource Management and Human Resources. Unlike direct FTE, management support FTE are not responsible for program administration and operations.

The reduction of nine management support FTE for VR&E does not have direct program impact. VBA management support FTE for all VBA programs (such as human resources or financial management FTE) are allocated by formula across all business lines based on the level of direct program FTE to VBA's total direct FTE. Since direct FTE increased for the Compensation and Pension (C&P) Program, a larger portion of the total management support FTE was allocated to C&P Program, and support FTE decreased for other programs.

The 2011 budget includes an \$8.3 million GOE increase for VR&E contract counseling services, some or all of which can be utilized to support up to 130 additional direct FTE for VR&E. During execution of the 2011 budget, other upward staffing adjustments will be made, if needed.

Question 4. A number of increased outreach initiatives are discussed in connection with the VR&E program including enhanced DTAP efforts, the Coming Home to Work program, and the VetSuccess on Campus pilot program. Can you provide a breakout of the number of FTE who will be supporting these efforts?

Response. The Disability Transition Assistance Program (DTAP), Coming Home to Work, and the VetSuccess on Campus pilot provide outreach and assistance to transitioning servicemembers and new Veterans. VR&E is working with the Office of Acquisition, Logistics, and Construction to award a contract for redesign of the DTAP program. This redesign will result in an enhanced DTAP model tailored to the needs of active duty Servicemembers and Guard and Reserve members. The enhanced DTAP model is expected to increase awareness of VR&E benefits and applications for VR&E services. Staffing resources will be evaluated as a part of the DTAP redesign process.

The Coming Home to Work Program was expanded in 2008 to increase outreach and early intervention services. VA has 13 full-time counselors at Military Treatment Facilities and also assigned counselors on a part-time basis in each regional office to provide outreach to VA medical centers, Warrior Transition Units, and Coming Home events.

The VetSuccess on Campus program is currently in the pilot stage. It is designed to provide outreach and assistance to Veterans utilizing Post-9/11 GI Bill education benefits to assist them in successfully transitioning from military to campus life and ultimately to successful employment. Three full-time staff are dedicated to the VetSuccess pilot. Staffing requirements to implement the program will be determined as a part of the pilot project analysis.

Question 5. The IB supports an increase of 200 FTE for VR&E's Independent Living Program. The President's Budget notes some positive improvements made to the program by virtue of the Veterans' Benefits Improvement Act of 2008 but fails to discuss in any detail how these improvements might have an impact on the effective management of it. Please provide a detailed discussion of the resources that will be available for this initiative and comment on the IB's proposal for an increase of 200 FTE.

Response. The Veterans' Benefits Improvement Act of 2008 (VBIA) increased the cap on new Independent Living (IL) cases that may be developed each year from 2,500 to 2,600. In addition, the VBIA removed the time limitation on IL services for the most seriously disabled Veterans who have served in the Iraq and Afghanistan conflicts. These changes allow VR&E managers to ensure that appropriate services may be provided to the most seriously disabled Veterans suffering from such conditions as Traumatic Brain Injury, PTSD, or polytrauma injuries.

The IL workload represents less than three percent of the open VR&E workload, with only 2,600 new cases developed each year. VA's model supports Rehabilitation Counselors (VRCs) providing a full scope of services for Veterans who need assistance to work, to live independently, or a combination of both. This allows an integrated service delivery approach in which the VRCs serve as experts who provide services tailored to each Veteran's needs. This comprehensive model supports the provision of IL services during a plan of employment services. Conversely, it supports the progression of Veterans' plans from IL to employment, when they are ready to pursue job goals. In lieu of adding specialized staffing to meet the varying and individually tailored IL needs of Veterans, VA counselors work with community resources, such as the national network of Centers for Independent Living (CILs)

and/or procure services from specialized community professionals. Through the establishment of agreements with CILs and the expenditure of contract funds to meet specialized needs for the small population of Veterans requiring independent living assistance, VA is able to ensure resources are available when and where they are needed, ensuring that counselors in regional offices may quickly respond to additional service needs for Veterans who require extraordinary support to achieve IL goals.

Question 6. The President's Budget notes that \$1.2 million was redirected from VR&E's resources for the Veterans Benefits Management System (VBMS) Initiative to the Compensation and Pensions program. What effect will this action have on the VBMS Initiative within VR&E and to what purpose will the funds be used within the C&P program?

Response. The \$1.2 million redirected from VR&E to C&P in the FY 2011 budget submission was originally allocated for VR&E-specific paperless processing capabilities in the FY 2010 President's Budget. Subsequent to the formulation of the FY 2010 budget, the strategy for the paperless claims processing initiative was refined with a greater emphasis on delivering near-term capabilities for C&P claims processing.

The Veterans Benefits Management System (VBMS) initiative is a business transformation initiative supported by technology and designed to improve VBA service delivery, beginning with the C&P business line. VBMS is a holistic solution that integrates a business transformation strategy to address process, people and organizational structure factors, and an information technology solution to provide a 21st century paperless claims processing system. The technology investment in VBMS is reflected in the VA Information Technology Budget submission.

During FY 2010, VR&E funding associated with VBMS was redirected to contribute to several contracts that enable VBA to acquire the technical and professional expertise required for the VBMS initiative. Services acquired through these contracts include strategic and tactical program management support services, business transformation and organization change management services, and commercial scanning services. For FY 2011, the VR&E budget request does not include funds for VBMS, which is a direct reflection of the VBA strategy to focus on improving C&P claims processing. The \$1.2 million will be used for strategic and tactical program management support services, business transformation, and organization change management services specific to the C&P program.

Question 7. What is the percentage of Vietnam veterans who are service-connected due to a presumptive condition?

Response. VA cannot provide this percentage because our data systems do not store the basis of an award of service connection. VA cannot distinguish whether a Vietnam Veteran was awarded a disability rating due to presumed exposure to Agent Orange or due to a direct disability while in service.

Question 8. In 2009, over 169,000 veterans received an increase to their disability benefits. On average, how long did it take for those re-opened claims to be adjudicated?

Response. VA does not separately track the average days to complete reopened claims that are granted or denied. However, VA does track this information for all reopened claims. The average number of days to complete a reopened claim was 172.6 in FY 2009 and 164.7 in FY 2010 through January.

Question 9. Does the Department anticipate needing additional funds to pay benefits to Filipino World War II veterans and eligible survivors as mandated in Pub. L. 110-329?

Response. The deadline to submit claims was February 16, 2010. VA is still determining the number of new and duplicate claims. Based on the current approval rate, additional funding may be required. VA is currently evaluating funding requirements to ensure all eligible Veterans are compensated. VA will advise Congress when this evaluation is completed.

Question 10. The FY 2008 NDAA required the DOD and the VA to accelerate their exchange of health information and to develop capabilities that allow for interoperability (generally, the ability of systems to exchange data) by September 30, 2009. It also required compliance with Federal standards and the establishment of a joint interagency program office to function as a single point of accountability for the effort. In a January 2010 report, the GAO noted that the DOD/VA interagency program office is not yet positioned to function as a single point of accountability for the implementation of interoperable electronic health record systems or capabilities. In addition GAO also stated that if the program office does not fulfill key management responsibilities as GAO previously recommended, it may not be positioned to

function as a single point of accountability for the delivery of future interoperable capabilities, including the development of the virtual lifetime electronic record.

Response. On January 22, 2010, the Department offered GAO an update report RE: Electronic Health Records: DOD and VA Interoperability Efforts Are Ongoing; Program Office Needs to Implement Recommended Improvements (GAO-10-332). This report addresses key issues cited above in Question #10. Please see attachment for full copy of the updated report signed and dated by Mr. John R. Gingrich, Chief of Staff.

Question 11. What is the status of the virtual lifetime electronic record? What is your assessment of the progress being made and when do you expect to launch this system? What are your thoughts on how VA should proceed?

Response. "VA has begun to lay the groundwork necessary to meet the President's directive for a Virtual Lifetime Electronic Record, or VLER, to contain the entire health and administrative data for our Nation's Service Members and Veterans. To achieve that goal, we have begun to connect the Department to the Nationwide Health Information Network (NHIN) for the purposes of securely exchanging health information with other public and private health care providers. In December 2009, we successfully began exchanging health information between the Department and Kaiser Permanente in San Diego, CA, for those patients who are seen in both organizations and who have opted into the exchange program. The Department of Defense (DOD) took the steps needed to join the effort in a three-way exchange by successfully implementing the technical capacity for NHIN based health data exchange at the end of January, 2010. We plan to increase the functionalities of this initial pilot and to deploy to additional sites around the country during 2010. We will soon begin to lay out the approach to guide future years planning and budgeting. The lessons learned from these pilots will position the Department to be able to securely exchange health information with any organization that also joins the NHIN. These first efforts represent the cornerstone building block of designing the Virtual Lifetime Electronic Record (VLER)."

Question 12. The President's budget provides \$51.6 million the Veterans Relationship Management System. This system will allow Veterans to access comprehensive online information anytime and anywhere via a single consistent entry point, among other things. What is the timeline for this project and when will it operational?

Response. VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the Veterans Relationship Management (VRM) Program. The iterative framework of the VRM Program assumes that all initiatives will be conducted in parallel and will incorporate the multi-phased and multi-years implementation strategy.

The VRM Program has three phases with milestones and deliverables in 2010, 2011, and 2012. The focus in 2013 and 2014 will be to ensure that the solutions implemented will continue to evolve with the changing needs of Veterans and the agencies that serve them. This agile approach will facilitate continuous improvement in our processes and technology and ensures that the transformational vision is realized.

Question 13. This President's budget provides funds to meet the need of women veterans which includes full-time Women Veterans Program Managers serving at all VA medical facilities. However, on July 14, 2009, VA testified before this Committee that, "As of June 2009, each of the VA's 144 health care systems has appointed a full-time Women Veterans' Program manager." What does the FY 2011 budget providing for exactly with regard to the full-time Women Veterans Program Managers?

Response. VA recognizes that the position of the Women Veterans Program Manager is key to the implementation and delivery of primary care women Veteran's health services. As previously stated, each of VA's 144 health care systems has appointed a full-time Women Veterans Program Manager. The positions are funded in FY 2010. The FY 2011 budget continues the funding for these positions. As any of these positions becomes vacant through the normal turn over process, the vacancies will be filled in a timely manner through the established personnel hiring processes.

Question 14. Of the carryover funds in the Medical Services account from 2009, \$200 million is designated for rural health initiatives. Have these funds been obligated yet, and for what purposes? If not, why are they still unobligated?

Response. Congress provided VHA's Office of Rural Health (ORH) with \$250 million in two-year funds (FY 2009/2010) for rural health care initiatives. The majority of these funds were allocated in FY 2009 for rural health initiatives; however, at the end of the year \$223 million was unobligated and carried over to FY 2010 to continue this dedicated funding for rural health. These funds support a variety of projects including, but not limited to: mobile clinics, rural Telehealth and tele-mental health initiatives, home based primary care (HPBC) programs, rural health out-

reach clinics, mental health intensive care management (MHICM) programs and expansions, as well as enhancements to existing community based outpatient clinics in rural areas. VA plans to have the full \$250 million obligated by the end of FY 2010.

There are several reasons why rural health care dollars have been delayed in obligation, which fall into three broad categories. First, the pool of qualified bidders willing to contract with VA to provide health care in rural communities is limited. The second is human resources. Identifying qualified individuals in highly rural areas has proven difficult, and finding employees willing to move to isolated areas has also been a challenge. And third, identifying appropriate physical space for clinical activities in rural areas that meet privacy standards has been a challenge, as well. Frequently, the space has required significant alteration, thus causing delays in construction and obligating dollars for completion of these projects.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. DANIEL K. AKAKA TO
HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 1. For FY 2010, the Department requested \$70 million more than the previous year in medical and prosthetics research. For FY 2011, the request is for only an additional \$9 million. Does the Department anticipate any reduction in the amount of research carried out as a result of what is essentially a flat-lined request?

Response. There is a 15.7% increase in research funding from FY 2009 to FY 2011. This is significantly higher than the rate of research inflation which was 3.1% in FY 2010 and 3.2% in FY 2011. With this level of funding, VA does not anticipate any reduction in the amount of research.

Question 2. There was an error in printing the budget wherein the IG's funding request to OMB was not printed; having corrected this, is the Department prepared to support the IG's request for nearly \$12 million in additional funding?

Response. VA supports the need for strong management oversight, and the Office of Inspector General (OIG) plays an important role in performing its investigative and audit responsibilities. When the budget was developed recent budget increases were taken into account for all VA accounts, including the IG, Information Technology, and NCA. While these programs do not have increases in 2011, their two-year total increases in resources provide for very significant real program growth.

More specifically, the 2011 budget request for IG is a 25% increase over the 2009 level. IG staffing has increased by 13% between 2009–2011 (509 FTE to 576 FTE), and the 2011 budget sustains the 2010 staffing level of 576. The OIG has indicated that the 2011 budget will support a current services level of workload.

Question 3. The Department's budget request shows a 30 percent increase in funding for OEF/OIF services. What new or expanded services will be provided as a result of this increase? Are there any programs or services you would like to expand or create, but did not request due to the cost of the increased workload?

Response. The budget requests a funding increase of 30% for OEF/OIF Veterans in FY 2011 to accommodate an estimated 15% increase in the number of patients. We will continue to provide a full range of services to meet all of their medical needs. There are no new or expanded services and there are no programs or services that were not included in this budget request.

Question 4. VA must deal with the most serious of Traumatic Brain Injuries (TBI), as well as the less severe injuries. Does the 13 percent increase for the TBI program reflect the increased need for occupational therapy and support services for veterans who chose to transition to the civilian workforce?

Response. Yes, the needs for increased occupational therapy are included in the 13 percent increase for the TBI program (i.e., the difference between the FY 2010 and FY 2011 funding). Funding for vocational and occupational training and similar support services for Veterans are provided by the Veterans Benefits Administration through the Vocational Education and Employment program.

Question 5. VA is proposing to reduce obligations for rural health initiatives in Fiscal Years 11 and 12. Improving health care for veterans residing in rural areas is a major priority of many Members of the Committee, and the veteran population. What is the rationale for the proposed reduction?

Response. There is no reduction. In FY 2009, Congress provided \$250 million in two-year funds (fiscal year 2009/2010) for rural health care initiatives. The majority of these funds were allocated in FY 2009 for rural health initiatives; however, at the end of the year \$223 million was unobligated and carried over to FY 2010 to continue this dedicated funding for rural health. These funds support a variety of projects including, but not limited to: mobile clinics, rural tele-health and tele-men-

tal health initiatives, home based primary care (HBPC) programs, rural health outreach clinics, mental health intensive care management (MHICM) programs and expansions, as well as enhancements to existing community based outpatient clinics in rural areas. We plan to have the full \$250 million obligated by the end of FY 2010. In addition, FY 2010, FY 2011, and FY 2012 each continue the commitment of \$250 million being dedicated to rural health initiatives.

Question 6. VA's budget request cited a study which found a 19 percent reduction in hospitalizations, and a 25 percent reduction in days hospitalized, for patients enrolled in home telehealth programs. What will be the cost savings in dollars expected from the \$40 million investment that VA has requested for telehealth?

Response. VA's focus on preventative medicine is reflected in the health care trends developed for VA and integrated into the actuarial model. Health care practices, like home telehealth, are also reflected in the assumptions to the extent that they prevent an avoidable inpatient admission or result in more efficient utilization of office visits. However, the impact of specific practices and/or technology cannot be separately identified and quantified.

Question 7. Of the \$179 million that VA has requested for readjustment counseling for fiscal year 2011, how much of this amount will be allocated to provide care for returning servicemembers and how much will be allocated to provide care for their family members?

Response. Resources are not allocated specifically between services for Veterans and services for their family members. In FY 2009, Vet Centers provided 62,747 visits to 13,903 Veteran families for military related issues. 95% of these family services were provided conjointly with the Veteran present. A very small number (<1%) of the total Vet Center visits are provided to a Veteran's family member without the Veteran present.

Question 8. Given the fact that the President's budget projects a nearly 5 percent increase in workload for the New GI Bill yet—at the same time—proposes nearly a 20 percent decrease in FTE devoted to the program, how confident are you that you will have sufficient resources to implement the program in an effective and timely fashion?

Response. Post-9/11 GI Bill claims are currently reviewed and approved through a manual process augmented by limited automated support. Claims examiners must manually enter data into several systems. The long term solution, which will be fully deployed in December 2010, will automate many of manual processing steps. We are confident the new automated process will result in the need for fewer FTE.

Question 9. The budget includes a 9 percent increase in funding for women veterans from fiscal year 2010 to 2011. Does this reflect an increase in the number of women veterans seeking VA care or an expansion of the services provided to women veterans?

Response. The 9.7 percent increase in Gender Specific health care for Women Veterans in 2011 is being driven almost entirely by the influx of new women veterans. The number of active duty women in the military is at all time high and the number of enrolled women veterans has been increasing and is anticipated to increase steadily over the next decade. VHA will continue to ensure a broad range of health care services are available to these women including female specific diagnoses and services.

Question 10. In the President's budget proposal there is no increase in budget dollars or total FTE from FY 2010 in the area of Information Technology. What impact will this have on VA's 21st Century technology initiatives such as implementing the Virtual Lifetime Electronic Record?

Response. Within the \$3.307 billion budget request, funding for maintenance and operations costs will be sustained to keep the systems at current capability and acceptable performance level. Potential risks are:

- Systems supporting critical business functions will not be refreshed, potentially affecting performance and availability of services.
- Significantly reduced funding for Regional Data Processing Centers (RDPCs) may affect efficiency and reliability of operations.

The Project Management Accountability System (PMAS) with an incremental development and fiscally responsible approach will better manage development spending and ensure early identification and correction of failing IT programs. Halting programs that fail to meet their delivery milestones will prevent wasteful spending and manage with accountability in delivering technologies to help transform VA.

Our Major Investments will continue to increase above the FY 2010 level to meet the on-going demands for our Veterans and transforming VA:

- Veterans Benefits Management System (VBMS) with \$145.3 million requested, is a 104% increase of above 2010, and is designed to transition from paper-intensive claims processing to a paperless environment.
- The Post-9/11 GI Bill (Chapter 33) with \$44 million requested, is a 28% increase above 2010, will provide the long term solution to deliver an end-to-end solution to support the delivery of tuition, university fee payments, housing allowance and yearly books and supply stipend.
- Financial and Logistics Integrated Technology Enterprise (FLITE) with \$120 million requested, is a 52% increase above 2010, and will effectively integrate and standardize financial/asset management data and processes across VA.
- Virtual Lifetime Electronic Record (VLER) with \$52 million requested, is a 23.42% increase above 2010, and will create the capability for VA and DOD to electronically access and manage the health, personnel, benefits, and administrative information needed to efficiently deliver seamless health care, services, and benefits to Servicemembers and Veterans.
- Tele-health and Home Care Model with \$48.6 million requested, enables VA to become a national leader in transforming primary care services to a medical home model of health care delivery with a new generation of communication tools that can be used to disseminate and collect information related to health, benefits and other services.

Question 11. As part of VA's efforts to end homelessness among veterans, what long term solutions do you envision the Department will undertake to address homelessness among severely and chronically mentally ill veterans?

Response. VA addresses the needs of homeless Veterans with severe and chronic mental illness through a continuum of care that includes Mental Health Residential Rehabilitation and Treatment services, transitional housing services through the Homeless Providers Grant & Per Diem Program, and VA Health Care for Homeless Veterans Contract Residential Treatment. In the very near future, VA will expand the continuum by adding homeless prevention services particular to this population. Historically, VA mental health and social services have played an important role in preventing homelessness among Veterans with mental illness. Interventions such as the Veterans Benefits Administration's (VBA) benefits assistance programs, compensated work therapy, recovery oriented treatment, residential rehabilitation, outpatient mental health and substance abuse programs have served many Veterans who are homeless or at risk for homelessness. In its mission of ending homelessness among Veterans, VA has enhanced its existing emphasis on prevention by the recent development or planning of several national initiatives that will serve chronically mentally ill Veterans. These include Supportive Services for Low Income Veterans and Families and Housing and Urban Development VA Supported Housing Program (HUD-VASH).

The HUD-VASH program is one of the core initiatives directed at ending homelessness among chronically mentally ill Veterans, in that it provides these Veterans with both permanent housing and supportive services on an ongoing basis. In this collaborative initiative between the U.S. Housing and Urban Development (HUD) and the VA, HUD provides housing vouchers and the VA provides case management services to assist Veterans' access and maintain permanent housing. HUD-VASH is specifically targeted to address the needs of chronically homeless Veterans, many of whom have a serious mental illness. At present, VA has 20,000 vouchers with case management services and anticipates the authorization of an additional 30,000 vouchers with case management services through 2014 to better meet the needs of our Veterans who are chronically homeless and also suffering from a serious mental illness. VA also intends to intensify the case management ratio to better address the housing and treatment needs of this most vulnerable population. Additionally, VA intends to implement emerging best practice models including Housing First approaches to more rapidly link chronically homeless Veterans to housing and treatment services.

Question 12. The President's budget would provide over \$15 billion in mandatory entitlements in FY 2010 and FY 2011 for new presumptions related to Agent Orange exposure. In arriving at this cost estimate, did the Department project how much more likely Vietnam veterans are to suffer from these conditions—such as heart disease—as compared with Vietnam era veterans who did not serve in Southeast Asia and their non-veteran counterparts?

Response. The cost estimate and methodology for the newly presumptive conditions related to Agent Orange exposure includes \$15 billion in mandatory funding, \$12.3 billion of which is associated with 86,069 known *Nehmer* retroactive claims. Under *Nehmer*, VA must readjudicate previously denied claims for newly added herbicide-related presumptive diseases filed by *Nehmer* class members (generally Viet-

nam Veterans and their survivors) and provide retroactive benefits from the date of the prior claim to such individual pursuant to 38 C.F.R. § 3.816. Of those previously denied, 52,918, or nearly 76 percent, are currently on the rolls for other service-connected disabilities.

The remaining \$2.7 billion is associated with new claims from both Veterans who will be added to the compensation rolls and Veterans who will receive an increase to their current disability rating. For these new claims, prevalence rates for the general population were applied to the in-country Vietnam Veteran population. Other factors such as mortality and application rates were applied to generate total case-load.

Question 13. In addition to the over \$15 billion to fund mandatory entitlements for new presumptions related to Agent Orange exposure, what is the Department's estimate of the related costs for medical care for veterans who will now become service-connected from these presumptions? Are these costs reflected in the budget?

Response. The estimate for medical care costs in FY 2011 related to the new presumptions for Agent Orange exposure and Amyotrophic Lateral Sclerosis (ALS) is \$205 million.

Question 14. The highlights of the VA's budget for FY 2011 claim that, "The budget proposal includes \$4.2 billion in 2011 to reduce and help prevent homelessness among Veterans. That breaks down into \$3.4 billion for core medical services and \$799 million for specific homeless programs and expanded medical care, which includes \$294 million for expanded homeless initiatives." Can you please clarify what this \$3.4 billion for core medical services represents? Is that amount solely for homeless veterans' services?

Response. The \$3.4 billion contains all core medical services costs for homeless veterans, including acute, rehabilitative, mental, prosthetics, and dental care.

Question 15. Besides expanding existing programs, VA's 5 year plan to end homelessness among veterans includes the development of new programs—New HUD/VA Prevention Program, National Referral Call Center, and Supportive Services for Veterans and Families. Does VA have a breakdown in the budget for funding these new programs? When will these programs be up and running?

Response. The proposed funding for these new programs is shown in the table below.

Description	(Dollars in Thousands)		
	FY 2010	FY 2011	FY 2012
HUD-VASH Prevention Pilots	\$5,000	\$5,175	\$5,366
National Referral Call Center	\$2,500	\$3,000	\$3,000
Support Svcs Low Income Vets & Families	\$20,000	\$50,560	\$50,560

New HUD/VA Prevention Pilot: This new prevention initiative is a multi-site three-year pilot project designed to provide early intervention to recently discharged Veterans and their families to prevent homelessness. Site selection for this pilot project will give priority to communities with high concentrations of returning OEF/OIF soldiers, and to rural communities. Implementation of this program is expected to provide services to nearly 250 Veterans and their families in 2010. A total of 750 Veterans are projected to receive services from this program between 2010 and 2014.

Supportive Services for Veterans and Families: VA will also use the authority mandated in Public Law 110-387 to establish programs with community-based non-profit and co-op agencies to provide supportive services specifically designed to prevent homelessness. These pilots will encompass both rural and urban sites with the goal of preventing homelessness and maintaining housing stability for the Veteran's family. This new homeless prevention initiative will establish and provide grants and technical assistance to community non-profit organizations to provide supportive services to Veterans and their families in order to maintain them in their current housing. Program regulations are currently under review; grants will be awarded in 2010. Approximately 5,000 Veterans and their families will receive services in 2010.

National Referral Call Center: This new prevention initiative will establish a National Call Center that will provide linkages for homeless Veterans, their families and other interested parties to appropriate VA and community-based resources. It is anticipated that in 2010 the Call Center will provide information and referral to

15,000 Veterans and other interested parties. The National Referral Call Center will be a primary vehicle for VA to communicate with Veterans and community providers assisting them in connecting to local VA and community resources that will assist the Veteran in avoiding falling into homelessness or exiting homelessness.

Question 16. The Independent Budget noted that in its latest 5-Year Capital Plan, VA has estimated the total cost of repairing all D-rated and F-rated facilities in the Facilities Conditions Assessment to be a staggering \$8 billion. Please comment on this.

Response. The FCA backlog has risen over the past few years due to various reasons: higher focus on identifying and reporting deficiencies; addition of special studies to FCA backlog, such as hurricane hardening, seismic, façade repairs; and the inclusion of assessments of all buildings and their associated infrastructure within VA. During the last several years, VA has devoted approximately \$1.8 billion to reducing the FCA backlog which currently stands at \$9.6 billion. The largest component of VA's FCA backlog of deficiencies belongs to VHA, which is primarily addressed through the Non-Recurring Maintenance (NRM) Program funds. A focus on reducing the backlog is balanced with other critical infrastructure needs such as sustainment, infrastructure improvements, high priority clinical initiatives (HPCI), and green management in order to meet VHA's mission, congressional direction, and energy mandate. The total FY 2011 VHA NRM budget request totals \$1.11 billion, the largest request in Department history. This includes \$400 million to ensure sustainability, \$358 to reduce the FCA backlog in infrastructure improvements, \$252 million for energy, and \$100 million for HPCI.

Question 17. The Committee has received reports from several small businesses which serve as distributors of products from manufacturers to VA facilities that their FSS contract renewal awards have been unnecessarily delayed by interference of VA's Office of Inspector General. During these delays, VA has been unable to obtain discounts which would be available under a standard contract, often resulting in more costly purchases on the open market. In just one case alone, VA lost more than \$1 million in discounts due to IG-induced delays in making a contract award to one company, as it was forced to make necessary purchases on the open market. Most recently, VA has failed to meet yet another anticipated contract determination date of January 1, a determination process that began nearly 22 months ago. GSA completed a similar renewal in less than 60 days. Will you take the necessary actions to ensure that small businesses seeking the ability to compete for VA task orders are treated fairly and in accordance with GSA policy?

Response. The VA is fully committed toward ensuring acquisition processes are fair and equitable to all vendors, including small businesses.

VA processes all Federal Supply Schedule (FSS) offers in accordance with applicable regulations, laws and policies, especially FSS policies and provisions set forth by the General Services Administration. All FSS offers, whether received from manufacturers or dealers/distributors, small or large businesses, are processed in the same manner and all offerors are treated fairly and equitably, regardless of a firm's socioeconomic status. Some FSS offers may take additional time to complete due to the value of the offer, which may meet certain thresholds requiring a more thorough evaluation or review such as a pre-award review (typically performed on FSS offers valued annually at \$5 million or more for pharmaceuticals, \$3 million or more for non-pharmaceutical). These reviews protect the government's interests by ensuring favorable pricing for the government.

VA solicits early submission of ensuing FSS offers at least 24 months before the current FSS contract expires. Periodic reminders are sent every six months. Many FSS contractors wait until the final months of their current contract's performance before submitting. In an effort to avoid disruptions, FSS contractors seeking an ensuing FSS contract are afforded the opportunity to extend their current contract until a new and ensuing FSS contract can be awarded. The only time this option is not extended is when a FSS contractor has waited until the final months of the performance period to renew, at which time VA has no legal authority to extend beyond the prescribed performance period of the FSS contract.

Because the FSS program is a multiple award program, which means more than one contract source could be awarded for "same" or "similar" products and/or services, VA, like other Federal customers, have other contract source options under the FSS program should a particular FSS offeror's products be unavailable due to an on-going evaluation/negotiation process. If the particular product/service sought is only available on the "open market", VA facilities may request a waiver, including the proper "sole source" justification, through the proper channels to procure the needed item or service. The waiver process is quick and the requesting office normally receives a response within 24 to 48 hours.

VA is firmly committed to ensuring the acquisition process is fair and equitably to all vendors while ensuring the awarded contracts are in the best interest of the government and ultimately our taxpayers.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. RICHARD BURR TO
HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION—GENERAL

Question 1. The fiscal year (FY) 2011 budget request refers to an initiative to provide individual printers to employees throughout the Veterans Benefits Administration (VBA) so they will be able to print documents at their own desks. The explanation for this initiative is that it will “increase employee efficiency * * * and also reduces the possibility of incorrectly mailing personally identifiable information.”

A. How much has the Department of Veterans Affairs (VA) already spent on this initiative and how much more does VA plan to spend in fiscal years 2010 and 2011 for this purpose?

Response. The Office of Information & Technology (OI&T) spent approximately \$47,000 on desktop printers for VBA to pilot this initiative at the Lincoln Regional Office. Upon further study, VBA determined that the costs to implement this initiative nationwide significantly outweigh the benefits, and no additional funds will be spent to pursue this effort.

OI&T promotes the use of network printers, which are more cost-effective, as they use less ink, paper, and require less maintenance. VBA leadership canceled the pilot in January 2010 after re-evaluating the costs/benefits of proceeding with the initiative and its future relevancy with the procession of the Veterans Benefits Management System (VBMS).

Final decisions have not been made on the reallocation of funds designated for this effort. VBA leadership will review the needs of the organization in the execution year for reallocation. VBA will place a priority on initiatives that directly align with VA’s strategic, integrated, and high-performance goals for FY 2011.

B. In total, how many printers and print cartridges are being purchased as part of this initiative?

Response. OI&T purchased 130 desktop printers for the Lincoln RO pilot. These printers are being reallocated to replace older, existing desktop printers still needed to support management, human resources, and finance functions, and to meet the needs of employees requiring job accommodations. No print cartridges were purchased.

VBA did not progress beyond the initial purchase of the desktop printers at the Lincoln Regional Office pilot site. VBA leadership canceled the pilot in January 2010 after re-evaluating the costs/benefits of proceeding with the initiative against its future relevancy with the procession of the Veterans Benefits Management System (VBMS) initiative.

C. What is the cost per employee for this initiative?

Response. The cost was estimated at \$360 per employee for the initial purchase of printers and printer maintenance kits.

D. Please quantify the expected improvements in efficiency for each VBA business line, such as the number of additional claims the Compensation and Pension service would be expected to complete per year.

Response. VBA determined that nationwide implementation of this initiative would not significantly improve efficiency or productivity.

E. Is expanding the availability of printers consistent with VA’s goal to “move the claims process to a paperless environment”?

Response. No. As such, the organization is no longer pursuing this initiative.

F. Did VA examine whether there are less expensive means of protecting against the inadvertent mailing of personally identifiable information?

Response. The safeguarding of Veterans’ information is paramount. VBA continually seeks improvement in mailroom efficiency and effectiveness through enhancements in process, technology, and quality.

VOCATIONAL REHABILITATION AND EMPLOYMENT

Question 1. The fiscal year 2011 budget request for the Vocational Rehabilitation and Employment (VR&E) program includes \$32.8 million for Other Services, which is 51% higher than the amount expended during fiscal year 2009 (\$21.7 million) and 34% higher than the amount expected to be expended during fiscal year 2010 (\$24.4 million). According to the budget request, this increase “reflects contracted services.”

A. Please provide an itemized list of how these funds would be expended.

Response. The 2011 budget includes an \$8.4 million GOE increase for VR&E contract counseling services, which will be utilized for contract counseling services or to for additional service that support FTE in the VR&E program. Specific services provided to Veterans through this funding, either by contract counselors or VR&E direct FTE will include the following: initial evaluations, case management, employment, and discrete services. Discrete services include specialized services for the most seriously disabled such as life skills coaching, job coaching, independent living assessment, and job site analysis.

B. What specific services would be provided through contractors?

Response. Services are procured from professional counselors in the community to supplement services provided by VA staff. Services include vocational counseling and testing, case management, and employment readiness and job placement assistance.

C. What metrics would be used to gauge whether funds for contract services are used effectively?

Response. Effectiveness of the use of FTE and contract resources is based on timeliness of entitlement determinations and rehabilitation plan development, quality of program services, and rehabilitation outcomes.

Question 2. The President's budget request for FY 2011 allows for an increase of over \$7.3 million for personal services, yet reduces the Full Time Equivalent (FTEs) by 9.

A. What is the average current workload of vocational rehabilitation counselors, both VA full-time employees and contracted counselors?

Response. Currently, Vocational Rehabilitation counselors are assisting an average of 145 Veterans each. Contracted services are also utilized as necessary to supplement VR&E staffing in cases when Veterans live in remote geographic regions or where VA has staff turnover or workload growth due to deployments in certain regions. The use of contractors allows VA to respond quickly to workload fluctuations, ensuring services are provided in a timely and quality manner. Because contractors hire a combination of staff and subcontractors and may provide services to other customers, it is not possible to quantify the number of cases per contract provider. However, contracts limit vendors to no more than a 1:125 counselor to Veteran ratio when serving Veterans in all phases of the program and to no more than a 1:150 ratio when the contract counselor is providing only case management assistance.

B. VA anticipates a 10% increase in actual VR&E workload; how will the President's budget ensure that the best possible services are provided to these disabled veterans given the current staffing levels?

Response. To ensure support is in place to serve new Veterans in the VR&E program, the FY 2011 budget includes an increase of VR&E's budget to allow an additional \$8.4 million in funding that may be used to fund contracting support.

C. In light of the fact that Vocational Rehabilitation & Employment FTEs will be reduced by 9 in between the FY 2010 estimate and the FY 2011 estimate, what accounts for the increased funds for personal services?

Response. The FY 2011 FTE allocation for VR&E is 9 fewer than in FY 2010 as a result of an adjustment in the overhead allocation of VBA management support across all business lines. There is no reduction in VR&E direct program staffing for 2011. Personal services increases by \$7.3 million to fund the budgeted pay raise, the associated level of fringe benefits costs, e.g., health care, the government's share of employee retirement, and Thrift Savings contributions (which increase at rates above the pay raise rate).

Question 3. Travel obligations for Vocational Rehabilitation & Employment in FY 2009 were \$1.9 million. The FY 2011 request asks for \$2.9 million.

A. The budget request for FY 2011 constitutes a 53% increase over FY 2009. How many VA employees are anticipated to travel for their duties during FY 2011?

Response. VRE's FY 2011 travel request, at the time the budget was developed (May 2009), was based upon the budgeted FY 2009 level of \$2.78 million and included a modest increase of approximately \$105 thousand. FY 2009 actual expenditures of \$1.93 million, available after the completion of the budget, were approximately \$850 thousand less than the budgeted level. While the comparison of FY 2011 to FY 2009 actuals (an atypically low year), in hindsight, seems a large percentage increase, the request is very consistent over the last several years. Due to the nature of the VR&E program, all (approximately 874) professional and employment field staff will travel to some degree to provide direct services to Veterans and

to participate in training activities. A total of approximately 53 Staff in central office will also travel to provide training and support to the field.

B. What is the average cost per employee for work-related travel?

Response. Of our 2011 staff of 1,289 we expect 927 (874 field staff and 53 central office staff) to travel. Our total travel request for 2011 is \$2.884M which averages out to approximately \$3,100 per person.

C. What portion of these additional funds will go toward training for vocational rehabilitation counselors?

Response. Approximately 60 percent or more than \$1.72 million of the travel budget is for centralized counselor training. The remaining 40% is for program travel, oversight, outreach and local training. Program travel in the field includes the cost for counselors and employment coordinators to travel to provide direct services to Veterans. Outreach includes travel to provide Disabled Transition Assistance Program (DTAP) briefings, and targeted outreach at other venues such as Yellow Ribbon and Post Deployment Health Reassessment events. Central Office program travel includes provision of oversight, initiatives and support to field offices.

HOUSING

Question 1. The budget request for Housing programs for FY 2011 includes \$29 million for Other Services, including an Appraisal Management Service/Automated Valuation Model, a workload measurement study, and an audit of property management contractor, which is 67% more than the amount expended on Other Services during FY 2009 (\$17.4 million), and \$5.4 million more than the FY 2010 current estimate (\$23.7 million).

A. What specific performance outcomes are anticipated with the purchase of an Appraisal Management Service/Automated Valuation Model?

Response. Appraisal Management services, including Automated Valuation models, have become prevalent in the industry over the past 10 years. These services and models support standardized operations and better management of financial decisions in a cost-effective manner through the use of statistically valid and reliable risk indicators. Similar to the industry, VA expects to transform its appraisal oversight operations through the purchase of this service. VA's primary goal is to improve the quality and efficiency of its appraisal oversight program. To achieve this goal, VA expects to:

- Automate first-level reviews of appraisals using pre-defined business rules and statistically valid and reliable risk indicators
- Shift from a random to a risk-based selection process to perform oversight activities
- Maximize fraud prevention efforts through the automation of the appraisal review process, as well as the application of national databases with up-to-date valuations and statistically proven risk indicators
- Decrease travel costs for field reviews of appraisals and appraisers
- Standardize appraisal policies and processes across the nation
- Gain the ability to assign work so that it can be evenly distributed nationwide, when geographic demands necessitate it
- Accelerate payments to appraiser panel
- Tailor training program to appraisers and lenders' staff appraisal reviewers

These outcomes will greatly improve VA's ability to estimate the collateral value of VA's portfolio and will reduce its corresponding financial portfolio risk. Since most Veterans using the program do so because of the no-down payment feature, it is especially critical in protecting the government's interests to have an accurate appraisal of the property being secured with the VA guaranty. Additionally, these outcomes will make the loan guaranty program more appealing to VA's lending and servicing industry partners and, in turn, Veteran borrowers.

B. How will performance measures be determined on the Appraisal Management Service/Automated Valuation Model?

Response. VA plans to contract with a service provider to acquire the services of an appraisal management system, including automated valuation models, in FY 2010. During this time, VA will work with the contractor to identify relevant, meaningful performance measures by leveraging industry best practices. VA anticipates being able to maximize many of the measures currently being used in the industry since, similar to the conventional market, VA abides by the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) in the completion of its appraisals. Possible performance measures may include:

- Risk and fraud rate by appraiser, geographical area, and appraisal type
- Timeliness by appraiser, geographical area, and appraisal type

- Appraiser error rates resulting from USPAP violations
- Bias rate (appraiser's determined value compared to AVM's projected value)
- Percentage of appraisals below/at/above contract price by appraiser
- Average appraiser fees by geographic area and appraisal type

C. How will the workload measurement study be used by the VA Home Loan program to ensure the most efficient approval and oversight of home loan guarantees?

Response. Since the last workload measurement study in 2000, significant changes in operational procedures have occurred as a result of legislative activity, managerial or organizational decisions, and IT developments. Some of these changes include the addition of the multiple-use provision and increased grant amounts to the Specially Adapted Housing (SAH) program and the implementation of the Veterans Affairs Loan Electronic Reporting Interface (VALERI) system.

Accurate information on the amount of time devoted to the work performed in administration of Loan Guaranty benefits is necessary to evaluate performance in terms of productivity and effectiveness. The data from the workload measurement study will better enable Loan Guaranty to make successful management decisions affecting staffing, organization, procedures, and technology in this environment.

Question 2. The Home Loan Guaranty program anticipates a decrease of almost 60,000 home loan guarantees from FY 2009 (323,812) to FY 2010 (267,900). This amount is further decreased in the estimated FY 2011 workload, which indicates that approximately 240,100 loans will be guaranteed.

A. In light of the anticipated reduction in overall participation in the program, why are an additional 39 FTE requested during a time of decreased workload?

Response. The additional FTE are targeted for the Specially Adapted Housing (SAH) program, which has experienced significant workload increases over the last few years. As noted in the FY 2011 Budget, the number of SAH grant applications received has increased from 3,159 in 2008 to 4,283 in 2009, and is expected to continue increasing in 2010 and 2011. The number of SAH grants approved has also increased from 1,017 in 2008 to 1,270 in 2009, and is expected to continue increasing to 1,512 in 2010 and 1,801 in 2011. These increases are largely due to recent legislative changes to the SAH program, which made over 14,000 Veterans potentially eligible to re-use their SAH grants. Recent legislation also expanded eligibility criteria, increased grant amounts, and allowed for yearly adjustments of the grant amount based on a cost-of-construction index. Because of these changes, it is more important than ever that we regularly and aggressively reach out to these Veterans to ensure they are aware of and take advantage of the benefits to which they are entitled.

It is true that we anticipate a decrease in the total number of loans guaranteed by VA between FY 2009 and FY 2011. However, this decrease will be due to an estimated 79 percent reduction in refinance loans, and specifically, the volume of interest-rate-reduction-refinance loans (IRRRLs). IRRRLs are refinances of previously VA-guaranteed loans where borrowers are seeking to reduce their interest rate. VA's processing and oversight work required for loans of this type is significantly less than what is required for purchase loans, since IRRRLs require neither full underwriting nor an appraisal.

In contrast, purchase loans, which are the primary driver of VA's loan oversight workload, are expected to increase nearly 14 percent over the same time period. VA's increase in purchase loan volume will be largely due to a tightened lending environment for home mortgages and the fact that the VA guaranteed loan program is possibly the only no-down payment option remaining in the marketplace. VA borrowers typically purchase homes in the \$205,000 price range and have median liquid assets of \$6,800. As a result, for most of these Veterans, their only route to home ownership is through a VA-guaranteed loan. These loans do require greater scrutiny by VA employees to ensure appraisal, underwriting and credit guidelines are followed, and that Veterans are charged appropriately for the costs associated with obtaining and closing purchase loans.

As a result of the expected increase in VA-guaranteed loans used to purchase homes as opposed to those used for refinance, it will not be feasible to reallocate FTE from the loan origination portion of the program to serve those Veterans in need of Specially Adapted Housing benefits.

Question 3. The FY 2010 budget request for the Housing Program Interagency Motor Pool (\$559,000) has almost doubled from \$288,000 expended in FY 2009.

A. What constitutes the nature and purpose of this increase?

Response. The 2009 enacted budget contained \$538,000 for Loan Guaranty's motor pool obligations. This amount was used as a basis for developing the 2011 request of \$559,000. Actual expenditures for 2009 were considerably lower than an-

anticipated. As a result, we will lower our 2011 anticipated obligations to \$305,000 within this account.

COMPENSATION AND PENSION

Question 1. The fiscal year 2010 budget request from VA included a chart regarding the workload and resource needs for the Compensation, Pension, and Burial programs. That chart included information on “Output per FTE.” A chart with similar information had been included in previous budget requests. The fiscal year 2011 budget also includes that chart but does not include information on the “Output per FTE.”

A. For fiscal year 2009, what was the level of output per FTE, including both permanent employees and employees hired with funds from the American Recovery and Reinvestment Act?

Response. The total direct FTE in 2009 was 11,868, resulting in 977,219 rating-related claims completed. The calculated output per FTE is 82.3. However, the 420 ARRA FTE only began coming on board in May 2009, and the net effect on productivity in 2009 was insignificant. Therefore, the effective output per permanent FTE (exclusive of ARRA employees) was approximately 85.4.

B. For fiscal year 2010, what is the expected level of output per FTE, including both permanent employees and employees hired with funds from the American Recovery and Reinvestment Act?

Response. In fiscal year 2010 the estimated output per Compensation and Pension direct labor FTE is 78 processed claims.

C. For fiscal year 2011, what is the expected level of output per FTE?

Response. In fiscal year 2011 the estimated output per Compensation and Pension direct labor FTE is 79 processed claims.

D. Is that information contained in the fiscal year 2011 budget request?

Response. While this category is not explicitly stated in the fiscal year 2011 budget as it has been in previous budget requests, the expected level of output per FTE can be derived by dividing ‘Production’ by ‘C&P Direct Labor FTE.’ These categories are included in the fiscal year 2011 budget request.

E. If not, please explain why that information was eliminated from this portion of the budget request, while at the same time “Claims Completed Per FTE” was added to the budget request with regard to education claims.

Response. The Compensation and Pension program direct labor FTE includes administrative, public contact, fiduciary, managerial, and other employees assigned non-rating workload such as pension maintenance and burial claims in addition to those processing disability rating claims. VA has found that reporting an output per FTE measure that attributes all direct FTE in the program to only a portion of the Compensation and Pension workload is difficult to analyze and understand, and therefore subject to misinterpretation.

Question 2. According to the fiscal year 2011 budget request, VA seeks funding to retain over 1,800 employees hired with funds from the American Recovery and Reinvestment Act and to hire more than 2,000 additional claims processing staff. In a January 2010 report, the Government Accountability Office (GAO) made these observations regarding VA’s recent hiring initiatives:

We have reported that adding staff has the potential to improve VA’s capacity to complete more claims, but an infusion of a large number of new staff will also likely pose human capital challenges for VA in the near term. VA has processed more claims and appeals decisions annually since hiring the additional staff; however, as it has acknowledged, individual staff productivity has decreased. Specifically, the number of rating-related claims processed per staff person declined from 101 in fiscal year 2005 to 88 in fiscal year 2008.

A. What is a reasonable goal for rating-related claims processed per employee?

Response. VA is currently undergoing a metric study associated with rating-related claims processed based upon employee experience levels. One key factor being analyzed is the average number of issues addressed for rating-related claims. We expect this study to provide us with baseline information that will enable us to establish appropriate measures and goals for claims processing employees.

B. What impact would a massive hiring initiative during fiscal year 2011 have on individual productivity?

Response. The gross production of claims will continue to increase; however, the average individual productivity will decline while new employees undergo extensive training. Training and experience will increase productivity and gross production.

C. What specific steps would VA take during fiscal year 2011 to deal with the “human capital challenges” posed by another hiring initiative?

Response. VBA’s training curriculum will be utilized as employees are hired in FY 2011. VBA will have appropriate facilities, staff, and other resources available for training new hires and will maintain consistency with ongoing training programs for existing employees.

VBA is actively assessing the availability of space to accommodate the additional employees. A short-term solution will involve shift work in existing facilities until additional space accommodations can be arranged.

D. What factors were considered by VA in deciding to seek large increases in employees in fiscal year 2011 rather than focusing on increasing productivity of the existing employees?

Response. VA anticipates continued growth in incoming disability claims. VBA experienced a 14.1 percent increase in 2009, and we project a 13.1 percent increase in 2010 and 11.3 percent in 2011. Along with the addition of three new presumptive conditions, VA determined that focusing on increasing productivity of existing employees alone would not be sufficient to keep up with the growing workload. By hiring and training additional employees now, VA will have a stronger and more productive workforce to offset the impact of the expected workload increases over the next two fiscal years.

Question 3. Between fiscal year 2001 and fiscal year 2008 the year-end inventory of pending rating-related claims never exceeded 400,000. According to the fiscal year 2011 budget request, the year-end inventory is now expected to increase by 68% from fiscal year 2009 to 2010 (from 416,335 claims to 700,669 claims) and to increase by 93% by the end of fiscal year 2011 (to 804,460 claims). On top of that, the time it takes to process claims is expected to deteriorate by nearly 30 days (from 161 days in fiscal year 2009 to 190 days in fiscal year 2011). This is despite the fact that staff has more than doubled since fiscal year 2005 and a 29% two-year increase in claims processing staff is requested between fiscal year 2009 and 2011.

A. What metrics are used to determine whether these infusions of staff are effective?

Response. While VBA uses a combination of workload management indicators to gauge performance, we will closely monitor rating quality, inventory, and completed claims to determine the effectiveness of our recent hiring initiatives.

VBA continues to experience a significant increase in new claims requiring rating decisions, which adds to the high volume in the pending rating inventory. The increased staffing has led to increased organizational productivity. VBA aggressively hired across the Nation, adding nearly 4,200 new permanent employees between January 2007 and September 2009. Additionally, VBA hired 2,000 employees under the American Recovery and Reinvestment Act of 2009, many on temporary appointments.

Disability claims received have increased from 838,141 in FY 2007 to 1,013,712 in FY 2009, an increase of 20 percent. At the same time, the number of claims completed has continued to rise. In FY 2009, VBA completed 977,219 claims, an 18 percent increase in productivity over the 824,844 claims completed in 2007.

B. What indicators would lead VA to determine that further staffing increases should be put on hold?

Response. Given the dramatic increases in projected workload as well as the decision to add three new presumptive conditions for Vietnam Veterans exposed to Agent Orange, VA does not believe that further staffing increases should be put on hold. At the same time, we recognize that infusion of additional staffing alone is not the solution to fixing disability claims processing. Our business transformation initiative therefore includes policy and process changes, as well as new technologies, to address the claims workload.

We will closely monitor rating quality, inventory, and completed claims to determine the need for additional hiring and the overall effectiveness of our business transformation initiative.

C. Do these trends suggest that a new approach is needed now?

Response. Such dramatic increases in workload will require VBA to employ innovative measures to be successful in meeting Veterans’ needs. VBA is actively engaged with industry leaders to explore process and policy simplification and technology initiatives as elements of an overall business transformation strategy addressing the growing inventory of claims. The Veterans Benefits Management System (VBMS) initiative is a large-scale effort to develop an IT solution that is built on a scalable, agile architecture. Coupled with VBA’s business transformation strategy, the VBMS initiative will enable our organization to reach its goal of a benefits delivery model that provides world-class service to our Nation’s Veterans.

Question 4. According to the January 2010 GAO report, VA has reported that some declines in productivity have been due to “new staff who have not yet become fully proficient at processing claims and to the loss of experienced staff due to retirements.”

A. In fiscal years 2010 and 2011, how many claims processing staff are expected to retire?

Response. Approximately 21 percent of the claims processing staff (2,300 claims processors) are eligible to retire. In another year, an additional 1,700 claim processors will be eligible to retire. However, our recent experience is that only 25 percent of those eligible to retire actually retire in a given year.

B. What is the current overall attrition rate for claims processing staff?

Response. From FY 2005 through FY 2009, the attrition rate for VBA claims examiners (i.e., personnel in job categories of Veterans Service Representative [VSR] and Rating Veterans Service Representative [RVSR]) was approximately 10 percent per year.

C. Since large-scale hiring began in 2007, what has been the attrition rate with regard to newly hired staff?

Response. VBA conducted a review of the attrition rates of probationary employees in the VSR and RVSR job categories in February 2009 for employees hired in FY 2007 through February 2009.

FY 2007

- 1,367 claims processors hired
- 12 (1%) terminated
- 49 (3.6%) resigned

FY 2008

- 1,785 claims processors hired
- 37 (2%) terminated
- 110 (6%) resigned

FY 2009 (through February)

- 327 claims processors hired
- 5 (1.5%) terminated
- 6 (1.8%) resigned

VBA strives to recruit and select candidates for claims processor positions that meet the experience, knowledge, skill, and ability requirements necessary to successfully perform in these positions. Claims processing is a complex process, and the type of work involved is not a good fit for every candidate selected. The Department makes every effort to provide probationary employees with the opportunity to develop and demonstrate their proficiency.

D. Of the employees hired since 2007, how many have completed initial training and how many have remained with VA until they have become fully proficient?

Response. VBA hired 6,423 Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) between FY 2007 and FY 2009. Of the employees hired since 2007, 842 no longer worked for VBA after FY 2009 for reasons such as retirement, termination, and transfer. VBA considers VSR and RVSR employees initially trained and fully proficient based on 24 or more months of experience. Of the employees that continued to work for VBA, 2,355 had 24 or more months of experience, and 3,226 did not have 24 months of experience at the end of FY 2009.

E. For fiscal year 2011, please provide a breakdown of how many claims processing staff are expected to have 0 to 6 months of experience, 6 to 12 months of experience, 12 to 18 months of experience, 18 to 24 months of experience, and more than 24 months of experience.

Response. As of November 21, 2009, the experience levels of VBA claims processors were:

- 4,916 VSRs on board:
 - i. 0–6 months experience = 380
 - ii. 7–12 months experience = 442
 - iii. 13–18 months experience = 713
 - iv. 19–24 months experience = 640
 - v. 24+ months experience = 2,741
- 2,288 RVSRs on board:
 - i. 0–6 months experience = 156
 - ii. 7–12 months experience = 298
 - iii. 13–18 months experience = 245
 - iv. 19–24 months experience = 283
 - v. 24+ months experience = 1,306

Based on the 10% attrition rate per year, VBA anticipates turnover of approximately 490 VSRs and 220 RVSRs positions. These claims processors would have varying levels of experience depending on when hired, but all less than 12 months in FY 2011. Direct compensation FTE will increase from approximately 10,700 in FY 2009 to 14,100 in FY 2011. These 3,400 employees will also have varying levels of experience depending on when they are hired.

Question 5. In 2001, a task force chaired by Admiral Daniel Cooper recommended that VA allocate employees “to those Regional Offices that have consistently demonstrated high levels of quality and productivity in relation to workload and staffing levels.”

A. If the fiscal year 2011 budget request is adopted, would additional staff be allocated predominantly to offices that have consistently performed well?

Response. VBA continues to consider consistent high performance in allocating staffing to regional offices, as well as factors such as support for special missions, participation in pilots and initiatives, and physical space limitations. VBA also employs a “brokering” strategy, which balances the workload by sending cases from regional offices with high inventories to regional offices and resource centers with additional processing capacity.

B. Over the past five years, which regional offices have consistently performed well and which have consistently underperformed?

Response. Performance is evaluated against both national and individual targets that are established at the beginning of each fiscal year. Regional office performance varies as a result of a number of factors including workforce experience, local economic and employment environment, high cost of living, and staff turnover. Regional offices that consistently perform well are in areas where VA is an employer of choice, and we are therefore able to recruit and retain high-performing employees. Regional offices that have difficulties in meeting performance targets are predominantly in high-cost metropolitan areas with high employee turnover.

C. What steps will be taken to deal with offices that consistently underperform?

Response. VBA aggressively monitors regional office performance and develops specific action plans to improve identified problem areas. Oversight is provided through site visits conducted by both the Compensation and Pension Service and the Area Directors. Regional office directors are held accountable for performance through annual performance evaluations. Special missions such as the processing of Benefits Delivery at Discharge and Quick Start claims are assigned to regional offices that consistently perform well, creating growth opportunities for offices that have proven the ability to handle additional workload.

Question 6. In the fiscal year 2010 budget request, which was submitted to Congress in May 2009, VA estimated that, with the temporary staff hired with funds from the American Recovery and Reinvestment Act, the “increase in production in 2010 is expected to be 10,000 cases.” Then, in its FY 2009 Performance and Accountability Report, which was submitted to Congress in November 2009, VA estimated that those temporary employees “increase[d] by 10,000 the number of compensation and pension (C&P) claims processed *per month*” (emphasis added).

A. Please clarify the expected increase in productivity per month and in total during fiscal year 2010 as a result of employees hired with funds from the American Recovery and Reinvestment Act.

Response. VBA estimated in its May 2009 ARRA program-specific plan that 10,000 more claims will be processed in FY 2010 as a result of hiring 1,500 claims processors under the American Recovery and Reinvestment Act of 2009. The statement in the FY 2009 Performance and Accountability Report regarding the increase of 10,000 claims per month is misquoted from our original productivity estimate. Our best estimate of increased rating-related productivity as a result of the ARRA hires continues to be a total of 10,000 claims over the course of the fiscal year.

B. What is the estimated cost per additional case that will be processed by the employees hired with funds from the American Recovery and Reinvestment Act?

Response. The additional cost per claim is approximately \$12,300, when considering an additional 10,000 cases expected to be processed and the \$123 million carried over into FY 2010 for this program. ARRA hires were trained to complete less complex claims processing and support activities, removing these administrative duties from experienced claims processors who now focus on more difficult claims and increased productivity.

Question 7. For many years, experts have stressed the need to modernize the VA disability compensation system, by taking such steps as updating the VA Disability Rating Schedule. According to VA’s FY 2009 Performance and Accountability Report, “VA will contract an ongoing review of the VA Schedule for Rating Disabilities

beginning in 2010.” Also, in a recent response to my questions, VA indicated that “[a]s part of the ongoing effort to update at least one to two body systems per year, VA developed a Project Management Plan.” In addition, that response indicates that “[s]even additional medical officers and a psychologist will be hired in the future” to support the effort to modernize the Rating Schedule.

A. Has a contract been entered into for the purpose of conducting an ongoing review of the Rating Schedule?

Response. No; a draft Statement of Work is currently under review at VBA.

B. How much does VA anticipate spending on this review in fiscal year 2010?

Response. VA anticipates spending \$750,000 in FY 2010.

C. How much does VA anticipate spending on this review in fiscal year 2011?

Response. VA anticipates spending \$750,000 in FY 2011.

D. Please provide a copy of the Project Management Plan and any other information about what milestones have been set for fiscal years 2010 and 2011 in terms of updates to the Rating Schedule.

Response. The Project Management Plan is currently under development and will be submitted to Congress as soon as completed.

E. When will the additional seven employees be hired?

Response. VBA plans to hire the 7 FTE in FY 2010.

F. In total, how much funding from the fiscal year 2011 budget would be dedicated to updating the VA disability rating schedule?

Response. VBA plans to dedicate \$2.2 million (includes FTE) in FY 2011 to update the rating schedule.

G. Does the fiscal year 2011 budget request contain sufficient funding for all employees, contracts, and other expenses necessary to keep the Rating Schedule up to date?

Response. Yes, we believe the FY 2011 budget contains sufficient funding.

Question 8. At a Senate Committee on Veterans’ Affairs hearing in September 2009, the Committee discussed a report prepared by Economic Systems, Inc., entitled “A Study of Compensation Payments for Service-Connected Disabilities,” which in part discussed options for compensating veterans for loss of quality of life caused by their service-related injuries. The Under Secretary for Benefits at that time indicated that further study would be necessary before moving forward with most of the options in that report. After that, I sent questions to VA asking what additional studies would be needed to move forward with compensating veterans for loss of quality of life, whether VA has sufficient funding to conduct the necessary studies, and when VA would move forward with those studies. VA recently provided this response:

The Advisory Committee on Disability Compensation is currently reviewing and analyzing potential models for compensating for Quality of Life (QOL) loss * * *. Due to the on-going work of the Advisory Committee on Disability Compensation, VA does not believe that additional studies to create a separate system to compensate for [quality of life] loss should be considered at this time. There are existing benefits within VA’s current benefits package that implicitly address the [quality of life] of Veterans * * *. For example, one such benefit that provides Veterans with payments over and above the benefits amounts computed from the [Rating Schedule] is Special Monthly Compensation.

A. Does VA agree that the VA disability system should finally be updated to compensate for lost quality of life, as recommended by numerous experts over the past five decades, including the Veterans’ Disability Benefits Commission, the Dole-Shalala Commission, and the President’s Commission on Veterans’ Pensions?

Response. VA believes there is a statutory framework in place for providing compensation based on non-economic loss. This framework is codified at title 38, U.S.C. § 1114, and provides special monthly compensation that is not linked to average loss in earnings capacity. As such, VA believes there is already a mechanism in place for additional non-wage-related compensation. However, VA is looking to the Advisory Committee on Disability Compensation for input regarding areas where additional non-wage-related compensation may be in order. We do not believe that fundamental change in the wage-related component of VA’s disability compensation program is advisable given the inherent difficulty in defining overall quality of life across the spectrum of disabilities and individuals.

B. Does VA agree that, particularly for mental impairments, the current system of special monthly compensation does not adequately compensate for loss of quality of life?

Response. Veterans with service-connected mental disorders of such severity as to require assistance in performing activities of daily living may receive special monthly compensation under the current statutory framework. The Advisory Committee on Disability Compensation is looking at that framework to determine if there are other outcomes associated with mental disorders that should receive the benefit of special monthly compensation.

C. What does VA view as a reasonable timeline for the Advisory Committee to complete its work on quality of life issues?

Response. The Committee is required by statute to provide a report to the Secretary no later than October 31, 2010, and not less frequently than two years thereafter. Given the inherent difficulties associated with defining quality of life across the spectrum of disabilities and individuals, VA believes that the Committee should have a section in that report concerning preliminary findings with respect to quality of life compensation.

D. What steps will VA take to ensure that the Advisory Committee's work is completed in a timely manner, and who specifically at VA will be charged with monitoring the progress of the Advisory Committee?

Response. VA's Compensation and Pension Service provides direct support to activities of the Advisory Committee. As such, the Director, C&P Service, has responsibility for ensuring that the Advisory Committee is meeting its charge as outlined in their charter.

E. What resources will VA make available to the Advisory Committee to assist with its efforts?

Response. VA provides a minimum of two FTE to support the activities of the Committee while the Committee meets. In addition, VA provides the Committee with information and meets with the Committee as requested.

F. Once the Advisory Committee provides its recommendations regarding quality of life, will VA make it a priority to implement all appropriate changes, including providing proposed legislation to Congress if appropriate?

Response. VA will make it a priority to implement recommendations of the Advisory Committee on quality of life, provided those recommendations are appropriate and consistent with the Administration's position on this issue. A legislative proposal would be developed if necessary to implement any recommendations.

Question 9. In the portion of the budget request regarding the Compensation, Pensions, and Burial programs, it is noted that "increased funding for contract medical examinations" is being requested.

A. How much funding in total will be used in fiscal year 2011 for contract examinations?

Response. In FY 2011, VBA contract exams are estimated to cost approximately \$189.1 million, including \$169.1 million in mandatory funding and \$20 million in discretionary funding.

B. Please describe VA's policy for reimbursing contract examination providers and the extent to which reimbursement is based on the payment system used by Medicare to reimburse health care providers for treatment.

Response. VA does not reimburse the examiners. VA contracts with a primary contractor, and the primary contractor then enters into separate subcontracts with examination providers. The prime contract with VA is a fixed price contract.

C. Please explain why VA believes the system used by Medicare to reimburse health care providers for treatment should also be used to reimburse contractors for VA compensation and pension examinations that are not being conducted for purposes of treatment.

Response. The actual examination is billed according to a negotiated contract price between VA and the prime contractor, not VA and the subcontracted provider. VA only uses the Medicare rates as a basis for billing of diagnostic testing and procedures (such as x-rays), which are billed according the current procedural terminology code assigned to each test. A fixed-rate for tests is in VA's best interest financially. The Medicare rate is issued by the Federal Government, which has already determined the rates for tests and procedures to be fair and reasonable according to the region of the country.

D. Is VA aware of any inconveniences or frustrations this practice has caused for veterans? For example, if a veteran who requires a hearing test has ears that need to first be cleaned and drained, is it possible the veteran would be required to make two separate appointments with the contractor because the Medicare system would not allow reimbursement for cleaning and testing on the same day?

Response. In cases where a test or procedure would require initial or additional work, the contract is amended so the prime contractor is allowed to bill VA for the

additional labor and preparatory work. This type of amendment allows for the tests and procedures to be completed the same day so the Veteran will not have to re-schedule the appointment.

E. Is VA aware of any complications or frustrations this reimbursement practice has caused for contractors?

Response. There have not been any complications identified by the contractor that have caused a delay in services to Veterans related to the reimbursement practices under the contracts.

F. Has VA examined whether an alternative method of compensating contract examination providers, such as using a firm fixed price, could lead to better customer service and efficiency?

Response. The contracts currently are firm-fixed price for the examination costs. The only portions that are not firm-fixed price are the diagnostic tests, which are based on Medicare rates.

G. Is VA aware of other Federal agencies that use a firm fixed price to reimburse contract examinations?

Response. VA is not aware of any other Federal agency that uses a firm-fixed price to reimburse contract examinations.

Question 10. In addition to processing claims in a timely manner, it is essential that decisions are accurate in order to avoid delays and frustrations for veterans and their families.

A. In fiscal year 2011, what level of funding will be dedicated to the Systematic Technical Accuracy Review (STAR) program?

Response. The Systematic Technical Accuracy Review (STAR) program is a component of VBA's national quality assurance program that assesses the accuracy of disability benefit determinations. This national quality assurance program is administered by VBA's C&P Service. The FY 2011 allowance for administering this program is 52 FTE. This represents an increase in staff of 42 percent since FY 2007.

B. How many full-time employees would be dedicated to that program in fiscal year 2011 and how many cases would be reviewed?

Response. As mentioned above 52 FTE will be dedicated to the STAR program in FY 2011.

C. Will the number of cases reviewed by the STAR program be increased further as the level of claims VA is receiving per year increases?

Response. The increase to VBA's Quality Assurance Program staff has enabled increased sampling, consistency reviews, and special focused reviews in support of the national quality assurance program. The Quality Assurance staff is targeted to complete 48,919 reviews for FY 2011. This is an increase of 30,562 reviews from FY 2007.

The current level of review is sufficient to provide a 95% level of confidence with a 5% margin of error. While VA does not intend to increase the sampling, we are considering additional more focused reviews. We are also looking forward to the Institute for Defense Analyses review of the quality assurance program as mandated by Pub. L. 110-389, The Veterans' Benefits Improvement Act of 2008, to inform of us of areas to improve our national quality assurance program.

D. What steps would VA take to ensure that quality of decisionmaking is not negatively affected by an influx of inexperienced claims processing staff?

Response. In addition to training and coaching received at the regional offices, VA is taking steps to ensure the quality of claims processing staff through a comprehensive national training program. This training program includes pre-requisite, centralized, and home station training phases. The integration of a national training program has resulted in standardized training modules for all phases of claims processing. Additionally, the VA has created training modules for recurring training for journey level claim processors.

Question 11. In light of the Secretary's decision to create presumptions of service connection for three additional disabilities, VA is requesting a supplemental fiscal year 2010 appropriation of \$13.4 billion to pay for additional disability benefits, including an estimated 86,000 retroactive awards based on the *Nehmer* litigation.

A. Please provide an overview of what the *Nehmer* litigation requires.

Response. *Nehmer* is a long-standing class action (originated in 1986) on behalf of all Veterans eligible to claim VA disability compensation based on alleged exposure to herbicides during military service in Vietnam. In 1989, the U.S. District Court for the Northern District of California (District Court) invalidated the 1985 VA regulation governing claims based on herbicide exposure. Under *Nehmer*, VA must readjudicate previously denied claims for newly added herbicide-related pre-

sumptive diseases filed by *Nehmer* class members (generally Vietnam Veterans and their survivors) and provide retroactive benefits from the date of the prior claim to such individual pursuant to 38 C.F.R. § 3.816. This requirement involves claims filed or denied during the period from September 25, 1985, to the effective date of the VA's final regulation establishing a presumption of service connection for the disease(s) claimed.

B. How are retroactive *Nehmer* awards calculated? For example, are staged ratings assigned?

Response. Retroactive benefits under *Nehmer* are calculated based primarily upon the 1991 Stipulation and Order requirements providing for the readjudication of *Nehmer* claims, a 2001 Stipulation and Order setting forth a timetable for promptly paying *Nehmer* class members retroactive benefits, and VA's corresponding *Nehmer* regulation at 38 CFR § 3.816. The regulation sets forth a process for payment of benefit claims under the *Nehmer* court orders. Pursuant to the effective date provisions contained in 38 CFR § 3.816(c), benefits are generally paid retroactive from the date VA received the original service connection claim for the presumptive disease. Death benefit claims are handled in a similar fashion. In cases where the disability increases or decreases, staged ratings may be assigned.

C. If a veteran covered by *Nehmer* is deceased, who would receive the retroactive award and how would VA determine what disability rating to assign?

Response. VA's *Nehmer* regulation at 38 CFR 3.816(f)(1) states that if a *Nehmer* beneficiary is deceased, payment will be made to the first individual or entity that is in existence at the time of payment, in the following order of priority: (1) spouse, (2) children, (3) parents, and (4) estate. Thus, if there is no immediate survivor in categories (1)-(3), VA must pay the estate if there is an estate in existence. Payments made to estates can result in relatives further removed than those in categories (1)-(3) receiving the retroactive benefits. The requirement to pay estates, notwithstanding the accrued benefits limitations in 38 U.S.C. Sec. 5121(a)(2), is based on judicial decisions in *Nehmer* mandating such payments.

D. How long will it take to process those 86,000 retroactive awards?

Response. VA currently cannot estimate how long it will take to readjudicate these claims. *Nehmer* claims are more complex than other claims, and generally require analysis of VA records that span several decades. VBA is therefore taking action to prepare for adjudication of these claims as soon as the new regulation becomes effective. A training guide and schedule have been completed and are ready for field distribution. The *Nehmer* cases will be adjudicated by 13 VA resource centers. Training for personnel assigned to the resource centers began May 3, 2010, in Nashville. Upon completion of training, the resource centers will begin development of the claims. VBA completed a records match with VHA to identify Veterans who received treatment for the three new presumptives and therefore reduced the need for VA examinations. In addition, VBA has prepared a pre-printed medical exam template for Veterans to take to their primary care physician. These templates will allow VA to expedite rating decisions based on these records without requiring a VA medical examination.

E. Which VA offices will handle those 86,000 awards and how will that work be prioritized?

Response. VBA currently plans on using 13 Resource Centers to consolidate all *Nehmer* claims. The priority of processing *Nehmer* claims is under development. VBA is seeking every avenue available to determine which claims will require the most development, the least development, or possibly no development to facilitate the prioritization of this workload.

F. Has VA put out any guidance on how to adjudicate those claims? If so, please provide a copy.

Response. As previously stated, VBA's action plan for readjudicating these claims is still under development. Once complete, and upon final promulgation of VA's amended regulation adding the three new disabilities to the list of other diseases presumptively related to herbicides, VBA will provide a copy of its action plan. In the interim, VBA provided guidance, whether or not *Nehmer* applies, on handling claims for the new presumptive disabilities prior to implementation of a final regulation. That guidance is contained in Compensation and Pension Service Fast Letter 09-50, dated November 19, 2009.

Question 12. Since 2003, cases remanded by the Board of Veterans' Appeals have been handled at a centralized entity called the Appeals Management Center. In recent years, before a leadership change at the Appeals Management Center, veterans' organizations and others had been highly critical of this entity.

A. What level of funding is requested for the Appeals Management Center in fiscal year 2011?

Response. Funding for the AMC is included in the Compensation and Pension (C&P) FY 2011 budget request. Resources are determined and allocated to the AMC, as appropriate, in the execution year. In FY 2009, the AMC obligated \$11.2 million in payroll and \$1.2 million in non-payroll expenses.

B. How many employees will that level of funding support?

Response. The Appeals Management Center has an assigned staffing level of 200 full-time employees for FY 2010. Funding allocations for FY 2011 will be determined in the execution year.

C. What were the key performance outcomes for the Appeals Management Center in fiscal year 2009 (such as timeliness and accuracy) and what are the expected performance outcomes for fiscal years 2010 and 2011?

Response. During FY 2009, the Appeals Management Center (AMC) completed 15,396 appeals, the highest production since its establishment in 2003. Actual performance exceeded the AMC's production target of 12,000 appeals.

By focusing on the oldest appeals, the AMC reduced the average age of its pending inventory from 373 days to 291 days (22 percent reduction) during FY 2009. Processing time increased as a result of this focus. At the beginning of FY 2009, the average number of days to complete an appeal was 437 days. This measure peaked at 578 days in May 2009, but fell to 477 days by the end of FY 2009.

D. How many remands is the Appeals Management Center expected to receive in fiscal year 2011 and how many remands are expected to be completed?

Response. Estimates for fiscal year 2011 have not been determined.

E. With the requested level of funding, will the Appeals Management Center reduce its backlog of pending cases?

Response. The AMC was authorized to hire an additional 50 employees in FY 2010, increasing its staffing from 150 to 200 full-time employees. As these employees complete their training and gain work experience, the AMC anticipates increased production, with a resulting decrease in inventory.

F. Does the fiscal year 2011 budget request outline the resource requirements and performance of the Appeals Management Center? If not, will that information be included in future budget requests?

Response. The FY 2011 budget does not contain a specific line item for the Appeals Management Center (AMC). Resources and funding will be determined and allocated to the AMC in the execution year. VA does not plan to add facility-level resource requirements or performance to the budget request.

G. What factors should be considered in determining whether to continue or disband this entity?

Response. The AMC was established to process appeals remanded from the Board of Veterans' Appeals (BVA). Processing remands is the AMC's sole mission. All staff members receive specialized training and are dedicated to processing these complex claims. One of the primary reasons for locating the AMC in Washington, DC was to maintain a close physical proximity to BVA, which has improved communications and facilitated the identification and resolution of issues. The specialized mission of the AMC ensures that trained resources remain directed toward completing these complex cases.

Question 13. In recent years, VA has increased its practice of brokering claims between regional offices. However, GAO recently reported that VA "has not collected data to evaluate the effect of this practice."

A. How many cases does VA expect to broker during fiscal years 2010 and 2011?

Response. During the first quarter of FY 2010, 6,143 claims were brokered between VBA regional offices. If annualized, VBA projects to broker 24,572 rating-related claims between regional offices in FY 2010. We also expect to send approximately 105,000 rating-related claims to VBA's nine resource centers for completion in FY 2010. In total, VBA projects to broker approximately 130,000 disability claims. Estimates for FY 2011 have not been developed.

B. How much does VA expect to spend in fiscal year 2010 and fiscal year 2011 on shipping brokered cases between offices?

Response. VBA is unable to provide this information, as we do not separate shipping costs associated with brokering from the regional offices' overall FedEx allocation.

C. To what extent would brokering cases be expected to reduce delays in providing veterans with decisions or increase the accuracy of decisions?

Response. The brokering strategy is designed to move work from offices experiencing workload and/or performance challenges to national resource centers and other offices with productive capacity. Brokering plans identify and leverage productive capacity to support offices where workload assistance is most needed. Regional offices experiencing the greatest workload challenges are assisted in regaining a more manageable workload balance.

D. What metrics are in place to gauge the effectiveness of brokering?

Response. Brokering effectiveness is measured through VBA Resource Center Performance Standards. Production and timeliness are measured locally by brokered sites, and monitored by VBA's area directors. Accuracy is measured both internally at brokering sites as well as nationally through Systemic Technical Accuracy Review (STAR).

Question 14. According to the fiscal year 2011 budget request, VA's fiduciary program currently supervises over 104,000 incompetent beneficiaries and the program continues to grow.

A. In total, what level of funding would be used to support the fiduciary program during fiscal year 2011 and how many employees would that level of funding support?

Response. The Fiduciary program level of funding is estimated to be \$36 million. This supports the salary and benefits of 475 FTE, notable programs such as the Accuity Asset Verification System, and planned conferences. Accuity Asset Verification System is a secure web-based network that automates the processing of financial asset verification requests for funds on deposit at financial institutions. Training conferences are planned with key staff in FY 2010. These conferences and on-site training will significantly enhance oversight and protection of beneficiaries' funds

B. With this level of funding, what size caseloads would individual fiduciary program employees carry?

Response. A standard caseload is not used across all regional offices for fiduciary activities. Caseload is based on density of population, distance traveled to reach a beneficiary, and the experience of the employee. For example, greater caseload can be assigned in a metropolitan area because reduced travel time allows more time for employees to complete fiduciary activities.

C. Will the Western Area Fiduciary Hub be continued during fiscal year 2011? If so, what impact is that expected to have on the quality of fiduciary work?

Response. The Western Area Fiduciary Hub will continue in FY 2011. The Western Area Fiduciary Hub is fully expected to meet or exceed the 90 percent accuracy rate provided in the budget submission.

Question 15. According to the budget request, a total of 2,543 examinations and 1,194 ratings had been completed through the Disability Evaluation System (DES) Pilot process as of September 30, 2009.

A. How much in total has VA expended with regard to the DES Pilot?

Response. The joint VA/DOD Disability Evaluation System (DES) Pilot program is currently operational at 26 locations, with site 27 entering the Pilot on March 31, 2010. VBA spent approximately \$11.6 million in 2009, which included payroll and benefits for 106 FTE, contract medical exams, travel, FedEx charges, and space requirements.

VA and the Department of Defense (DOD) are currently developing plans to institute the DES Pilot model as the normal DES process for the military services.

B. How much does VA intend to expend during fiscal years 2010 and 2011 on the DES Pilot?

Response. VBA estimates \$18.5 million and \$28.4 million will be spent in 2010 and 2011, respectively. These funds will be used for payroll and benefits for 181 FTE in 2010 and 285 FTE in 2011, contract medical exams, travel, FedEx charges, and space requirements. Additional discretionary funds of approximately \$70 thousand will be used in 2010 for travel, shipping, and other miscellaneous expenses. One-time startup costs such as space and IT infrastructure are estimated to cost \$5.4 million as the pilot expands. Mandatory funding for contract examinations is estimated to be \$6.7 million in 2010 and \$20.3 million in 2011. Examination costs for VHA are estimated to be \$3.5 million in 2010 and \$4.0 million in 2011, with the assumption that a cost-sharing agreement will be in place between VA and DOD.

C. How many servicemembers are expected to complete the DES Pilot during fiscal year 2011?

Response. In 2011 we expect approximately 14,800 new entrants to the DES pilot, although not all will actually complete the process during the same year.

D. Please provide any customer satisfaction data that has been collected regarding the satisfaction levels with the Pilot process compared to satisfaction levels with the traditional process.

Response. The Defense Manpower Data Center (DMDC) is conducting customer satisfaction surveys for the Department of Defense. Through January 31, 2010, 4,098 surveys were completed by servicemembers going through various stages of the DES Pilot process, and 3,309 servicemembers going through various stages of the legacy DES process. 76 percent of DES Pilot members were satisfied with the medical care, case management and the general DES process. In comparison, 70 percent reported satisfaction with the legacy DES process. Across DOD, 82 percent of DES Pilot members were satisfied with the fairness of the process. In comparison, 67 percent reported satisfaction with fairness of the legacy DES process.

E. What metrics will be used to determine whether the DES Pilot process is successful?

Response. Three metrics have been established to determine the DES Pilot success:

1. Percent of military members participating in a single disability evaluation/transition medical exam to determine fitness for duty and disability rating.

2. Average time for wounded, ill, or injured (WII) servicemembers to complete the joint DOD/VA disability evaluation system (DES).

3. Average time after separation/retirement for wounded, ill, or injured (WII) participants in the joint DOD/VA disability evaluation system (DES) to receive a VA benefits notification letter.

Question 16. The budget request for Compensation, Pension, and Burial programs for fiscal year 2011 includes \$38.2 million for travel, which is 126% higher than the amount expended on travel during fiscal year 2009 (\$16.9 million), 108% higher than the amount requested for fiscal year 2010 (\$18.3 million), and 91% higher than the amount now expected to be expended on travel during fiscal year 2010 (\$20 million). According to the budget request, “[i]ncreased travel funds are required for new employee Challenge training.”

A. How many employees attended Challenge training during fiscal year 2009 and how many are expected to attend Challenge training during fiscal years 2010 and 2011?

Response. In FY 2009, 1,161 employees completed Challenge training. In FY 2010, approximately 1,500 and in FY 2011, approximately 3,610 employees will complete Challenge training.

B. What portion of the \$38 million will be used for travel to Challenge training?

Response. Approximately \$22 million will be used for Challenge training in 2011.

C. What accounts for any remaining portion of the \$38 million?

Response. The remaining portion is for the base (core) program travel.

D. What is the average travel cost per employee who attends Challenge training?

Response. For three weeks of training, the cost is estimated to be approximately \$6,000 per employee.

E. Has VA considered any less expensive alternatives to providing necessary training?

Response. VA considered less expensive alternatives to providing necessary training and implemented training with the best balance of cost and quality. Nearly three weeks of home-station training is completed using standardized lesson materials and computer-based training before Challenge participants travel. Home-station follow-on training continues after centralized Challenge Training, utilizing additional standardized lessons and computer-based training.

Question 17. The budget request for Compensation, Pension, and Burial programs for fiscal year 2011 includes \$340 million for Other Services, which is 40% higher than the amount expended during fiscal year 2009 on Other Services (\$242 million), 22% higher than the amount requested for fiscal year 2010 (\$277 million), and 9% higher than the amount now expected to be expended during fiscal year 2010 (\$309 million). According to the budget request, “[t]he increase to other services supports the [Veterans Benefits Management System] Initiative and increased funding for contract medical examinations.” Please provide an itemized list of what expenditures would be made with this level of funding.

Response. Increases from 2010 to 2011 to support the Veterans Benefits Management System (VBMS) and contract medical exams follow:

VBMS—An increase is required due to increased scanning and related services needed for VBMS pilot activities and additional technical, analytical, and engineering support provided by MITRE.

Contract Medical Exams—An increase is required due to the anticipated 6 percent increase in price due to inflation and increased Medicare rates, as well as an anticipated 12 percent increase in the quantity of exams.

Question 18. The budget request for Compensation, Pension, and Burial programs for fiscal year 2011 includes \$32.5 million for Supplies and Materials, which is 200% higher than the amount expended during fiscal year 2009 (\$10.9 million), 168% higher than the amount requested for fiscal year 2010 (\$12.2 million), and 145% higher than the amount now expected to be expended during fiscal year 2010 (\$13.3 million). According to the budget request, “The increase to supplies and materials supports the new 2,050 FTE and the VBA-wide initiative to supply employees with a printer to print claims-related documents at their desks. The increased funding will be used to purchase printer cartridges associated with this effort.”

A. What factors, if any, other than new employees and printer cartridges account for this increase in supplies and materials?

Response. The increase is attributable only to new employees and printer cartridges.

B. What portion of that over \$19 million increase from fiscal year 2010 to 2011 will be used to provide supplies and materials for new employees and what is the expected cost per new employee for those supplies and materials?

Response. Approximately \$13 million will be used to provide supplies and materials for new employees. The budgeted cost per employee is approximately \$4,000, which includes not only general office supplies, but also increased needs for cubicles and office furniture. At the time of the submission of the budget, exact requirements of supplies and materials versus equipment was unknown due to the uncertainty of the regional office distribution of new FTE and the space needs at each location. As such, there may be a shift from the supplies and materials category to equipment in the year of execution.

C. What types of supplies and materials would be purchased with the requested level of funding?

Response. Standard office supplies will be purchased, such as notebooks, pens, pencils, printer-paper, and toner cartridges. Equipment purchases will include employee work stations, which consist of cubicles and furniture.

Question 19. From the fiscal year 2011 budget request, it appears that the Compensation and Pension Service carried over more than \$19 million in General Operating Expenses from fiscal year 2009 to 2010. How will those funds be used during fiscal year 2010?

Response. These funds will be applied to additional 21st century transformational improvements to VBA’s business processes, such as the Veteran’s Benefits Management System Initiative.

BOARD OF VETERANS’ APPEALS

Question 1. According to the fiscal year 2011 budget request, the Board of Veterans’ Appeals (Board or BVA) expects to receive 60,000 new appeals during fiscal year 2010. It also reflects that additional funding is sought to “reverse the trend of a growing backlog, and reduce case disposition time.”

A. What is the current backlog of appeals at the Board and what is it projected to be with funding requested for fiscal year 2011?

Response. The backlog of appeals at the Board effective March 1, 2010, is 19,464 cases. The funding requested in FY 2011 supports 557 employees on board. Assuming the current trend of the growing backlog (300 additional cases per month), the projected backlog is 21,564 cases at the beginning of fiscal year 2011 and 25,164 cases at the end of fiscal year 2011.

VA has forwarded several legislative proposals to Congress to help reduce the backlog and improve the timeliness of appeals processing as part of the draft “Veterans Benefit Program Improvement Act of 2010.” Attached are copies of Secretary Shinseki’s letters to the Speaker of the House and the Vice President transmitting the proposed legislation to Congress, together with a copy of the draft statutory language and a description of the proposals. The draft statutory language pertaining to appeals is included in Sections 202–207 of the attached draft bill. Descriptions of these proposals are included on pages 10–17 of the section-by-section analysis.



**THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON**

May 26, 2010

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am transmitting a draft bill, the "Veterans Benefit Programs Improvement Act of 2010." I request that this draft bill be referred to the appropriate committee for prompt consideration and enactment. The draft bill would make beneficial changes to enhance the efficiency and fairness of several Department of Veterans Affairs (VA) programs of benefits to Veterans and their families and to improve the procedures for the timely adjudication of claims and appeals for such benefits.

Title I of the draft bill would improve VA's compensation and pension programs by, among other things, eliminating a disparity arising under a judicial decision concerning payment of special monthly pension to disabled Veterans and by clarifying and simplifying the law governing month-of-death payments to surviving spouses. Title I of the draft bill would also improve VA's process for establishing presumptions of service connection for diseases associated with exposure to herbicides or hazards of Gulf War service in two ways. First, it would ensure that VA has sufficient time to give thorough consideration to the complex issues involved in such determinations. Second, it would provide that the effective dates of awards based on a new presumption may be made commensurate with the date of the Secretary's determination that the presumption is needed rather than the date of final regulatory action. Title I would also extend existing authorities pertaining to contract compensation and pension examinations and pension payments to beneficiaries receiving Medicaid-covered nursing home care.

Title II of the draft bill would implement changes to improve the timeliness and efficiency of VA's adjudication of claims and appeals. In response to recent judicial decisions, the draft bill would reaffirm VA's authority to temporarily stay adjudications when necessary to avoid waste or delay, such as where a pending judicial precedent may significantly alter governing law in a way that would otherwise necessitate widespread remands of claims previously decided. The provisions in title II of the bill would also promote greater efficiency in appeals processing by providing for increased use of videoconferencing technology to conduct hearings before the Board of Veterans' Appeals (Board), by allowing the Board to consider in the first instance additional evidence submitted on appeal, and by modifying procedures relating to the timely filing of notices of disagreement and substantive appeals. Other provisions in titles II and VI of the draft bill would promote efficient administration of benefits by extending existing authorities for conducting data matching with other Federal entities and for maintaining a regional office in the Republic of the Philippines.

Page 2

The Honorable Nancy Pelosi

Improvements to VA's loan guaranty program under title III of the draft bill include a provision to ensure that a single-parent Veteran who returns to active duty may obtain a VA-guaranteed home loan if the Veteran's child occupies the home. The draft bill would also authorize the Secretary to allow superior liens created by public entities providing assistance in response to a major disaster, such as Hurricane Katrina, to ensure that Veterans may obtain such disaster relief, which may reduce the likelihood of foreclosures and claims against VA's loan guaranty.

Title IV of the draft bill would revise provisions relating to vocational rehabilitation and education benefits to increase the utility of incentives for employers to provide on-the-job training to veterans with service-connected disabilities, to promote greater efficiency in the approval of educational programs, and to permit extension of the delimiting date for education benefits for a beneficiary serving as the primary caregiver of a seriously injured Veteran.

The provisions of title V of the draft bill would provide Veterans Group Life Insurance participants who are insured for less than the maximum amount the opportunity to purchase additional coverage and would make permanent the current authority to extend Servicemembers' Group Life Insurance coverage for 2 years to Veterans who are totally disabled when they leave service.

Enclosed is a detailed section-by-section analysis of the provisions of this draft bill.

The Office of Management and Budget's preliminary estimate indicates that the bill would on net reduce direct spending by \$1.23 billion over Fiscal Years (FY) 2010-2015 and \$1.65 billion over FYs 2010-2020. The Statutory Pay-As-You-Go (PAYGO) Act of 2010 provides that revenue and direct spending legislation cannot, in the aggregate, increase the on-budget deficit. If such legislation increases the on-budget deficit and that increase is not offset by the end of the Congressional session, a sequestration must be ordered. This proposal would reduce direct spending and is therefore in compliance with the Statutory PAYGO Act.

The Office of Management and Budget advises that the transmittal of this draft bill is "in accord" with the President's program.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric K. Shinseki". The signature is fluid and cursive, with a large initial "E".

Eric K. Shinseki

Enclosure



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

May 26, 2010

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President of the Senate
Washington, DC 20510

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Page 2

The Honorable Joseph R. Biden, Jr.

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Eric K. Shinseki

Enclosure

111th Congress

2nd Session

A Bill

To amend title 38, United States Code, to improve and enhance the programs of compensation, pension, loan guaranty, education and vocational rehabilitation, and insurance for veterans, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Veterans Benefit Programs Improvement Act of 2010.”

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. References to title 38, United States Code.

TITLE I—COMPENSATION AND PENSION MATTERS

- Sec. 101. Clarification of eligibility of veterans 65 years of age or older for service pension for a period of war.
- Sec. 102. Month of death benefit for every surviving spouse of a veteran who died while in receipt of compensation or pension.
- Sec. 103. Time limits and effective dates for presumption determinations based on National Academy of Sciences reports on health effects of herbicide exposure and Gulf War exposures.
- Sec. 104. Extension of authority for the performance of medical disability examinations by contract physicians.
- Sec. 105. Extension of limit on pension payable to Medicaid-covered veteran without spouse or children.

TITLE II—ADJUDICATION AND APPEAL MATTERS

- Sec. 201. Staying of claims.
- Sec. 202. Modification of notice of disagreement filing period.
- Sec. 203. Substantive appeals.
- Sec. 204. Automatic waiver of agency of original jurisdiction review of new evidence.
- Sec. 205. Board to determine the most expeditious manner of providing a hearing.
- Sec. 206. Decisions of the Board.

- Sec. 207. Definition of prevailing party for purposes of the Equal Access to Justice Act in veterans benefits appeals.
- Sec. 208. Extension of authority to maintain regional office in the Republic of the Philippines.
- Sec. 209. Good cause extension of the period for filing a notice of appeal with the Court of Appeals for Veterans Claims.

TITLE III—LOAN GUARANTY MATTERS

- Sec. 301. Occupancy of property by dependent child of a veteran.
- Sec. 302. Covenants and liens created by public entities in response to disaster-relief assistance.
- Sec. 303. Extension of authority to pool loans.

TITLE IV—EDUCATION AND VOCATIONAL REHABILITATION MATTERS

- Sec. 401. Employer incentives to provide employment and training opportunities to vocational rehabilitation and employment program participants.
- Sec. 402. SAA program approval criteria.
- Sec. 403. Delimiting date extensions for caretakers of certain seriously injured veterans.
- Sec. 404. Technical amendment regarding references to institutions of higher learning.

TITLE V—INSURANCE MATTERS

- Sec. 501. Permitting increases of Veterans' Group Life Insurance coverage.
- Sec. 502. Indefinite retention of two-year total disability extension of Servicemembers' Group Life Insurance.

TITLE VI—OTHER MATTERS

- Sec. 601. Expanded eligibility for presidential memorial certificates.
- Sec. 602. Extension of authority to carry out income verification.
- Sec. 603. Extension of authority to use data provided by the U.S. Department of Health and Human Services for the purpose of adjusting VA benefits.

SEC. 2. REFERENCES TO TITLE 38, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—COMPENSATION AND PENSION MATTERS

SEC. 101. CLARIFICATION OF ELIGIBILITY OF VETERANS 65 YEARS OF AGE OR OLDER FOR SERVICE PENSION FOR A PERIOD OF WAR.

- Section 1513 of title 38, United States Code, is amended—
- (1) in subsection (a), by striking “by section 1521” and all that follows and inserting “by subsection (b), (c), (f)(1), (f)(5), or (g) of that section, as applicable, and as increased from time to time under section 5312 of this title.”;
 - (2) by redesignating subsection (b) as subsection (c); and
 - (3) by inserting after subsection (a) the following new subsection (b):

“(b) The conditions in subsections (h) and (i) of section 1521 of this title shall apply to determinations of income and maximum payments of pension for purposes of this section.”.

SEC. 102. MONTH OF DEATH BENEFIT FOR EVERY SURVIVING SPOUSE OF A VETERAN WHO DIED WHILE IN RECEIPT OF COMPENSATION OR PENSION.

(a) SURVIVING SPOUSE’S BENEFIT FOR THE MONTH OF THE VETERAN’S DEATH.—Subsections (a) and (b) of section 5310 are amended to read as follows:

“(a) The surviving spouse of a veteran who, at the time of the veteran’s death, was in receipt of compensation or pension under chapter 11 or 15 of this title is entitled to a benefit for the month in which the veteran died in the amount the veteran would have received for that month had the veteran not died.

“(b) If a claim for entitlement to additional compensation under chapter 11 of this title or for additional pension under chapter 15 of this title was pending at the time of the veteran’s death and the check or other payment issued to the veteran’s surviving spouse under subsection (a) is less than the amount of the benefit the veteran was entitled to for the month of the veteran’s death pursuant to the adjudication of the pending claim, the difference between the amount to which the veteran was entitled and the amount that was paid to the surviving spouse shall be treated in the same manner as an accrued benefit under section 5121 of this title.”.

(b) MONTH OF DEATH BENEFIT EXEMPT FROM DELAYED COMMENCEMENT OF PAYMENT.—Section 5111(c)(1) is amended to read as follows:

“(c)(1) This section shall not apply to payments made pursuant to section 5310 of this title.”.

(c) APPLICABILITY DATE.—The amendments made by this section shall apply with respect to the death of a veteran on or after the date of enactment of this Act.

SEC. 103. TIME LIMITS AND EFFECTIVE DATES FOR PRESUMPTION DETERMINATIONS BASED ON NATIONAL ACADEMY OF SCIENCES REPORTS ON HEALTH EFFECTS OF HERBICIDE EXPOSURE AND GULF WAR EXPOSURES.

(a) DETERMINATIONS CONCERNING HERBICIDE EXPOSURE.—Section 1116(c) of title 38, United States Code, is amended—

(1) In paragraph (1)(A)—

(a) by striking "60 days after the date" and inserting "120 days after the date"; and

(b) by striking "60 days after making the determination," and inserting "170 days after making the determination,";

(2) in paragraph (1)(B), by striking "60 days after making the determination," and inserting "200 days after making the determination,"; and

(3) in paragraph (2), by striking "90 days" and inserting "230 days" and by striking "on the date of issuance" and inserting "retroactive to the date on

which the Secretary's determination under paragraph (1)(A) of this subsection was required to be made".

(b) DETERMINATIONS CONCERNING GULF WAR EXPOSURES.—Section 1118(c) of title 38, United States Code, is amended—

(1) in paragraph (1), by striking "60 days" and inserting "120 days";

(2) in paragraph (2), by striking "60 days" and inserting "170 days".

(3) in paragraph (3)(A), by striking "60 days" and inserting "200 days";

and,

(4) in paragraph (4), by striking "90 days" and inserting "230 days", and by striking "on the date of issuance" and inserting "retroactive to the date on which the Secretary's determination under paragraph (1) of this subsection was required to be made".

(c) REPEAL OF REPORTING REQUIREMENT.—Section 101(i) of the Veterans Programs Enhancement Act of 1998 (Pub. L. No. 105-368, 112 Stat. 3315) is repealed.

SEC. 104. EXTENSION OF AUTHORITY FOR THE PERFORMANCE OF MEDICAL DISABILITY EXAMINATIONS BY CONTRACT PHYSICIANS.

Section 704(c) of the Veterans Benefits Act of 2003 (Public Law 108-183; 117 Stat. 2651; 38 U.S.C. 5101 note), as amended by section 105 of the Veterans' Benefits Improvement Act of 2008 (Public Law 110-389; 122 Stat. 4145), is amended by striking "December 31, 2010" and inserting "December 31, 2012".

SEC. 105. EXTENSION OF LIMIT ON PENSION PAYABLE TO MEDICAID-COVERED VETERAN WITHOUT SPOUSE OR CHILDREN.

Section 5503(d)(7) is amended by striking "September 30, 2011" and inserting "September 30, 2016".

TITLE II—ADJUDICATION AND APPEAL MATTERS

SEC. 201. STAYING OF CLAIMS.

(a) AUTHORITY TO STAY CLAIMS ADJUDICATIONS.—Chapter 5 is amended by inserting before section 502 the following new section:

"§ 501A. Staying of claims

"(a) Notwithstanding any other provision of this title, the Secretary may temporarily stay the adjudication of a claim or claims before the Board of Veterans' Appeals or an agency of original jurisdiction when the Secretary determines that the stay is necessary to preserve the integrity of a program administered under this title.

"(b) The Secretary shall prescribe regulations describing the factors the Secretary will consider in determining whether and to what extent a stay is warranted.

"(c) A claimant whose claim is stayed due to an action of the Secretary under a regulation prescribed in accordance with this section may petition for review of such

action by the United States Court of Appeals for Veterans Claims, which may set aside such action if it determines that the action constitutes an abuse of discretion.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 5 is amended by inserting after the item relating to section 501 the following new item: “501A. Staying of claims.”.

(c) BOARD OF VETERANS’ APPEALS DOCKET.—Section 7107(a)(1) is amended by inserting before the period at the end the following: “, but the Board may consider and decide a particular case before another case with an earlier docket number if the earlier case has been stayed, or if a decision on the earlier numbered case has been delayed for any reason and the later numbered case is fully developed and ready for decision”.

(d) APPLICABILITY DATE.—The amendments made by this section shall apply to—

(1) any claim for benefits under any law administered by the Secretary of Veterans Affairs that is received by the Department of Veterans Affairs on or after the date of enactment of this Act; and

(2) any claim for such benefits that was pending before the Department of Veterans Affairs on the date of enactment of this Act or that was remanded by a court to the Department on or after that date.

SEC. 202. MODIFICATION OF NOTICE OF DISAGREEMENT FILING PERIOD.

(a) PERIOD FOR FILING NOTICE OF DISAGREEMENT.—Subsection (b)(1) of section 7105 is amended—

(1) by striking “one year” and inserting in its place “180 days” in the first sentence; and

(2) by striking “one-year” and inserting in its place “180-day” in the third sentence.

(b) FILING PERIOD FOR SEEKING ADMINISTRATIVE REVIEW.—Section 7106 is amended by striking “one-year” and inserting in its place “180-day” in the first sentence.

SEC. 203. SUBSTANTIVE APPEAL.

Section 7105 is amended—

(1) in subsection (d)—

(A) in paragraph (3), by striking “The claimant will be afforded” and all that follows through the end of the paragraph; and

(B) by striking paragraphs (4) and (5); and

(2) by adding at the end the following new subsection:

“(e)(1) In order to complete the appeal, the claimant must file a substantive appeal within sixty days from the date the statement of the case is mailed. This period may be extended for a reasonable period, not to exceed sixty days, for good cause shown on a request submitted in writing prior to the expiration of the initial sixty-day period. The substantive appeal shall identify the particular determination or determinations being appealed and allege specific errors of fact or law made by the agency of original jurisdiction in each

determination being appealed. The claimant may not be presumed to agree with any statement of fact contained in the statement of the case to which the claimant does not specifically express disagreement.

"(2) If the claimant does not file an adequate substantive appeal in accordance with this chapter within the prescribed period, the agency of original jurisdiction shall dismiss the appeal and shall notify the claimant of the dismissal, including an explanation of the procedure for obtaining review of the dismissal by the Board of Veterans' Appeals.

"(3) In order to obtain review by the Board of Veterans' Appeals of a dismissal of an appeal by the agency of original jurisdiction, the claimant shall file a request for such review with the Board within sixty days after the date on which notice of the dismissal is mailed pursuant to paragraph (e)(2) of this section.

"(4) If the claimant does not file a request for review by the Board of Veterans' Appeals in accordance with paragraph (e)(3) of this section within the prescribed period or if such a request is timely filed and the Board affirms the dismissal of the appeal, the determination of the agency of original jurisdiction regarding the claim for benefits under this title shall become final and the claim may not thereafter be reopened or allowed, except as may otherwise be provided by regulations not inconsistent with this title.

"(5) If an appeal is not dismissed by the agency of original jurisdiction, the Board of Veterans' Appeals may nonetheless dismiss any appeal which is untimely or fails to allege specific error of fact or law in the determination being appealed."

SEC. 204. AUTOMATIC WAIVER OF AGENCY OF ORIGINAL JURISDICTION REVIEW OF NEW EVIDENCE.

Section 7105 amended by adding at the end the following new subsection:

"(f) If, either at the time or after the agency of original jurisdiction receives the substantive appeal, the claimant or the claimant's representative submits evidence to either the agency of original jurisdiction or the Board of Veterans' Appeals for consideration in connection with the issue or issues with which disagreement has been expressed, such evidence will be subject to initial review by the Board of Veterans' Appeals unless the claimant or the claimant's representative, if any, requests in writing that the agency of original jurisdiction initially review such evidence. Such request for review must accompany the submission of the evidence."

SEC. 205. BOARD TO DETERMINE THE MOST EXPEDITIOUS MANNER OF PROVIDING A HEARING.

(a) IN GENERAL.—Subsection (d)(1) of section 7107 is amended to read as follows"

"(d)(1) Upon request for a hearing, the Board will determine, for purposes of scheduling the hearing for the earliest possible date, whether a hearing before

the Board will be held at its principal location or at a facility of the Department or other appropriate Federal facility located within the area served by a regional office of the Department. The Board will also determine whether to provide a hearing through the use of the facilities and equipment described in subsection (e)(1) or by the appellant personally appearing before a Board member or panel. The Board's decision as to the location and type of hearing is final, unless the appellant can demonstrate, on motion, good cause or special circumstances warranting a different location or type of hearing."

(b) CONFORMING AMENDMENT.—Section 7107(e)(2) is amended by striking the last sentence.

SEC. 206. DECISIONS OF THE BOARD.

(a) FORM OF DECISION.—Subsection (d) of section 7104 is amended by inserting "be in writing and" immediately after "Each decision of the Board shall".

(b) RATIONALE IN DECISIONS.—Subsection (d)(1) of section 7104 is amended to read as follows:

"(1) a plausible statement of the reasons for the Board's ultimate findings of fact and conclusions of law; and".

SEC. 207. DEFINITION OF PREVAILING PARTY FOR PURPOSES OF THE EQUAL ACCESS TO JUSTICE ACT IN VETERANS BENEFITS APPEALS.

Section 2412(d)(2)(H) of title 28, United States Code, is amended —

(1) by inserting "(i)" after the first comma; and

(2) by inserting before the semicolon "; or, (ii) in the case of an appeal before the United States Court of Appeals for Veterans Claims, means a party who, as a result of the court's final disposition of the appeal, or as a result of a final disposition by the Secretary of Veterans Affairs on remand from the court with respect to the remanded matter, is awarded a monetary or other benefit, to include a status making the party eligible for a benefit, under the laws administered by the Secretary. Both the court and the Secretary have authority to prescribe all rules and regulations which are necessary or appropriate to implement the definition in this clause, to include the court's retention of jurisdiction over remands involving agency error for the limited purpose of awarding fees and expenses when a court remand leads to an award of benefits on remand".

SEC. 208. EXTENSION OF AUTHORITY TO MAINTAIN REGIONAL OFFICE IN THE REPUBLIC OF THE PHILIPPINES.

Section 315(b) is amended by striking "December 31, 2010" and inserting "December 31, 2015".

SEC. 209. GOOD CAUSE EXTENSION OF THE PERIOD FOR FILING A NOTICE OF APPEAL WITH THE COURT OF APPEALS FOR VETERANS CLAIMS.

(a) IN GENERAL.—Section 7266 of title 38, United States Code, is amended—

(1) in subsection (d), by striking “subsection (c)(2)” and inserting “subsection (d)(2)”;

(2) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(3) by inserting after subsection (a) the following new subsection (b):

“(b) The Court may, upon motion filed with the Court not later than 120 days after expiration of the original 120-day appeal period prescribed under subsection (a), extend the time to file a notice of appeal for a period not to exceed 120 days from the expiration of the original 120-day appeal period upon a showing of good cause. If a motion for extension is filed after expiration of the original 120-day appeal period, the notice of appeal must be filed concurrent with or prior to the filing of the motion. The Court’s decision on the motion for extension or any issue concerning the motion shall be final and not subject to review by any other Court.”

(b) EFFECTIVE AND APPLICABILITY DATES.—

(1) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) The amendments made by subsection (a) shall apply with respect to cases in which a final decision by the Board of Veterans’ Appeals is issued on or after the date of the enactment of this Act and to any other cases in which the 120-day period for filing a motion for extension following the original 120-day appeal period has not expired on the date of the enactment of this Act.

TITLE III—LOAN GUARANTY MATTERS

SEC. 301. OCCUPANCY OF PROPERTY BY DEPENDENT CHILD OF A VETERAN.

Section 3704(c)(2) is amended to read as follows:

“(2) In any case in which a veteran is in active duty status as a member of the Armed Forces and is unable to occupy a property because of such status, the occupancy requirements of this chapter shall be considered to be satisfied if—

“(A) the veteran’s spouse occupies or intends to occupy the property as a home, and the spouse makes the certification required by paragraph (1) of this subsection; or

“(B) the veteran’s dependent child occupies or will occupy the property as a home, and the veteran’s attorney-in-fact or a legal guardian of the veteran’s dependent child makes the certification required by paragraph (1) of this subsection.”.

SEC. 302. COVENANTS AND LIENS CREATED BY PUBLIC ENTITIES IN RESPONSE TO DISASTER-RELIEF ASSISTANCE.

Section 3703(d)(3) is amended to read as follows:

“(3) Any real estate housing loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan is so secured, the Secretary may either disregard or allow for subordination to a superior lien created by a duly recorded covenant running with the realty in favor of--

“(A) a public entity that has provided or will provide assistance in response to a major disaster as determined by the President under the Disaster Relief and Emergency Assistance Act (42 U.S.C. §§ 5121, et seq.); or

“(B) a private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services, or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Secretary determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant. In respect to any such superior lien created after June 6, 1969, the Secretary's determination must have been made prior to the recordation of the covenant.”.

SEC. 303. EXTENSION OF AUTHORITY TO POOL LOANS.

Section 3720(h)(2) is amended by striking “2011” and inserting “2013”.

**TITLE IV—EDUCATION AND VOCATIONAL
REHABILITATION MATTERS**

**SEC. 401. EMPLOYER INCENTIVES TO PROVIDE EMPLOYMENT AND
TRAINING OPPORTUNITIES TO VOCATIONAL
REHABILITATION AND EMPLOYMENT PROGRAM
PARTICIPANTS.**

Section 3116(b)(1) is amended by striking “who have been rehabilitated to the point of employability” and inserting “who are participating in a vocational rehabilitation program under this chapter”.

SEC. 402. SAA PROGRAM APPROVAL CRITERIA.

(a) Section 3671(b)(2) is amended by striking “In” and inserting “Except as otherwise provided in this chapter, in”.

(b) Section 3672 is amended—

(1) In subsection (b), by inserting “(1)” after “(b)”; and

(2) By inserting at the end the following new subparagraph:

“(2)(A) Subject to sections 3034(d)(3), 3675 (b)(1) and (b)(2), 3680A, 3684, and 3696 of this title, the following programs are deemed to be approved:

“(i) Accredited standard college degree programs offered at public and not-for-profit proprietary educational institutions that are accredited by agencies or associations recognized for that purpose by the Secretary of Education;

“(ii) Federal Aviation Administration approved flight training courses offered by a certified pilot school that possesses a valid Federal Aviation Administration pilot school certificate; and

“(iii) Apprenticeship programs registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship (OA) or a State Apprenticeship Agency recognized by OA, pursuant to the National Apprenticeship Act (29 U.S.C. 50).

“(B) Subject to section 3684 of this title, any program leading to a secondary school diploma offered by a secondary school approved in the State in which it is operating is deemed to be approved.

“(C) Subject to section 3675(b)(1) of this title, any licensure test offered by a Federal, State, or Local government is deemed to be approved.”.

(c) Section 3673 is amended by adding at the end the following new subsection:

“(d) **Compliance and oversight authority.**--The Secretary may utilize the services of the State approving agency for such compliance and oversight purposes as the Secretary determines appropriate regardless of whether the Secretary or the particular agency approved the courses offered in its State.”.

(d)(1) Section 3675(a)(1) is amended by striking “A State approving agency may approve the courses offered by an educational institution when—” and inserting “The Secretary or a State approving agency may approve non-degree accredited programs and accredited programs offered by proprietary for-profit educational institutions when—”.

(2) Section 3675(b)(1) is amended by inserting “the Secretary or” after “as prescribed by”.

(e) Section 3679(a) is amended—

(1) by inserting “Secretary or the” after “disapproved by the”; and

(2) by inserting “the Secretary or” after “courses disapproved by”.

(f) Section 3689(a)(1) is amended by inserting “the test is approved under 3672 of this title or” after “unless”.

(g) Section 3034(d)(3) is amended to read as follows:

“(3) the flight school courses are approved by the Federal Aviation Administration and are offered by a certified pilot school that possesses a valid FAA pilot school certificate.”.

SEC. 403. DELIMITING DATE EXTENSIONS FOR CARETAKERS OF CERTAIN SERIOUSLY INJURED VETERANS.

(a) Section 3031(d) is amended to read as follows:

“(d) In the case of an individual eligible for educational assistance under this chapter –

“(1)(A) who was prevented from pursuing such individual’s chosen program of education before the expiration of the 10-year period for the use of entitlement under this chapter otherwise applicable under section because of a physical or mental disability which was not the result of the individual’s own willful misconduct, or

“(B) who was prevented from pursuing such individual’s chosen program of education before the expiration of the 10-year period for the use of entitlement under this chapter otherwise applicable under section because he or she was acting as the primary

caretaker of a servicemember or veteran who suffered from a serious injury, not resulting from that servicemember's or veteran's own willful misconduct, that was incurred after September 10, 2010,

“(2) such 10-year period shall not run with respect to such individual during the period of time that such individual was so prevented from pursuing such program and such 10-year period will again begin running on the first day following such individual's recovery from such disability, the first day following the recovery of the servicemember or veteran for whom the individual is the servicemember's or veteran's primary caretaker from such disability, or the first day following the date upon which the individual ceases to be the servicemember's or veteran's primary caretaker, on which it is reasonably feasible, as determined under regulations which the Secretary shall prescribe, for such for such individual initiate or resume pursuit of a program of education with educational assistance under this chapter.”.

(b) Section 3512(c) is amended to read as follows:

“(c)(1) Subject to paragraph (2), notwithstanding the provisions of subsection (a) of this section, an eligible person may be afforded educational assistance beyond the age limitation applicable to such person under such subsection if (A) such person suspends pursuit of such person's program of education after having enrolled in such program within the time period applicable to such person under such subsection, (B) such person is unable to complete such program after the period of suspension and before attaining the age limitation applicable to such person under such subsection, and (C) the Secretary finds that the suspension was due to conditions beyond the control of such person; but in no event shall educational assistance be afforded such person by reason of this subsection beyond the age limitation applicable to such person under subsection (a) of this section plus a period of time equal to the period such person was required to suspend the pursuit of such person's program, or beyond such person's thirty-first birthday, whichever is earlier.

“(2) The provisions of paragraph (1) shall also apply in the case of an eligible person who was the primary caregiver of a servicemember or veteran who suffered from a serious injury, not the result of his or her own misconduct, incurred after September 10, 2010. In such a case, the termination the period of mental or physical disability referred to in that paragraph shall refer to the disability of the servicemember or veteran to whom care was being provided by the eligible person. Any period of suspension of a program of education during which such person acted in such capacity shall be considered as being due to conditions beyond the control of that person, and such person's period of eligibility shall not be subject to any age limitation.”.

(c) Section 3319(h)(5) is amended by adding at the end the following:

“The age limitation in this paragraph shall not apply to a child who was prevented from pursuing or completing his or her chosen program of education because he or she was acting as the primary caretaker of a servicemember or veteran who suffered from a serious injury, not resulting from that servicemember's or veteran's own willful misconduct, that was incurred after September 10, 2010. In such a case, the child may pursue his or her program of education for a period not to exceed the period during which he or she was the servicemembers' or veteran's primary caretaker. Such period will begin on the date the child is no longer the primary caretaker or the child is no longer prevented from pursuing his or her education.”.

SEC. 404. TECHNICAL AMENDMENT REGARDING REFERENCES TO INSTITUTIONS OF HIGHER LEARNING.

Section 3313 is amended by striking “higher education” each place it appears and inserting “higher learning”.

TITLE V—INSURANCE MATTERS

SEC. 501. PERMITTING INCREASES OF VETERANS’ GROUP LIFE INSURANCE COVERAGE.

Section 1977(a) is amended—

- (1) in paragraph (1), by striking the second sentence; and
- (2) by adding at the end the following new paragraph:

“(3) A veteran who is less than 60 years old and is insured under Veterans’ Group Life Insurance for an amount less than the maximum amount for Servicemembers’ Group Life Insurance in effect under section 1967(a)(3)(A)(i) of this title may increase the amount of Veterans’ Group Life Insurance coverage by \$25,000 at the time of renewal, if any, subject to the limitation in the second sentence of paragraph (1) of this subsection.”.

SEC. 502. INDEFINITE RETENTION OF TWO-YEAR TOTAL DISABILITY EXTENSION OF SERVICEMEMBERS’ GROUP LIFE INSURANCE.

(a) MEMBERS SEPARATED OR RELEASED FROM ACTIVE DUTY OR ACTIVE DUTY FOR TRAINING.—Section 1968(a)(1)(A) is amended by striking clause (ii) and inserting:

“(ii) The date that is two years after the date of separation or release from such active duty or active duty for training, in the case of such a separation or release occurring on or after June 15, 2005.”.

(b) MEMBERS SEPARATED OR RELEASED FROM READY RESERVE.—Section 1968(a)(4) is amended by striking subparagraph (B) and inserting:

“(B) The date that is two years after the date of separation or release from such assignment, in the case of such a separation or release occurring on or after June 15, 2005.”.

TITLE VI—OTHER MATTERS

SEC. 601. EXPANDED ELIGIBILITY FOR PRESIDENTIAL MEMORIAL CERTIFICATES.

Section 112(a) is amended—

- (1) by inserting “and persons who died in the active military, naval, or air service,” after “under honorable conditions,”; and
- (2) by striking “veteran’s” and inserting “deceased individual’s”.

SEC. 602. EXTENSION OF AUTHORITY TO CARRY OUT INCOME VERIFICATION.

Section 5317 (g) is amended by striking “2011” and inserting in its place “2016.”

SEC. 603. EXTENSION OF AUTHORITY TO USE DATA PROVIDED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR THE PURPOSE OF ADJUSTING VA BENEFITS.

(a) **IN GENERAL.**—Section 5317A(d) is amended by striking “2011” and inserting in its place “2021”.

(b) **CONFORMING AMENDMENT.**—Section 453(j)(11)(G) of the Social Security Act (42 U.S.C. 653(j)(11)(G)) is amended by striking “2011” and inserting in its place “2021”.

SECTION-BY-SECTION ANALYSIS

TITLE I—COMPENSATION AND PENSION MATTERS

Sec. 101. Clarification of eligibility of Veterans 65 years of age or older for service pension for a period of war.

Section 101 would amend 38 U.S.C. § 1513 to clarify that permanent and total disability is a necessary predicate for entitlement to special monthly pension under 38 U.S.C. § 1521.

Section 1521(a) provides that the Department of Veterans Affairs (VA) must pay a pension to an eligible wartime Veteran “who is permanently and totally disabled from non-service-connected disability not the result of the Veteran’s willful misconduct.” Section 1521(e) provides for an increased pension amount, known as special monthly pension, for Veterans who, in addition to being permanently and totally disabled, have “additional disability or disabilities independently ratable at 60 per centum or more” or are permanently housebound due to a disability or disabilities. Section 207 of the Veterans Education and Benefits Expansion Act of 2001 established provisions in 38 U.S.C. § 1513(a) authorizing VA to pay to wartime Veterans aged 65 years or older pension “at the rates prescribed by section 1521 . . . and under the conditions (other than the permanent and total disability requirement) applicable to pension paid under that section.” Section 1513(b) specifies that a Veteran who would qualify for basic pension entitlement under both section 1513(a) (based on age) and section 1521 (based on disability) shall be paid only under section 1521.

In Hartness v. Nicholson, 20 Vet. App. 216 (2006), the United States Court of Appeals for Veterans Claims (Veterans Court) interpreted 38 U.S.C. §§ 1513(a) and 1521(e) to require an award of special monthly pension to a wartime Veteran if, in addition to being at least 65 years old, he or she is considered permanently housebound or possesses a minimum disability rating of 60 percent. By operation of 38 U.S.C. § 1513(b), under the court’s interpretation, elderly Veterans who are not permanently and totally disabled could receive a greater pension than elderly Veterans who are permanently and totally disabled.

For example, a Veteran who is 65 years old and has a disability rated 60 percent disabling would obtain basic pension entitlement only under section 1513(a), based on his or her age. Under the Hartness decision, the Veteran would also be entitled to special monthly pension under section 1521(e) by reason of having a disability rated 60 percent disabling. In contrast, a Veteran who is 65 years old and is also permanently and totally disabled would, under 38 U.S.C. § 1513(b), obtain basic pension entitlement only under section 1521(a), based on his or her permanent and total disability. The latter Veteran would not be entitled to special monthly pension under 38 U.S.C. § 1521 unless he or she had an “additional disability or disabilities independently ratable at 60 per centum or more,” above and beyond his permanent and total disability. Under Hartness, therefore, elderly Veterans who are not permanently and totally disabled could receive a higher pension rate than elderly Veterans who are permanently and

totally disabled. We believe that, in enacting section 1513(a) to extend basic pension entitlement to elderly wartime Veterans, Congress intended to retain the requirement in section 1521(e) that permanent and total disability is a necessary predicate for entitlement to special monthly pension.

Congress established special monthly pension to provide enhanced financial assistance to wartime Veterans who had additional expenses due to their high degree of disability, e.g., those in need of aid and attendance (see 38 U.S.C. § 1521(d)), those who are permanently housebound as a result of their serious disabilities, and those with a disability or disabilities rated 60 percent or higher in addition to a permanent and total disability. A wartime Veteran who is 65 years of age or older without a permanent and total disability will not incur the same disability-related expenses, and does not have the same need for enhanced pension, as a Veteran with a totally disabling condition and another disability rated 60 percent or higher. In other words, if a Veteran has a totally disabling condition and a second seriously disabling condition, the Veteran's living expenses are likely to increase significantly. Congress established special monthly pension precisely to offset somewhat the increased expenses. The Veterans Court's conclusion in Hartness that enactment of section 1513 authorized increased pension to every wartime Veteran age 65 or over who has a disability rated 60 percent or higher is inconsistent with the clear purpose of special monthly pension.

We estimate that enactment of section 101 would result in cost savings of \$3.2 million during FY 2011 and \$181 million over the ten-year period FY 2011-2020.

Sec. 102. Month of death benefit for every surviving spouse of a Veteran who died while in receipt of compensation or pension.

Section 102 would revise 38 U.S.C. §§ 5310 and 5111 to make clear that every surviving spouse of a Veteran who was receiving VA compensation or pension at the time the Veteran died is entitled to a benefit for the month of death in the amount of compensation or pension the Veteran would have received for that month but for his or her death. This would clarify existing law concerning the month-of-death benefit and would make the benefit easier to administer.

Pursuant to 38 U.S.C. § 5110(d), a surviving spouse's award of death compensation, dependency and indemnity compensation (DIC), or death pension may be made effective from the first day of the month of the Veteran's death in certain circumstances. Section 5310(a) of title 38, United States Code, enacted in 1962 (and then codified at 38 U.S.C. § 3010), provides that, if the surviving spouse is entitled under section 5110(d) to death compensation, DIC, or death pension for the month of the Veteran's death, the amount of the benefit for that month shall be not less than the amount of disability compensation or pension the Veteran would have received for that month but for his or her death. Section 506 of the Veterans' Benefits Improvements Act of 1996, Pub. L. No. 104-275, § 506, 110 Stat. 3322, 3343, added subsection (b) to section 5310, which provides a benefit for the month of a Veteran's death if the Veteran's surviving spouse is not entitled to death compensation, DIC, or death pension for the month of death. The benefit provided by section 5310(b) is a one-time payment

conditioned on the surviving spouse's nonentitlement to death benefits for the month of the Veteran's death. The clear purpose of the 1996 amendment was to ensure that each surviving spouse of a Veteran who was receiving compensation or pension at the time of death will be paid a benefit for the month of death, even if the surviving spouse would not otherwise be entitled to death compensation, DIC, or death pension for that month.

The statutory scheme is ambiguous, however, as applied to circumstances in which the Veteran was receiving compensation or pension at the time of death and the surviving spouse is entitled under section 5110(d) to death compensation, DIC, or death pension for the month of death in an amount greater than the amount of compensation or pension payable to the Veteran for that month. In that situation, section 5111(a) and (c) would appear to preclude payment under section 5110(d) for the month of death. The language of section 5310(b)(1) could be construed to provide that the surviving spouse is also not entitled to the month-of-death payment authorized by section 5310(b), because he or she is, in principle, "entitled to death benefits . . . for the month in which the veteran's death occurs," even though he or she is precluded from receiving those benefits. We do not believe Congress intended such a result, and we construe the statutes to permit payment of the month-of-death benefit under section 5310(b) in such circumstances. We believe the statutes should be revised to clarify this authority. Further, because the combined effect of subsections (a) and (b) is to permit payment for the month of death in all cases in an amount equal to the amount the veteran would have received for that month, we recommend revising the statute to provide a single month-of-death benefit for all surviving spouses of Veterans who were entitled to compensation or pension at the time of death. Providing for a single type of month-of-death payment would make this payment easier for VA to administer.

Section 102 would clarify these statutes and would establish a simplified scheme for month-of-death payments. It would amend section 5310 to provide that the surviving spouse of a Veteran who was in receipt of compensation or pension at the time of the Veteran's death would receive a payment for the month of death in the amount of compensation or pension the Veteran would have received for that month but for his or her death. The amendment to section 5310 would further provide that if a claim for increased compensation or pension pending at the time of the Veteran's death results in an increase in the Veteran's entitlement for the month of death, any amount not paid to the surviving spouse as a month-of-death benefit will be paid to the surviving spouse as an accrued benefit under 38 U.S.C. § 5121.

The amendment to section 5310 would also remove the provision currently in paragraph (b)(2) that provides that a check issued to a Veteran is negotiable by the surviving spouse and will be treated as payment to the spouse. Removing this provision would allow VA to request that all surviving spouses return the Veterans' checks, and then issue new checks directly to the surviving spouses to pay the month-of-death benefit. This would improve VA's ability to track month-of-death payments and would alleviate administrative issues, including, in some instances, the month-of-death benefit being paid twice. Further, this amendment would address any difficulties that

the surviving spouses are encountering when attempting to negotiate checks made out to deceased Veterans.

In addition, section 102 would amend 38 U.S.C. § 5111(c)(1) to provide that the month-of-death payments under 38 U.S.C. § 5310 are not subject to the restrictions of section 5111.

This amendment would help streamline VA's ability to automate payments through VA's electronic information system, VETSNET, without the manual processing necessary under the current statutory scheme.

There are no costs associated with this amendment, which would not result in any change in amounts currently paid to surviving spouses.

Sec. 103. Time limits and effective dates for presumption determinations based on National Academy of Sciences reports on health effects of herbicide exposure and Gulf War exposures.

Section 103 would amend 38 U.S.C. §§ 1116 and 1118 to provide extended time limits for VA action based on reports received from the Institute of Medicine of the National Academy of Sciences (IOM) concerning the health effects of herbicide exposure and Gulf War exposures. Pursuant to those statutes, when VA receives reports from the IOM concerning such health effects, VA must determine, for each health effect discussed in the report, whether a presumption of service connection is warranted by reason of a positive association between the health effect and herbicide exposure or exposure to hazards associated with Gulf War service. That determination must be made not later than 60 days after the date VA receives the IOM report. If VA finds that a presumption is warranted for any condition, the statutes require VA to publish proposed rules not later than 60 days after the date of its determination, and to publish final rules not later than 90 days after the date the proposed rules are published. Further, not later than 60 days after making its initial determination, VA must also publish a "negative notice" explaining the scientific basis for its determination that presumptions are not warranted for any other diseases discussed in the IOM report.

The current time limits afforded under sections 1116 and 1118 have proven impractical in view of the complexity of the issues, the need for thorough and fully-informed review of the evidence, and the requirements of the rule-making process. The IOM's reports routinely are several hundred pages in length, contain detailed analysis of hundreds of scientific studies, and state findings with respect to dozens of distinct health outcomes. Upon receipt of each IOM report, VA convenes a working group, including members with relevant scientific expertise, to analyze the report, to review relevant studies and data cited in the report, and to prepare analyses and recommendations to a task force of high-level VA officials, who in turn advise the Secretary of Veterans Affairs. Due to the complexity and importance of these matters and the need for full and fair consideration of the medical and legal issues they entail, VA has often been unable to meet the 60-day statutory deadline for an initial determination. We believe, based on our experience, a 120-day period for the Secretary's decision would permit adequate

time for full consideration of the IOM report by VA medical experts and legal and policy officials through the established work group and task force review process.

The drafting and issuance of proposed rules to establish new presumptions can seldom be accomplished within the current 60-day statutory time limit, due to the need to draft legally sufficient rules and explanatory material and to permit adequate time for review and coordination within VA and the Executive Branch. The same considerations apply to the issuance of final rules, which are further affected by the need to provide a period (usually 60 days) for submission of public comments and the need to analyze and respond to those comments. Finally, VA's notices explaining its decisions not to establish presumptions for certain conditions discussed in IOM reports generally are among the most complex documents VA is required to draft, due to the number of distinct conditions addressed in each IOM report and the need to discuss complex scientific evidence and concepts in a manner understandable by the public. Based on our experience in undertaking these actions over the past 17 years, we believe that time periods of 170 days to issue proposed rules, 200 days to issue negative notices, and 230 days to issue final rules would permit adequate time to draft and coordinate necessary notices, address public comments, and obtain Executive Branch clearance. The extension of the time periods is necessary to ensure that VA's determinations and actions within this process are properly based on thorough and accurate evaluation of the available scientific evidence and are fully explained to the public.

Sec. 103 would further amend 38 U.S.C. §§ 1116 and 1118 to provide that the regulatory presumptions will be given effect retroactive to the date on which the legislation requires the Secretary to make a determination. We believe this would promote greater consistency and fairness in the payment of benefits based on new presumptions and would ensure that beneficiaries are not adversely affected by delays in VA decision making or the rule-making process. The statutes currently require that new presumptions take effect on the date the final rules are issued. Under 38 U.S.C. § 5110(g), VA may not pay benefits for any period before the effective date of such new rules. The United States Court of Appeals for the Federal Circuit (Federal Circuit) has held that, under the Agent Orange Act of 1991, any delays beyond the time periods for issuing regulatory presumptions do not entitle claimants to a remedy, such as payment of benefits retroactive to the time VA should have issued the regulations. Accordingly, delays in the rule-making process may unintentionally delay the effective date of benefit awards.

We do not believe that the necessary extension of the statutory time periods governing VA action should require a corresponding delay in the effective date of awards under the new presumption. Section 103 would, in effect, provide that once VA issues a final rule establishing a new presumption it may pay benefits retroactive to the date on which the Secretary's determination was required to be made, which would be the date 120 days after the date VA received the IOM report. Providing for benefit awards to be effective from the date 120 days after VA receives an IOM report would be consistent in principle with existing law, which provides only an outer limit of 210 days for VA to issue final rules (i.e., 60 days for an initial decision, 60 days to issue proposed rules, and 90 days to issue final rules). In practice, however, section 103 would ensure

greater consistency and fairness in the effective dates of awards under all new presumptions irrespective of variations in the timing of issuance of final rules due to expected or unexpected delays in the rule-making process.

Sec. 103 would also remove the requirement in the Veterans Programs Enhancement Act of 1998 (VPEA) (Pub. L. No. 105-368, 112 Stat. 3315) that the Secretary, within 120 days of receiving an IOM report on the health effects of exposure to certain hazards of Gulf War service, and after consulting with other Federal departments and agencies, provide a report to Congress that discusses the available scientific and medical information and makes recommendations for establishing presumptions by legislation. The VPEA was enacted within three weeks of the Persian Gulf War Veterans Act of 1998 (PGWVA) (Pub. L. No. 105-277, title XVI, 112 Stat. 2681-742), which established the decision and rule-making procedures codified in 38 U.S.C. § 1118. Unlike the PGWVA, the VPEA contemplated that Congress alone would decide whether new presumptions are warranted on the basis of IOM's reports concerning Gulf War exposures. We believe that the VPEA reporting requirement is unnecessary because any actions VA recommends to Congress under the VPEA would be actions that VA would be authorized and required to take pursuant to its rule-making duties under 38 U.S.C. § 1118. The Secretary of Veterans Affairs promptly notifies Congress of his determinations made under 38 U.S.C. § 1118 and provides a thorough explanation of his determinations through the processes established in that statute. Thus, in our view, the essential purpose of the VPEA reporting requirement is accomplished through the section 1118 process.

There are no significant costs associated with this provision.

Sec. 104. Extension of authority for the performance of medical disability examinations by contract physicians.

Section 704(a) of the Veterans Benefits Act of 2003, Public Law 108-183, authorizes VA to provide for the conduct of VA compensation and pension examinations by persons other than VA employees by using appropriated funds other than mandatory funds appropriated for the payment of compensation and pension benefits. In accordance with section 704(b) of that act, VA exercises this authority pursuant to contracts with private entities. However, under section 704(c), as amended by section 105 of the Veterans' Benefits Improvement Act of 2008, Public Law 110-389, this authority will expire on December 31, 2010.

Section 104 would extend to December 31, 2012, VA's authority to contract for compensation and pension examinations. Extending this authority is essential to VA's objective of ensuring the timely adjudication of disability claims and would allow the Veterans Health Administration to focus its resources on providing needed health care to Veterans. The demand for medical disability examinations has increased, largely due to an increase in the complexity of disability claims, an increase in the number of disabilities for which Veterans claim benefits, and changes in eligibility requirements for disability benefits. Extending the authority to provide examinations to Veterans through non-VA medical providers would improve patient care and accelerate benefit delivery.

We anticipate no benefit costs or savings because this flexibility impacts only the timeliness of rating decisions. As this provision would only extend VA's current authority to effectively utilize supplemental and other discretionary appropriated funds as available for examinations, we estimate that enactment of section 104 would have no significant financial impact.

Sec. 105. Extension of limit on pension payable to Medicaid-covered Veteran without spouse or children.

Section 105 would extend through September 30, 2016, the provisions of 38 U.S.C. § 5503(d), which limit to \$90 the pension payable to certain recipients of Medicaid-covered nursing home care, and protect that pension payment from being applied to the cost of the recipient's nursing-home care. Prior to the enactment of the provisions codified in section 5503(d) pension recipients did not have their pension reduced upon entry into Medicaid-covered nursing-home care, but were required to apply their pension benefits to cover the cost of such care. Generally in situations now covered by section 5503(d), Title XIX Medicaid benefits cover the nursing care costs in excess of the protected amount (\$90) that is payable to the Veteran or surviving spouse under this provision.

Pursuant to subsection (d)(7) of section 5503, this limitation is set to expire on September 30, 2011. If this provision is allowed to expire, it would increase VA's pension expenditures, while potentially decreasing the funds available to certain Veterans and surviving spouses, who would be required to apply their pension to the cost of their nursing-home care. Without this provision, the amount that these Veterans and surviving spouses would be allowed to keep for their personal needs would vary under different state Medicaid plans, but generally would be less than the \$90 amount permitted by this provision. Further, if VA pension were to be paid to these recipients at the maximum rate permitted, the monthly payments would not be sufficient to cover the normal costs of nursing home care, but would exceed the amount an individual may receive in order to qualify for Title XIX Medicaid benefits. Allowing this provision to expire would likely result in certain Veterans and surviving spouses being unable to afford nursing care.

Benefit savings to VA associated with this provision are estimated to be \$559.4 million during the first year and \$2.9 billion for five years.

TITLE II—ADJUDICATION AND APPEAL MATTERS

Sec. 201. Staying of claims.

Section 201(a) would explicitly authorize VA to stay temporarily its adjudication of a claim pending before either a VA regional office (or other agency of original jurisdiction) or the Board of Veterans' Appeals (Board) when the stay is necessary to preserve the integrity of a program administered under title 38, United States Code.

It is widely accepted that courts and administrative adjudicative agencies generally have the authority to manage their case loads and to stay cases as necessary for proper management. When a court decision in one case is likely to significantly affect numerous other pending claims, VA historically has used the option of "staying" affected claims while pursuing an appeal of the court decision. This enables VA to avoid waste and delay associated with claim processing and awards that may prove unwarranted based on a court's decision on appeal. In addition, staying claims improves effectiveness and efficiency by ensuring consistent application of law concerning important issues.

However, the Veterans Court has curtailed VA's ability to stay claims pending the outcome of an appeal. In Ramsey v. Nicholson, 20 Vet. App. 16 (2006), the Veterans Court found that VA lacked authority to stay claims while it appealed the Veterans Court's decision in Smith v. Nicholson, 19 Vet. App. 63 (2005). Similarly, in Ribaudo v. Nicholson, 20 Vet. App. 552 (2007), the Veterans Court held that VA could not stay cases while it appealed the decision in Haas v. Nicholson, 20 Vet. App. 257 (2006). Both of these cases involved legal issues with broad and costly implications for VA programs. According to these decisions, VA must obtain permission from the Veterans Court or the Federal Circuit to stay claims, thereby placing under control of these courts VA's entire docket of claims affected by the decision on appeal.

VA believes that these Veterans Court decisions are contrary to the statutory authority of the Veterans Court, which is limited to review of final Board decisions in individual cases, and the statutory authority of the Federal Circuit, which is limited to review of final Veterans Court decisions. We believe also that these Veterans Court decisions improperly usurp VA's authority to manage its own caseload. Further, the courts are ill-positioned to evaluate the numerous administrative, fiscal, and managerial concerns beyond an individual appellant's case that necessarily factor into decisions concerning management of VA's caseload, particularly with respect to issues that broadly affect VA's claims-processing system. In addition, cases before the Board and regional offices are not properly before the Federal Circuit, and any order by the Federal Circuit regarding such claims would be entirely advisory and, thus, impermissible. Finally, VA believes it will often have difficulty obtaining the court approval for stays that VA considers necessary.

By restoring VA's authority to stay cases, this legislation would enable VA to avoid the burdens of implementing a significant court decision which will later be overturned. VA rarely initiates appeals of adverse Veterans Court decisions and exercises its right of appeal only in those significant cases in which we believe there is a substantial likelihood of reversal. In recent years, VA has prevailed in its appeals on significant issues in a number of cases, including the Smith and Haas cases referenced above, as well as Shinseki v. Sanders, 129 S. Ct. 1696 (2009), and Vazquez-Flores v. Shinseki, 580 F.3d 1270 (Fed. Cir. 2009). VA does not routinely stay cases each time it appeals, but has used the authority to stay cases sparingly, where such action was necessary to prevent significant waste or disruption in VA's adjudication process. Between 1992 and 2007, the Board issued stays on only six occasions while VA sought review of an adverse decision. In three of those cases, the adverse decision was

ultimately reversed on appeal. In three other instances, the Board issued stays while Veterans or Veterans service organizations sought review of decisions adverse to them. One of those stays was issued at the direction of the U.S. Court of Appeals for the Federal Circuit. VA anticipates that the authority to stay cases will continue to be used only in those rare instances where great administrative waste and delay would occur without the use of such authority.

Section 201(a) would also require VA to issue regulations describing the factors it will consider in determining whether and to what extent stays are warranted and would permit claimants to seek review of a stay in the Veterans Court.

Section 201(c) would clarify that the Board has the authority to decide cases out of docket-number order when a case has been stayed or when there is sufficient evidence to decide a claim but a claim with an earlier docket number is not ready for a decision.

Currently, 38 U.S.C. § 7107(a)(1) requires the Board to decide each case "in regular order according to its place upon the docket," subject to limited exceptions which do not include the staying of cases pending judicial appeals. This provision would clarify that compliance with section 7107(a)(1) does not require the Board to refrain from deciding a case unaffected by a stay simply because that case has a higher docket number than a stayed case. It would also clarify that the Board may decide a fully developed case before a not fully developed case regardless of docket number. Permitting the Board to decide cases out of docket order in these circumstances would eliminate disruption and delay of claims not governed by a stay and improve efficiency for those claims that are ready for decision.

Under section 201(d), the provisions of this section would apply to benefit claims received by VA on or after the date of enactment and to claims pending before VA on that date or remanded to VA by a court on or after that date.

The provisions in section 201 governing staying of claims and management of the Board's docket would save the benefit costs and administrative expenses associated with adjudicating claims under court decisions that are later overturned on appeal. The amount of savings cannot be predicted because the potential savings would depend upon the nature of the court decisions at issue, the extent to which those decisions compel payments or other expenses, and the number of claims affected.

However, past examples such as the Haas case illustrate the significant costs that the draft bill could avoid. In Haas, VA argued that the presumption of service connection for disabilities related to Agent Orange applied only to Veterans who served within the land boundaries of Vietnam. Rejecting this interpretation, the Veterans Court made the presumption of herbicide exposure potentially applicable to Veterans who received the Vietnam Service Medal or who served in the waters off the shores of Vietnam. VA appealed the Veterans Court decision to the Federal Circuit and stayed all claims involving the presumption pending at the Board and regional offices. However, the Veterans Court invalidated the stay and required VA to submit a motion for stay in

order to stay, the affected claims. Accordingly, VA filed a motion for stay, and the Veterans Court granted the motion.

Nearly two years after the Veterans Court decision, the Federal Circuit overturned the Veteran Court's interpretation. Without the stay implemented in Haas, VA estimated that the Veterans Court decision in that case would have resulted in approximately \$22.9 million in administrative costs in the initial year of implementation and approximately \$2.1 billion in benefit costs in the first year VA granted claims. These numbers were calculated based upon an anticipated implementation date of October 2007. The Federal Circuit issued its decision in May 2008, approximately eight months after the assumed October 2007 implementation date. Although the year-one cost estimates do not track the implementation time frame exactly, they do reasonably illustrate the potential financial burdens VA might face without the authority to issue stays. In fact, given the approximately two-year time span between the Veterans Court decision and the Federal Circuit decision on appeal, VA could have incurred costs equal to or in excess of these cost estimates, depending upon when and how implementation of the Veterans Court decision in Haas would have taken place.

Sec. 202. Modification of notice of disagreement filing period.

Section 202 of the draft bill would amend section 7105(b)(1) to require persons seeking appellate review of a VA decision to file a notice of disagreement (NOD) within 180 days from the date VA mails such decision.

Currently, persons challenging a decision of a VA agency of original jurisdiction (AOJ) have one year from the date the AOJ mails the decision to initiate an appeal to the Board by filing a NOD. This provision would reduce the time period for initiating appellate review from one year to 180 days and bring the appeal filing period more in line with that of Federal district courts and the Social Security Administration, which allows for appeals within 60 days of the initial agency decision.

The intent of this provision is to allow VA to more quickly resolve claims and appeals. Currently, VA must wait one year to determine if a claimant disagrees with a decision on a claim for benefits. If a claimant waits until the end of the one-year period to file a NOD, VA is often required to re-develop the record to ensure the evidence of record is up to date. Data from the Board supports the conclusion that such late-term NOD development delays the resolution of the claim. In Fiscal Year (FY) 2008, appeals in which the Board received a NOD more than 180 days after the date the decision was mailed took, on average, 32 additional days to decide. If the period in which to file an NOD were reduced to 180 days, VA could more quickly finalize the administrative processing of claims not being appealed and focus resources on the processing of new pending claims and appeals. Accordingly, adoption of this proposal would allow VA to more actively manage cases and work towards a faster resolution of claims and appeals.

Because the majority of claimants are able to quickly determine if they are satisfied with VA's decision on their claim and because the NOD is a relatively simple document, enactment of this provision would not adversely affect claimants for VA

benefits. In FY 2008, 77 percent of the NODs filed were filed in less than 180 days. Among these cases, the average time to file a NOD was just 41 days. In addition, a NOD is an informal communication that merely requires a claimant to express disagreement with a VA decision and a desire to challenge that decision without any special wording. Taken together, the average filing time for the majority of NODs and the ease of filing a NOD demonstrate that claimants would not be adversely affected by this amendment.

This proposal has no measurable monetary costs or savings. However, VA estimates that enactment of the proposal would result in more expeditious adjudication of final decisions on appeal because VA would not have to wait one year from the date of an adverse decision to determine whether a claimant intended to file an appeal. Rather, under this proposal, VA would only have to wait 180 days for such determination and could therefore more timely process the appeal.

Sec. 203. Substantive appeals.

Section 203 would overturn Percy v. Shinseki, 23 Vet. App. 37 (2009), by making the filing of a substantive appeal within 60 days from the date of the mailing of the statement of the case a requirement for Board jurisdiction. The 60-day period in which to submit a substantive appeal could be extended for up to 60 days for good cause if a claimant submits a written request for extension prior to expiration of the initial 60-day period. A claimant would have 60 days from the date on which the agency of original jurisdiction provides notice that the appeal has been dismissed to request Board review of the dismissal. If the claimant does not file a request for review by the Board or if such a request is timely filed and the Board affirms the dismissal of the appeal, the determination of the agency of original jurisdiction regarding the claim for benefits under this title would become final and the claim could not thereafter be reopened or allowed, except as otherwise provided by regulations not inconsistent with this title. Section 203 would also clarify that, if an appeal is not dismissed by the agency of original jurisdiction, the Board would nonetheless be able to dismiss any appeal which is untimely or fails to allege specific error of fact or law in the determination being appealed.

Currently, 38 U.S.C. § 7105(a) provides that an appeal to the Board must be "initiated" by the claimant's filing of a notice of disagreement and "completed" by the claimant's filing of a substantive appeal. Section 7105(d)(3) states that claimants will be afforded a period of 60 days from the date on which VA mails the claimant a statement of the case within which to file the substantive appeal. The statute provides that the 60-day period "may be extended for a reasonable period on request for good cause shown" and that "[t]he agency of original jurisdiction may close the case for failure to respond after receipt of the statement of the case, but questions as to timeliness or adequacy of response shall be determined by the Board of Veterans' Appeals." VA's regulations provide that questions as to the timely filing and adequacy of a substantive appeal are "jurisdictional questions" affecting the Board's "jurisdictional authority to hear a particular case." 38 C.F.R. § 20.101(c).

In Percy, however, the Veterans Court concluded that the timely filing of a substantive appeal is not a jurisdictional requirement. Further, the Veterans Court concluded that, if VA does not close a case based on the failure to submit a timely substantive appeal, VA thereby waives any objection based on the lack of a timely substantive appeal and cannot thereafter close the case on that basis.

The Veterans Court relied upon the fact that section 7105(d)(3) states that the AOJ "may" close the case for failure to file a timely substantive appeal, concluding that the permissive language reflects Congress' intention that an untimely substantive appeal not foreclose the Board's exercise of jurisdiction over a matter. However, the permissive language of the statute may naturally be read to provide that the AOJ has discretion to either close the case on its own initiative or to defer to the Board to close the case, rather than providing that VA has discretion to waive the statutory filing requirement altogether. Because the substantive appeal filing requirement is a matter affecting the Board's authority to hear the appeal, Congress reasonably provided that the Board would be vested with the primary authority to determine whether the filing requirement is satisfied. Section 7105(d)(3) provides that the substantive appeal filing period may be extended for a "reasonable time on request for good cause shown." Percy creates an illogical statutory scheme whereby the filing period may be extended only for good cause shown, but the filing requirement may be completely waived for any reason, even through inadvertence.

The filing of a substantive appeal is a relatively simple task for claimants, which can be accomplished by completing a preprinted form provided by the AOJ or by submitting any other correspondence that meets the statute's requirements. The substantive appeal serves an important role in defining the issues for the Board's review. The requirement of a timely filed substantive appeal serves to determine when an AOJ decision becomes final (if a substantive appeal is not timely filed) or when an appeal to the Board is "complete" (if the substantive appeal is timely filed) such that the AOJ's review is finished and the Board's review begins. The holding in Percy, that the filing requirement may be implicitly waived by VA's action or inaction, will create uncertainty as to the finality of decisions and as to the transfer of cases from the AOJ to the Board.

Section 203 would promote effective and efficient management of the VA appeals process by limiting the Board's jurisdiction to timely appeals in which the claimant adequately identifies alleged errors by the AOJ. Section 203 would also clearly delineate when a decision by the AOJ becomes final, thereby eliminating confusion if a subsequent claim is filed. Section 203 would protect claimants' rights by permitting extension of the filing period when a claimant, for good cause, is unable to meet the statutory time limit and by clarifying the procedures for obtaining review of an action by the AOJ closing the case.

We anticipate enactment of section 203 would have no measurable monetary costs or savings.

Sec. 204. Automatic waiver of agency of original jurisdiction review of new evidence.

Section 204 would amend section 7105 to incorporate an automatic waiver of the right to initial consideration of certain evidence by the AOJ. The evidence that would be subject to the waiver is evidence that the claimant or his or her representative submits to VA concurrently with or after filing the substantive appeal. Such evidence would be subject to initial consideration by the Board unless the appellant or his or her representative requests in writing that the AOJ initially consider the evidence. Such request would be required to be submitted with the evidence.

Current law precludes the Board's initial consideration of evidence submitted in connection with a claim, unless the claimant waives the right to initial consideration by the AOJ. Evidence must first be considered by the AOJ in order to preserve a claimant's statutory right under 38 U.S.C. § 7104 to one review on appeal, which the Board provides on behalf of the Secretary. The requirement that the AOJ initially consider all evidence, unless the claimant waives the right, frequently delays the final adjudication of claims because claimants often submit additional evidence after perfecting their appeals to the Board by filing a substantive appeal. Under current procedures, each time a claimant, after filing a substantive appeal, submits more evidence without waiving the right to initial AOJ consideration, the AOJ must review the evidence submitted and issue a supplemental statement of the case that addresses it. If a claimant submits relevant evidence to the Board without waiving the right to initial AOJ consideration, the Board must remand the claim to the AOJ for initial consideration and preparation of a supplemental statement of the case. The proposed amendment would not deprive claimants of the right to initial consideration by the AOJ. It would permit claimants to obtain initial consideration by the AOJ by requesting such review in writing.

The establishment of an automatic waiver would necessarily improve the timeliness of processing appeals as a whole. Because the Board bases its decisions on a *de novo* review of all the evidence of record, many more appeals could be more quickly transferred to the Board following the receipt of a substantive appeal. The AOJs would spend less time responding to appellants who submit additional evidence following the filing of a substantive appeal, and the Board would avoid time-consuming remands in a case when the appellant submits evidence directly to the Board. By presuming a waiver of AOJ review of new evidence, the Board would be able to adjudicate claims without the delay of a remand, thereby getting final decisions to Veterans quicker and reducing the increased appellate workload caused by the reworking of remanded claims.

We anticipate that enactment of section 204 would have no measurable monetary costs or savings. The potential benefits that would result from enactment of the proposal include expedited adjudication of claims on appeal and a reduction in the time spent processing appeals, both at the AOJ and Board, allowing more time for deciding new claims.

Sec. 205. Board to determine the most expeditious manner of providing a hearing.

Section 205 would allow the Board to determine the most expeditious location for and type of hearing (i.e. an in-person hearing or a video conference hearing) to afford an appellant, unless the appellant demonstrates good cause or special circumstances to warrant another location or type of hearing.

The proposed legislation would allow the Board wider use of video conferencing capabilities in conducting hearings. The potential benefits that would result from enactment of the proposal include serving more Veterans, reducing the waiting time for a hearing on appeal, and increased productivity by the Board in issuing final decisions on appeal. The Board would have greater flexibility over time management because video hearings would be conducted more efficiently from the Board's offices in Washington. The Board would not lose time in the field due to appellants failing to attend scheduled hearings. There is no statistical difference in the allowance rate of appeals in which hearings are held in the field compared to video conference hearings. Appellants have the same opportunity to interact with a Veterans Law Judge during a video conference hearing as they do during an in-person hearing that is held in Washington or in the field. By creating a good cause or special circumstances exception, any genuine objection to the video conference format will likely be resolved in the appellant's favor.

We anticipate that enactment of section 205 would have no measurable monetary costs or savings. Estimating the number of additional video conference hearings or the drop in travel board hearings is difficult; however, we would expect a significant reduction in the Board's travel expenses.

Sec. 206. Decisions of the Board.

Section 206 would amend section 7104(d)(1) to require each decision of the Board to include "a plausible statement of the reasons for the Board's ultimate findings of fact and conclusions of law."

Currently, section 7104(d)(1) requires the Board to include in its decisions a written statement of its findings and conclusions "and the reasons or bases for those findings and conclusions, on all material issues of fact and law presented on the record." Despite the Board's greatly expanded discussion of the reasons or bases in its decisions in order to facilitate judicial review, more than half of the claims appealed to the Veterans Court result in a remand back to the Board based on the Veterans Court's finding of an inadequate statement of "reasons or bases." While some of these remands are necessary, in many instances the Veterans Court remands the case for an additional explanation as to matters that are not essential to the final factual or legal conclusions already reached by the Board or matters as to which the Board's views reasonably may be discerned from its decision. The net result of these "reasons or bases" remands from the Veterans Court is that many appellants are deprived of a timely and final adjudication of their claims without any discernible benefit flowing to the

appellant as a result of the delay. Section 206 would reduce these remands by clarifying that the Board's decision need not specifically address every aspect of factual or legal matters having some bearing upon the Board's decision.

In view of the large volume of evidence that may be contained in VA claims files and the wide range of arguments a claimant may seek to raise before the Veterans Court, it often is not feasible for the Board to state specific findings on every issue that may in some way affect, or that a claimant believes may affect, the Board's decision. In Newhouse v. Nicholson, 497 F.3d 1298, 1302 (Fed. Cir. 2007), the Federal Circuit held that section 7104(d)(1) does not require the Board to discuss each item of evidence that arguably affects its decision. The Veterans Court has held that section 7104(d)(1) requires a statement that is adequate to enable the claimant to understand the basis for the decision and to facilitate appellate review. See Allday v. Brown, 7 Vet. App. 517, 527 (1995). However, the high rate of "reasons or bases" remands indicates that, in practice, the Veterans Court has applied section 7104(d)(1) much more stringently, resulting in unnecessary and time-consuming remands of appeals that reasonably may be decided on their merits.

As the Veterans Court's mandate is to consider whether the Board's factual findings are clearly erroneous in light of the entire record, as opposed to functioning as a fact finder itself, the statutory "reasons or bases" requirement should not serve as a basis for the Veterans Court to remand whenever it believes the Board could have better explained its views regarding the weight or credibility of a particular item of evidence. Rather, remand for clarification is appropriate in circumstances in which the Board's decision is so lacking in explanation that the Veterans Court cannot reasonably discern the rationale on which the Board based its ultimate finding of fact and conclusion of law and therefore cannot fulfill its duty to review those findings under the applicable standard of appellate review. Absent a clear need for such clarification, a "reasons or bases" remand ordinarily delays resolution of the claim without any significant corresponding benefit to claimants. The clarification of the reasons or bases requirement by section 206 would restore balance to the appellate review process and allow the Board to issue more final decisions. The requirement for a "plausible" statement of the reasons for the Board's findings would be consistent with the standard governing review of factual findings in the Veterans Court and other Federal courts. See Anderson v. Bessemer City, 470 U.S. 564, 574 (1985) (holding that a finding is not "clearly erroneous" if the factfinder provides an "account of the evidence [that] is plausible in light of the record viewed in its entirety."); Gilbert v. Derwinski, 1 Vet. App. 49, 52 (1990) (adopting the standard stated in Anderson). This revision would thus make clear that the Board's decisions supported by a plausible account of the evidence cannot be vacated or overturned simply because the reviewing court believes they could have been better explained. Under section 7104(d)(1), as amended, the Board's decision would still be more than sufficient to fully explain to the appellant and any reviewing court why the Board decided a particular case the way that it did, but without the need to address all factual determinations and legal conclusions in such a highly detailed and painstaking manner that the decision becomes confusing to a lay reader. In addition to simplifying Board decisions, this proposal would better focus the judicial review of Board decisions on whether the Board, as the expert finder of fact, reasonably

addressed the material facts presented by the record and explained its ultimate conclusions in applying the relevant law to those facts. This in turn will result in an increased number of final decisions by both the Board and the Veterans Court.

This proposal has no measurable monetary costs or savings. However, VA estimates that, if this change is implemented, Board attorneys will save approximately one hour per case when drafting a final decision because they will be able to limit the time devoted to discussion of nonessential facts and legal conclusions, and instead focus on those key facts dispositive to the decision. Given that the Board issued over 48,000 decisions in FY 2009, a savings of one hour per case would be significant and would allow for more decisions to be drafted in less time.

Sec. 207. Definition of prevailing party for purposes of the Equal Access to Justice Act in veterans benefits appeals.

The Equal Access to Justice Act (EAJA) authorizes a court to award to a "prevailing party" fees and other expenses incurred by the party in a civil action (including proceedings for judicial review of agency action) brought by or against the United States (including any agency and any official of the United States acting in his or her official capacity) in any court having jurisdiction of the action. The U.S. Supreme Court has held that, to qualify as a prevailing party under the EAJA, a party must obtain at least some relief on the merits of his or her claim pursuant to a judgment of a court. However, the Federal Circuit has extended prevailing party status to a party who obtains a court remand requiring further agency action because of alleged errors by the agency without regard to whether the further agency action results in an award of benefits, provided the court does not retain jurisdiction over the matter. This has resulted in an incentive for attorneys representing Veterans and other claimants before the Veterans Court to seek remands to VA based on allegations of administrative error without regard to whether the remand results in an award of benefits to the claimant.

Section 207 would eliminate that incentive by redefining the term "prevailing party" with respect to EAJA applications in the Veterans Court. It would define "prevailing party" to mean a party who, as a result of the court's final disposition of an appeal, or a final disposition by VA on remand from the court with respect to the remanded matter, is awarded a monetary or other benefit. It would also authorize the Veterans Court and VA to prescribe regulations necessary or appropriate to implement the definition.

The Federal Circuit's expansive interpretation of "prevailing party," disconnected from any requirement to actually obtain relief on the merits of a claim for benefits, has created a financial incentive for attorneys to obtain remands to the Board as an end in itself, rather than as a means to ultimately obtain VA benefits for a claimant. An example of such a remand is one made only for the Board to adequately state the reasons or bases for its findings and conclusions on a material issue of fact or law presented on the record. The Board may restate the reasons or bases but continue to deny the benefit sought on appeal. The Veterans Court routinely awards EAJA fees to attorneys who obtain remands on behalf of their clients even when the remand results in

no monetary or other benefit being awarded to the claimant. In FY 2008, for example, the Veterans Court granted 2,433 applications for EAJA fees and expenses and denied only 16 applications. However, during the same period, the Court reversed the Board's decision and granted benefits to claimants in only 14 cases.

Based in part on the financial incentive to obtain remands, the appellants' bar frequently seeks a court remand based on an administrative error the correction of which does not or could not ultimately result in the award of VA benefits. Even attorneys representing appellants on a *pro bono* basis have requested EAJA awards. Because this remand practice fuels the "hamster wheel" phenomenon (the cycle of appealing, remanding, and appealing again claims from the Board to the Veterans Court, from the Veterans Court to the Board, from the Board to regional offices, and back again to the Board and to the court), a legislative solution is warranted. Changing the law to permit an award of EAJA fees only if an appellant actually prevails on the merits of a claim and not merely for obtaining a remand to correct an administrative error would discourage unnecessary remands and encourage more cases to be litigated on the merits before the Veterans Court.

This proposal is intended to protect claimants from attorneys who seek to use the judicial process for pecuniary gain without directly benefiting claimants. It would eliminate the incentive for appellants' counsel to seek remands only for the purpose of obtaining an EAJA award. However, EAJA fees could still be awarded for a Veterans Court remand that ultimately results in an award of VA benefits. In addition, it would reduce the number of claims remanded to the Board and result in more timely decisions on appeal. Because attorney fees could be awarded only if a claimant prevails on a benefit claim, this proposal would also provide an incentive for attorneys to continue representing appellants after obtaining a court remand to VA, instead of abandoning them before their cases are finally resolved.

To implement this proposal, the Veterans Court would have to retain jurisdiction over remanded cases for the limited purpose of addressing EAJA applications once a final decision on the remanded matter is made by VA or, if appealed, the Veterans Court. Any resulting administrative burden to the court would be minimal because the Veterans Court is already reviewing EAJA applications. Further, because the Veterans Court is now processing appeals using an electronic record, there would be no significant burden imposed in retaining the record for subsequent review in order to decide the EAJA application.

No monetary costs are associated with this section. To the extent savings are possible based on the reduced number of EAJA awards, it is not possible to estimate the amount of savings because it would depend on the number of cases remanded by the Veterans Court resulting in an award of benefits. However, by requiring a prevailing party to actually succeed on the merits of a claim as demonstrated by an award of benefits, VA would likely spend on EAJA awards less than the \$12,695,000 it spent on such fees in FY 2008.

Sec. 208. Extension of authority to maintain regional office in the Republic of the Philippines.

Section 208 would extend through December 31, 2015, VA's authority to maintain a regional office in the Republic of the Philippines. Maintaining a regional office in the Philippines is desirable for two principal reasons. First, it is more cost effective to maintain the facility in Manila than it would be to transfer its functions and hire equivalent numbers of employees to perform those functions on the U.S. mainland. Because the VA Regional Office in the Philippines employs mostly foreign nationals who are paid at a lower rate than Government employees are in the United States, transferring that office's responsibilities to a U.S. location would result in increased payroll costs. Secondly, our ability to manage potential fraud is significantly enhanced by our presence in Manila. In an FY 2002 study of Philippine benefit payments, VA's Inspector General stated: "VA payments in the Philippines represent significant sums of money. That, coupled with extreme poverty and a general lack of economic opportunity, fosters an environment for fraudulent activity." If claims processing for VA benefits arising from Philippine service were relocated to a mainland location, the decentralization would result in less control of potential fraud. VBA would lose the expertise the Manila staff applies to these claims and would need time to develop such expertise at a mainland site. We would also lose the close and effective working relationship that has been developed with the Veterans Health Administration's Outpatient Clinic, which is essential for the corroboration of the evidentiary record. Based on these factors, the same quality of service to the beneficiaries and the U.S. Government could not be maintained if full claims processing were moved outside of the Philippines.

There are no benefit costs associated with this proposal. VA estimates that maintaining a regional office in the Philippines rather than transferring that office's functions to the nearest mainland regional office in San Diego, California, would result in savings of \$7.3 million in the first year and \$70.3 million over ten years, based on the operating costs of those regional offices.

Sec. 209. Good cause extension of the period for filing a notice of appeal with the Court of Appeals for Veterans Claims.

Section 209 would authorize the United States Court of Appeals for Veterans Claims (Veterans Court) to extend the 120-day period for appealing a decision of the Board of Veterans' Appeals to the Veterans Court under 38 U.S.C. § 7266(a) to no more than an additional 120 days based on a showing of good cause. This amendment would also bar review of the Veterans Court's decision to grant or deny a motion for extension or on any issue related to the motion, such as whether a particular document constituted a motion for extension or whether a motion for extension was filed timely with the Veterans Court.

In *Henderson v. Shinseki*, 589 F.3d 1201 (Fed. Cir. 2009) (en banc), the United States Court of Appeals for the Federal Circuit (Federal Circuit) held that the 120-day period for filing a notice of appeal to the Veterans Court set forth in 38 U.S.C. § 7266(a)

is jurisdictional and not subject to equitable tolling. However, an inflexible application of the statutory time limit for appeal may have harsh results in some extreme circumstances, e.g., if a claimant was mentally incapacitated during the entire 120-day appeal period. Also, the absence of any provision for a "good cause" extension in section 7266(a) currently creates a disparity in that 28 U.S.C. § 2107(c) expressly permits a limited "good cause" extension of the period for appealing to a Federal circuit court of appeals, whereas section 7266(a) does not allow any extension of the period for appealing to the Veterans Court. Amending section 7266(a) to permit a limited "good cause" extension of the appeal period would place veterans on equal footing with appellants in other Federal courts.

Litigants seeking to appeal district court orders must request an extension from the district court in which the notice of appeal is required to be filed, and the district court possesses the sole discretion to act on those matters, subject to limited abuse-of-discretion review by the appellate court to which the appeal is sought to be taken. In contrast, claimants seeking to appeal a VA determination to the Veterans Court must file their notice of appeal directly in that appellate court. Accordingly, the Veterans Court will be best situated to decide matters relating to motions for extension of the filing period based upon the circumstances of each case and should be vested with the authority to make those determinations.

Matters concerning the existence of good cause for the extension of the appeal filing period or the timeliness of a motion for extension necessarily turn upon the facts of each litigant's case and are therefore not reviewable under 38 U.S.C. § 7292(a) and (d), which preclude the Federal Circuit from reviewing the Veterans Court's decisions on factual matters or the application of law to the facts of a case. Notwithstanding the clear jurisdictional mandate of that statute, the Federal Circuit has at times asserted authority to review all matters pertaining to the Veterans Court's jurisdiction, irrespective of whether the particular matter presented turned only upon the facts of a particular case. See, e.g., Morris v. Principi, 239 F.3d 1292, 1294 (Fed. Cir. 2001); Maggi v. West, 202 F.3d 1370, 1379-80 (Fed. Cir. 2000). The language of this section would make clear that decisions regarding motions for good-cause extensions are factual matters outside the Federal Circuit's jurisdiction, even though such fact-based determinations affect the Veterans Court's jurisdiction in individual cases.

We estimate that enactment of section 209 would result in no significant costs or savings.

TITLE III—LOAN GUARANTY MATTERS

Sec. 301. Occupancy of property by dependent child of a Veteran.

Section 301 would amend 38 U.S.C. § 3704(c) to allow a Veteran's dependent child to satisfy the occupancy requirements of VA home loans. Currently, only a Veteran or a Veteran's spouse may satisfy the requirement, which means that a single parent on active duty may be prevented from obtaining a VA-guaranteed loan. The

proposed change would make it easier for those serving in the Armed Forces to use their VA home loan benefit.

VA estimates the costs associated with this proposal to be \$336,000 in savings during the first year, \$2.6 million in costs over five years, and \$8.9 million in costs over ten years.

Sec. 302. Covenants and liens created by public entities in response to disaster-relief assistance.

Section 302 would amend 38 U.S.C. § 3703(d) to allow the Secretary to guarantee a loan, regardless of whether such loan is subordinate to a superior lien created by a public entity that has provided or will provide assistance in response to a major disaster. VA determined this authority was necessary in the aftermath of Hurricanes Katrina and Rita, when States were developing grant assistance programs to help disaster victims.

As part of State disaster relief programs, States may opt to create covenants ensuring that grant recipients rebuild their homes in accordance with program specifications. VA does not have authority to take a second-lien position to such liens, however, and as a result, some Veterans may be in jeopardy of not being able to obtain disaster relief. Moreover, if a Veteran is unable to obtain disaster relief, the loan holder may be in a position of having to foreclose the loan and file a claim against VA's guaranty. By allowing the VA-guaranteed loan to take a subordinate position to a superior lien resulting from disaster assistance, Veterans' homes are more likely to be repaired, thereby potentially reducing the likelihood of foreclosures and guaranty claims.

This section also would eliminate an anachronism from the text of the statute. Currently, the statute requires that, with respect to any superior lien "to be created after June 6, 1969," the Secretary must have determined in advance that the interests of disregarding such a lien created by a covenant would not prejudice the interests of the Veteran borrower or the Government. Reference to June 6, 1969, in the future tense is no longer necessary.

VA has determined that there are no expected costs associated with this proposal.

Sec. 303. Extension of authority to pool loans.

Section 303 would amend 38 U.S.C. § 3720(h)(2) to extend through December 31, 2013, the Secretary's authority to issue and guarantee certificates or other securities evidencing an interest in a pool of mortgage loans. VA's current authority to guarantee certificates related to pooled mortgage loans expires December 31, 2011. Because the guarantee is what allows VA to sell the pools at a premium, VA is seeking a two-year extension of the authority.

VA estimates the incremental total subsidy savings of this proposal to be \$190 million.

TITLE IV—EDUCATION AND VOCATIONAL REHABILITATION MATTERS**Sec. 401. Employer incentives to provide employment and training opportunities to vocational rehabilitation and employment program participants.**

Section 401 would amend 38 U.S.C. § 3116(b)(1) to expand employer eligibility for incentives paid to employers who provide on-job training and employment opportunities to Veterans with service-connected disabilities. Under current law, employers are eligible for payments from VA for providing on-job training to Veterans who have been rehabilitated to the point of employability if these Veterans need further services to obtain suitable employment. This section would remove the condition that a Veteran must have been rehabilitated to the point of employability before these employer incentives may be paid, thereby creating an incentive for direct employment of Veterans.

Veterans who have been rehabilitated to the point of employability have completed a rehabilitation program under chapter 31, United States Code, which includes training or other rehabilitation services, before entering employment services. Current law authorizes incentive payments to employers to provide additional services to Veterans who have completed a rehabilitation program and need additional on-job training to help with the transition to suitable employment. However, current law does not allow employer incentives for employers who provide on-job training and employment opportunities for Veterans who have not completed a formal training program under chapter 31. We believe the proposed amendment would improve employment opportunities for Veterans who do not need an academic training program under chapter 31, but do need support to enter the job market.

The cost associated with this amendment would be insignificant because the caseload increase would be minimal. We anticipate that 10 percent of the eligible population of 301 Veterans entering employment services directly would use the special employer incentive benefit. The average cost of the employer incentive benefit would be half of the average salary of \$32,259 and we anticipate the average number of months an employer would be qualified to receive employer incentives under this program would be 6 months.

Sec. 402. SAA program approval criteria.

Section 402 would amend several sections in chapter 36 of title 38, United States Code, to expand VA's authority regarding approval of courses for the enrollment of Veterans (and other eligible persons) that are in receipt of VA-administered educational assistance programs and to better utilize the services of State approving agencies (SAAs). The amendments are intended to contribute to streamlining the administration of educational assistance benefits and improve the delivery of benefits to Veterans, reservists, and other eligible individuals.

Currently, as provided in 38 U.S.C. § 3671, each State appoints an SAA for the purpose of approving programs of education or training for Veterans (and other eligible persons) who receive education benefits from VA. VA enters into contracts with each SAA, unless a State declines to appoint an agency. In cases where a State declines to enter into a contract, VA performs the approval duties in lieu of such State.

Section 3672 of title 38 specifically provides that a Veteran or eligible person may only receive educational assistance allowances if the course is approved by the SAA as provided for under chapter 36 of title 38, United States Code. The Secretary has authority to approve courses of education offered by the Federal Government and apprenticeship programs where the training establishment is a carrier directly engaged in interstate commerce. Chapter 36 contains additional provisions for approval of accredited programs, non-accredited programs, apprenticeship training programs, other on-the-job training programs, correspondence programs and flight training programs.

A U.S. Government Accountability Office (GAO) report (GAO-07-384, March 2007) recommended that VA take action to reduce the overlap of SAA functions with functions performed by the Departments of Labor and Education in approving education and training programs. However, as previously noted, section 3672 specifically gives the SAA the authority for approval of most programs. VA believes this provision should be amended to provide VA greater authority to utilize the SAAs more effectively and to reduce any overlap. For this reason, VA proposes amendments to deem various programs and courses to be approved, under stated conditions, for enrollment of Veterans. Further, VA proposes to authorize the Secretary to utilize the SAAs for compliance and oversight as the Secretary deems appropriate regardless of whether such agencies are under contract for the approval of courses.

Finally, VA proposes to amend 38 U.S.C. § 3679 to specifically authorize disapproval of any course by the Secretary if the course does not meet the approval criteria provided under chapter 36.

VA estimates that enactment of these amendments would not result in any increased cost or savings.

Sec. 403. Delimiting date extensions for caretakers of certain seriously injured Veterans.

Section 403 would amend 38 U.S.C. §§ 3031, 3319, and 3512 to permit the extension of delimiting dates for eligible individuals who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a Veteran or Servicemember seriously injured while on active duty after September 10, 2001.

For individuals eligible for the Montgomery GI Bill-Active Duty or the Post-9/11 GI Bill, there are presently no provisions for the extension of an individual's delimiting date for any reason other than the disability of the person eligible for education benefits. In the case of a child eligible under the Survivors' and Dependents' Educational Assistance Program (DEA), provisions exist for extensions for reasons beyond the control of the claimant; however, the claimant must have interrupted a program of

education to be eligible for the extension. In the case of a spouse eligible under DEA, there is no provision to extend an individual's delimiting date except for the disability of the person eligible for education benefits.

VA believes there should be provisions in the law that allow for the extension of delimiting dates when an individual has been prevented from pursuing a training program while caring for a seriously injured Servicemember or Veteran.

VA estimates that the enactment of the proposed amendments would result in an insignificant benefits cost because it would only affect a small number of individuals. VA anticipates the majority of the delimiting date extensions would be for spouses who are eligible under the DEA program. Since most DEA spouses who are caretakers of seriously injured Servicemembers have 20 years to use their education benefits, we estimate only a small percentage would request a delimiting date extension. Although we expect minimal requests for an extension, this provision would provide the flexibility for those individuals who need additional time to complete their educational goals.

Sec. 404. Technical amendment regarding references to institutions of higher learning.

Section 404 would amend 38 U.S.C. § 3313 to substitute the term "institute of higher learning" for "institute of higher education." Title 38 of the United States Code uses the term "institution of higher learning" throughout chapter 36. For consistency, VA requests that "institution of higher education" be changed to "institution of higher learning." There would be no cost associated with this technical amendment.

TITLE V—INSURANCE MATTERS

Sec. 501. Permitting increases of Veterans' Group Life Insurance coverage.

Section 501 would provide to Veterans' Group Life Insurance (VGLI) participants who are under the age of 60 and insured for less than the current maximum authorized for Servicemembers' Group Life Insurance (SGLI) the opportunity to obtain, without underwriting (i.e., health questions), an additional \$25,000 in coverage once every 5 years at the time of renewal. Current law limits the amount of VGLI coverage a Veteran may carry to the amount of SGLI coverage that continued in force after that Veteran was separated from service.

Through inquiries and responses to surveys, VGLI participants have expressed interest in increasing their coverage. Statistics indicate that 96 percent of VGLI-insured Veterans have less than the current SGLI maximum of \$400,000 in coverage. Currently, Veterans who separated from service when the maximum SGLI coverage was considerably less than the current \$400,000 maximum have no opportunity to increase their VGLI insurance coverage. This provision would provide Veterans, including service-disabled Veterans, an opportunity to purchase additional life insurance to protect and enhance the financial security of their families.

Although there would be no cost to the Government associated with this

provision, restricting eligibility to Veterans under the age of 60 and limiting the purchase amount to \$25,000 once every 5 years would minimize the cost to the program by limiting the degree of adverse selection. The currently strong financial position of the SGLI program makes this proposal to offer additional VGLI coverage more financially feasible.

Sec. 502. Indefinite retention of two-year total disability extension of Servicemembers' Group Life Insurance.

Section 502 would eliminate the expiration date for a potential two-year extension of SGLI coverage available to servicemembers who are totally disabled when they separate from service. Under current law, if a SGLI-insured servicemember is totally disabled at the time of his or her separation from service, the member's SGLI coverage can extend, at no cost to the member, for up to two years following separation from service. However, that potential two-year extension will shorten to 18 months effective for separations from service on or after October 1, 2011. This provision would permit the potential two-year extension indefinitely.

Retaining the potential two-year extension would allow VA additional time to contact Veterans having little or no chance of obtaining commercial insurance and give them useful information to help them make informed decisions about their life insurance needs and options. It would also guarantee that those most in need will be covered by SGLI during their transition period, at no cost to them.

The SGLI premium rates charged to servicemembers would cover the cost of indefinitely retaining the potential two-year period. Because the SGLI program would assume all costs associated with this proposal, there would be no cost to the Government.

TITLE VI—OTHER MATTERS

Sec. 601. Expanded eligibility for presidential memorial certificates.

Section 601 would extend eligibility for presidential memorial certificates to the survivors of any servicemember who died in active military, naval or air service. Under current law, eligibility is limited to survivors of Veterans who were discharged under honorable conditions.

Under the statutory definition of "veteran," an individual who died in active service, including an individual killed in action, technically is not a "veteran" because the individual was not "discharged or released" from service. Therefore, under current law, the survivors of such an individual are not eligible for a presidential memorial certificate for honoring the memory of the individual. This provision would allow VA to provide a presidential memorial certificate to the next of kin, relatives, or friends of such individuals, who have made the supreme sacrifice for our Country, and express our Country's grateful recognition of the individual's service in the Armed Forces.

We estimate that this eligibility expansion would result in benefit costs of \$9,000 in the first year and \$90,000 over 10 years.

Sec. 602. Extension of authority to carry out income verification.

Section 602 would amend 38 U.S.C. § 5317 by changing the expiration date from September 30, 2011, to September 30, 2016, thereby extending for five years VA's income verification authority under that provision. Currently, section 5317 and a counterpart provision at section 6103(l)(7)(D)(viii) of the Internal Revenue Code authorize VA to verify the eligibility of recipients of, or applicants for, VA need-based benefits and services using income data from the Internal Revenue Service (IRS) and the Social Security Administration. The existing authority has been instrumental in correcting amounts of benefits payments and determining health care eligibility, copayment status, and enrollment priority assignment; however, this authority expires on September 30, 2011. Notably, there is no expiration date in the counterpart IRS provision. Expiration of this authority would cause interruption of the income verification process.

VA estimates that enactment of section 602 will result in a cost to its mandatory compensation and pension benefits programs of \$20.2 million during the first year but produce net savings of \$46.7 million over five years. Discretionary savings to VHA are estimated to be \$40.5 million in the first year and \$139.1 million over five years.

Sec. 603. Extension of authority to use data provided by the U.S. Department of Health and Human Services for the purpose of adjusting VA benefits.

Section 603 would amend Section 5317A of title 38, United States Code, and a counterpart provision in section 453(j)(11) of the Social Security Act (42 U.S.C. § 653(j)(11)), by extending the expiration date of those provisions until 2021. Currently, 38 U.S.C. § 5317A and section 453(j)(11) of the Social Security Act authorize VA to verify the eligibility of recipients of, or applicants for, certain VA need-based benefits and services, using income data from the U.S. Department of Health and Human Services. This authority expires on September 30, 2011. The existing authority is a major vehicle for ensuring program integrity; expiration of this authority would result in an increase of erroneous payments to applicants for needs-based benefits, and the under-charging of user fees.

VA estimates that enactment of Section 603 will initially result in increased benefit costs of \$2 million during 2012 and \$3.4 million through 2014, followed by a net savings of \$869,000 in 2015 and an estimated total net benefit savings of \$17 million through FY 2020.

B. During fiscal year 2011, how many appeals is the Board expected to receive and how many decisions are expected to be issued?

Response. As previously reported, the Board expects to receive 60,000 new appeals in fiscal year 2011. Assuming the Board remains staffed at 557 employees, the Board expects to issue 46,800 decisions in fiscal year 2011.

It is important to note that when the Board submitted the FY 2011 Budget in early 2009, the backlog had been decreasing over an 18 month period at what appeared to be a predictably steady rate of 350 cases per month, or 4,200 cases per year. That trend reversed unpredictably in April and May 2009, and since then the backlog has been increasing at the relatively steady rate of 300 cases per month,

or 3,600 cases per year. A potential cause for this trend is a substantial increase in staffing at the Veterans Benefits Administration (VBA), which has resulted in an increase in the number of claims adjudicated at the Regional Office level. While the appeal rate has remained stable, the larger pool of cases adjudicated in the field has resulted in a corresponding increase in the number of appeals received by the Board.

Question 2. The Board submitted several legislative proposals with the budget request.

A. What impact would these legislative proposals have on the average time it takes to resolve an appeal?

Response. The Board of Veterans' Appeals (BVA or Board) submitted the following six legislative proposals, all of which are aimed at improving timeliness in the processing of Veterans' benefits appeals: (1) reduce the time period for initiating an appeal from one year to 180 days; (2) allow initial Board consideration of evidence submitted by a claimant after a substantive appeal has been filed, rather than having to remand the case back to the agency of original jurisdiction; (3) allow the Board more flexibility in scheduling video conference hearings in order to reduce the wait time for Veterans and to minimize travel time and expenses related to conducting in-person travel board hearings; (4) amend the statute requiring the Board to provide reasons and bases for findings and conclusions of law to place more emphasis on the Board's ultimate findings of fact and conclusions of law; (5) amend the definition of "prevailing party" for purposes of establishing eligibility to receive fees under the Equal Access of Justice Act (EAJA) to protect claimants from attorneys who seek to use the judicial process for pecuniary gain without directly benefiting claimants; and, (6) amend the statute to make it clear that the filing of a substantive appeal within 60 days from the date of the mailing of the statement of the case is a requirement for Board jurisdiction over an appeal.

Collectively, the Board's legislative proposals will result in improved timeliness and efficiency of VA's adjudication of claims and appeals both at the Regional Office level and at the Board level. The Board's cycle time is currently 95 days. This means that on average, the Board is able to resolve an appeal within 95 days from the time it arrives at the Board, not counting the time that the case may be under review by a Veterans Service Organization representative. However, the Appeals Resolution Time, which is the time that it takes to resolve an appeal beginning with the filing of a Notice of Disagreement at a VA Regional Office (RO), is currently 656 days. By reducing the time period for initiating an appeal from one year to 180 days, we will see more expeditious adjudication of final decisions on appeal because data show that appeals in which a Notice of Disagreement is filed more than 180 days after an adverse decision require on average more development than earlier filed appeals, thus delaying appellate resolution for later appeals. Additionally, the establishment of an automatic waiver of new evidence received after the substantive appeal would also improve the timeliness of appeals processing as a whole because many more appeals could be more quickly transferred to the Board following the receipt of a substantive appeal, and the RO would have to spend less time responding to appellants who submit additional evidence following the filing of a substantive appeal.

The Board's proposed changes regarding hearings would allow the Board to serve more Veterans, reduce the waiting time for a hearing on appeal, and allow increased productivity by the Board in issuing final decisions on appeal. By clarifying the "reasons or bases" requirement for Board decisions, the Board will be able to issue more final decisions as the Board would not be required to address factual determinations and legal conclusions in such a highly detailed and painstaking manner that the decision becomes confusing to a lay reader but that is currently required to withstand judicial scrutiny. Changing the law to permit an award of EAJA fees only if an appellant actually prevails on the merits of a claim and not merely for obtaining a remand to correct an administrative error would discourage unnecessary remands and encourage more cases to be litigated on the merits before the Veterans Court. Because this remand practice fuels the "hamster wheel" phenomenon (the cycle of appealing, remanding, and appealing again claims from the Board to the Veterans Court, from the Veterans Court to the Board, from the Board to regional offices, and back again to the Board and to the court), this proposal would reduce the number of claims remanded to the Board and result in more timely decisions on appeal. This proposal is intended to protect claimants from attorneys who seek to use the judicial process for pecuniary gain without directly benefiting claimants. It would eliminate the incentive for appellants' counsel to seek remands only for the purpose of obtaining an EAJA award. However, this proposal does not alter the award of EAJA fees for a Veterans Court remand that ultimately results in an award of VA benefits.

Finally, by limiting the Board's jurisdiction to timely appeals in which the claimant adequately identifies alleged errors by the RO, these changes would promote effective and efficient management of the VA appeals process by clearly delineating when a decision by the RO becomes final, thereby eliminating confusion if a subsequent claim is filed.

B. Would these legislative proposals hinder the ability of veterans or their family members to prevail on their claims?

Response. No, these legislative proposals are designed to help Veterans and their families by enhancing efficiency in the appeals process. For example, VA must currently wait one year to determine if a claimant disagrees with a decision on a claim for benefits. If a claimant waits until the end of the one-year period to file a NOD, the record becomes stale. VA is often required to re-develop the record to ensure the evidence of record is up to date, and this takes more time. By reducing the appeal period from one year to 180 days, VA would be working with a more current record and the claim would not become stagnant. Additionally, because the majority of claimants are able to quickly determine if they are satisfied with VA's decision on their claim, and because the NOD is a relatively simple document for claimants to complete, enactment of this provision would not adversely affect claimants for VA benefits.

The proposed legislative amendment establishing an automatic waiver of AOJ review of new evidence received after a substantive appeal would allow appeals to move through the system much more quickly, as the AOJ would not be required to conduct a fresh review of the appellate record, and readjudicate the same claim, each time an appellant submitted new evidence following receipt of a substantive appeal. The case could instead be transferred to the Board without additional delay, where the newly-submitted evidence would be considered by the Board in its adjudication of the claim. Thus, the newly-submitted evidence would still receive consideration by the Board, but without duplicative review by the AOJ following perfection of an appeal. Under the Board's proposal, appellants would still be able to request AOJ review of the newly-submitted evidence by requesting such review in writing. Absent a request for initial AOJ review from the claimant, however, the appeal could proceed to the Board without unneeded delay.

The legislative proposal giving the Board greater flexibility in scheduling hearings would also help Veterans by ensuring that appellants are scheduled for the type of hearing (in-person or videoconference) that can be scheduled the most expeditiously. For those appellants dissatisfied with the Board's choice of hearing, the legislative proposal includes a good cause exception that allows appellants to request an alternative hearing type where there is a genuine objection to the type of hearing selected by the Board. Notably, there is no statistically significant difference in the allowance rate of appeals in which hearings were held in person versus those held via videoconference.

The Board's legislative proposal clarifying the definition of "reasons and bases" as used in 38 U.S.C. § 7104(d)(1) would still ensure that Board decisions are more than sufficient to fully explain to the appellant and any reviewing court why the Board decided a particular case the way that it did, but without the need for the Board to address all factual determinations and legal conclusions in such a highly detailed and painstaking manner that the decision becomes confusing to a lay reader. Thus, appellants would have clearer and more concise decisions, while at the same time significantly reducing the number of remands from the Veterans Court that do not translate into a grant of benefits.

The Board's EAJA proposal is intended to protect claimants from attorneys who seek to use the judicial process for pecuniary gain without directly benefiting claimants. While our proposal would still ensure that EAJA fees would potentially be available for attorneys representing Veterans before the Veterans Court, it would eliminate any undue incentive for appellants' counsel to pursue a negotiated remand, for which EAJA attorney fees are immediately paid by the government, instead of seeking a final answer from the Veterans Court as to a claim for benefits. The proposal would therefore assist Veterans by ensuring that the efforts of counsel are directed at obtaining benefits, instead of securing remands that do not ultimately result in the grant of the appeal.

Our proposal making the timely filing of a substantive appeal a jurisdictional requirement for Board review would also promote efficiency, and is consistent with the Board's longstanding Rules of Practice, which require that a substantive appeal be filed within 60 days of the statement of the case. Because the Substantive Appeal is a relatively simple document to complete, the vast majority of appellants have historically had no difficulty with filing this document in a timely manner. The proposed changes also allow for an extension to be obtained with respect to the 60-day period for filing a substantive appeal where good cause is shown, thus providing ap-

pellants with a mechanism to request additional time where there is a genuine need to extend the filing period.

Question 3. In 2009, the Board published a Veterans Law Review, which reflects that it is “published yearly by appropriated funds by authority of the Department of Veterans Affairs and the volunteer efforts of attorneys working at the Board of Veterans’ Appeals.”

A. Does the Board plan to publish a law review during fiscal years 2010 or 2011?
Response. Yes. We plan to publish one issue in each of those years.

B. If so, what is the legislative authority relied upon by the Board for using appropriated funds for this activity?

Response. The Veterans Law Review is intended to increase the professionalism of attorneys practicing in the Veterans law area, and to enhance the professional relationships between different constituencies concerned with service to Veterans and Veterans’ rights. The Veterans Law Review serves a training function for the Board’s attorneys and Veterans Law Judges and enhances career development and professionalism among the Board’s employees. The use of appropriated funds for this activity is consistent with 38 U.S.C.A. § 7101(a) as a function of the Chairman’s administrative control and supervision of the Board. Greater knowledge shared within the Veterans’ bar assists all in representing Veterans’ interests more effectively.

C. How much per year does VA anticipate spending on the operation and publication of the Veterans Law Review and how many copies are expected to be printed?

Response. The cost of publishing the first issue was approximately \$34,000 with 3000 copies printed. The cost for the second issue will be slightly higher due to increased printing costs. Copies have been distributed free of charge to Members of Congress and their staffs, senior officials within the Department, the Veterans bar, the Court of Appeals for Veterans Claims, the Court of Appeals for the Federal Circuit, the VSO community, and interested law school and court libraries.

D. How many Board employees are involved with this activity and how much time on an individual and total basis do these employees devote to this activity?

Response. Approximately 70 attorneys and Veterans Law Judges volunteer their non-duty time to edit and publish the Veterans Law Review each year. All employees involved in the publication of the Veterans Law Review are expected to meet all the expectations of their jobs at the Board including productivity and quality. All of the participants have met those goals.

E. How does this activity advance the Board’s mission to “conduct hearings and dispose of appeals properly before the Board in a timely manner”?

Response. All attorneys who participate in creating the Veterans Law Review and those reading its well-respected articles gain insight into important and developing issues and decisions that impact cases affecting Veterans. The insight gained increases awareness in the Veterans bar and will increase the quality of the arguments before the Board, the Court of Appeals for Veterans Claims, and the Court of Appeals for the Federal Circuit. The Veterans Law Review has also raised the interest in Veterans law among legal practitioners and has assisted in recruiting the best of our young attorneys to seek employment at the Department. Last, the Veterans Law Review provides the Board’s attorneys and Veterans Law Judges with additional experience in researching, editing, and writing, as well as experience with the management of a complex project. The training aspect of participation in the Veterans Law Review is of great value to the Board in accomplishing its mission.

F. How would VA respond to criticism that articles written by Board employees and published by the Board may cause these employees to prejudge claims and issues that may come before them?

Response. All attorneys are bound by their oath to follow the law and represent their clients vigorously within the constraints of the law. The Veterans Law Review assists in the process of better preparing attorneys and judges for this task by addressing complex and important issues in peer-reviewed articles, notes, and book reviews. Professional reading is a requirement of attorneys for currency in their practice in all subject matter areas, not exclusively Veterans law. All appeals that come before the Board are judged on the factual basis of that appeal, and the state of the law at the time. Since the Board’s decisions cannot be cited as precedent all of our employee know to judge each appeal on its factual and legal merits and there is no reason that writing an article will change that, just as there is no reason to think that a denial of one appeal, will cause a later Veteran’s appeal to also be denied.

Question 4. In 2009, VA began an initiative called Expedited Claims Adjudication (ECA) in order to try to speed up the processing time for some claims and appeals. In a recent report, GAO found that VA “has not yet established an evaluation plan with specific criteria and methods to help assess ECA’s impact on non-ECA claims and appeals processing and on whether ECA is worthy of expansion.”

A. How many cases are expected to be processed in fiscal years 2010 and 2011 through the ECA initiative?

Response. As of February 22, 2010, the Veterans Benefits Administration (VBA) has completed 1,311 ECA claims since the inception of the program, with 624 additional ECA claims still pending before one of the four pilot VA Regional Offices (ROs). A Substantive Appeal has been filed in a total of 41 ECA cases, and 10 ECA appeals have been certified and transferred to the Board of Veterans’ Appeals (Board). The number of appeals certified to the Board should be expected to increase as initial appeals processing is completed at the four pilot ROs.

Under governing regulations, claimants may elect ECA participation for eligible claims through December 5, 2010. See 38 CFR § 20.1500(d) (2009). While claimants may not elect ECA participation after that date, claims for which ECA participation has been elected will continue to be processed under applicable ECA rules until a final decision is issued.

B. What metrics will be used to gauge whether this initiative is successful?

Response. As recommended by the GAO’s Report, the Board is currently working with VBA to finalize an ECA evaluation plan. We will primarily be evaluating the success of the ECA by comparing the time needed to complete each stage of the claims and appeals process for ECA claims and non-ECA claims. Our comparison will focus on similar program areas (i.e. similar types of cases). In identifying benchmarks for success, special attention will be paid to weighing the processing time saved for claimants with any potential administrative burdens on VA. We are also exploring the ECA’s impact on non-ECA claims and appeals processing.

As part of these efforts, VBA currently prepares weekly reports comparing the average days to completion for ECA and non-ECA claims. As of February 22, 2010, average days to completion was 133 days for ECA claims versus 165 for non-ECA claims. These numbers are encouraging, representing an almost 20 percent faster processing time for ECA claims and coming significantly closer to VBA’s strategic target of processing rating claims in 125 days on average. More of the time savings built into the ECA occurs at the appellate level. We anticipate even greater time savings in the appeals process as opposed to the processing of initial claims.

We are also able to track the time needed to complete each stage of the appeals process for ECA appeals versus non-ECA appeals by enhancements made to the Veterans Appeals Control Locator System (VACOLS), the electronic database VA uses to track appeals. Once a Notice of Disagreement (NOD) is filed, RO personnel are able to essentially check a box in VACOLS indicating that an appeal is an ECA appeal. Since ECA appeals are specifically identified in VACOLS, we are able to run reports showing the time elapsed between each stage in the appeals process for all ECA appeals and compare it to non-ECA appeals. Time periods we are able to measure include, but are not limited to: the time between the filing of an NOD and the issuance of a Statement of the Case (SOC); the time between issuance of an SOC and receipt of a Substantive Appeal; the time between receipt of a Substantive Appeal and transfer of the appellate record to the Board; and the time between the Board’s receipt of an appeal and the issuance of a Board decision.

In addition to gathering quantitative data, we are currently soliciting qualitative feedback from RO personnel responsible for implementing the program, and from Veterans Service Organization (VSO) representatives that have shepherded claimants through the program. Such feedback will be critical in determining what parts of the pilot program worked well, and which did not. Board personnel will also be conducting site visits to each of the four participating ROs to solicit additional feedback from VSOs and RO adjudicators in the coming months.

Based on the data obtained from our ongoing evaluation, both quantitative and qualitative, the Board will make recommendations to the Secretary regarding potentially expanding the pilot or permanently incorporating successful aspects of it. The Board’s goal is to have our formal evaluation complete, and recommendations to the Secretary, before the conclusion of fiscal year 2010. GAO expressed their support for the above plan in their recent January 2010 Report, titled *Veterans’ Disability Benefits: Further Evaluation of Ongoing Initiatives Could Help Identify Effective Approaches for Improving Claims Processing* (page 27).

Question 5. According to the fiscal year 2011 budget request, the Board expects to spend \$2.9 million for Other Services during fiscal year 2010, which is over

\$960,000 higher than anticipated in the fiscal year 2010 budget request. Please provide an itemized list of how these funds are expected to be spent.

Response. The expected expenditure of Other Services for FY 2010 is as shown in the table below:

Cost Category	(\$K)
Maintenance & Repair Services	\$78
Contracts/Personal Services	\$993
Training	\$298
All Other	\$1,520
TOTAL	\$2,927

Question 6. In fiscal year 2009, there were 525 FTE at the Board and VA's fiscal year 2010 budget request included funding for 529 FTE. Now, the fiscal year 2011 budget request reflects that the Board has 552 FTE, which is explained as follows: "BVA was able to increase staffing in FY 2010 through carryover."

A. In total, how much in carryover funds would be used during fiscal year 2010 to support these additional 23 FTE?

Response. As a result of not reaching hiring targets in FY 2009, BVA was able to carryover \$4 million into FY 2010 which will allow BVA to fund an increase of FTE up to 552 in FY 2010. Because of retirements and normal turnover, we anticipate BVA will be able to carryover some funding into FY 2011 to sustain the FTE levels.

B. How many additional appeals does BVA expect to decide during fiscal year 2010 as a result of those employees?

Response. BVA anticipates that 23 employees will result in an additional 3,588 decisions.

C. What is the Board's plan with regard to these 23 FTE in subsequent years? Does the Board plan to make permanent this increase made with carryover?

Response. As of June 16, 2010, VBA has recouped approximately 13 percent of the advance payments made to ineligible individuals.

Question 7. According to the budget request, the Board expects to spend \$812,000 more in fiscal year 2010 for travel, supplies and materials, and equipment than projected in the fiscal year 2010 budget request.

A. What factors account for those increases?

Response. The Board is increasing the number of travel boards held which increases travel, supply and materials cost. We are also experiencing an increase in supply, material and equipment costs to deal with the unexpected increase in the number of cases that we are receiving. We are also coordinating and paying for an interim solution on how to store the additional cases prior to an expected move within the next 18 months.

B. Will any carryover funds be used to pay for those increases?

Response. At this time we anticipate that all carryover funds will be used to pay for salary expenses.

GENERAL COUNSEL

Question 1. For fiscal year 2011, VA has requested funding to establish two additional litigation teams in Professional Staff Group (PSG) VII, which represents VA before the U.S. Court of Appeals for Veterans Claims. VA projects that, with these additional resources, "it can bring the average active caseload of PSG VII attorneys to a number which historically equates to approximately 90% timeliness."

A. Currently, what is the average caseload handled by PSG VII attorneys?

Response. For the week ending February 19, 2010, there were 57.9 active cases per attorney, on average. An active case is defined as one in which the Secretary's dispositive pleading is yet to be filed with the Court.

B. What is the projected caseload for these attorneys if the requested level of funding is provided?

Response. We project that the caseload per attorney will average 50 or fewer active cases.

C. What would be considered an optimal caseload per attorney?

Response. Cases continue to evolve and become more complex, so there remains some uncertainty. However, based upon our current experience, we believe an opti-

mal number of cases per attorney would be in the range of 45 to 50 cases, but certainly no more than that.

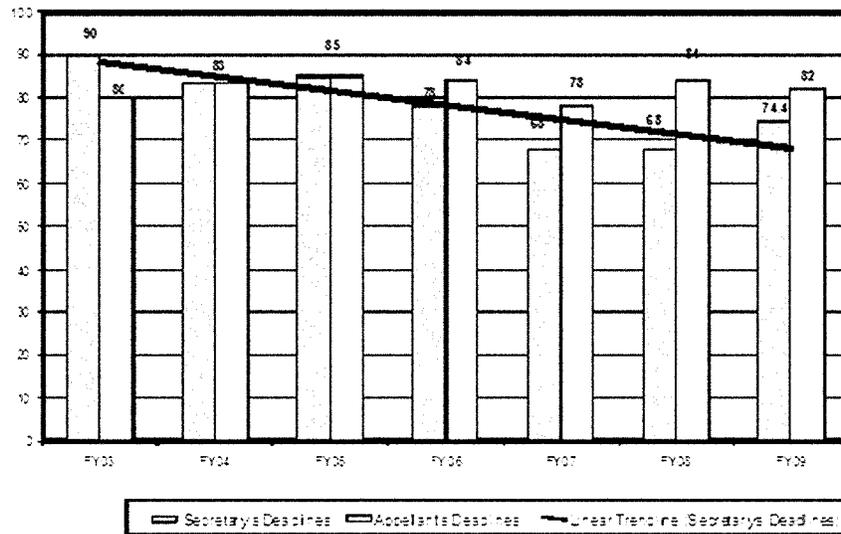
D. How many motions for extension of time did PSG VII file with the U.S. Court of Appeals for Veterans Claims during the past year, and how many additional days did cases remain pending on average as a result of those requests?

Response. PSG VII filed approximately 6,481 extension motions in FY 2009. We currently do not have a report of the average number of days that a case remained pending owing to those extension motions. However, the Court's Rules of Procedure provide that a party will not be granted more than 45 days of extension time in order to meet a deadline, except under extraordinary circumstances. Consequently, the average extension motion would have sought no more than 45 days extension time.

E. How many motions for extension of time does PSG VII project to file in fiscal year 2011 if the requested funding is provided and what would be the impact on the number of days that cases remain pending?

Response. We do not have such a projection. Extension motions, by their nature, are sought only when an unpredictable event has delayed the preparation of a particular pleading. It is inherently difficult to predict the unpredictable. However, our attorneys cannot effectively manage caseloads above 50. When forced to they must request extensions to file pleadings, delaying the resolution of veterans' cases. We are currently contributing to delays in court decisions because we are meeting our filing deadlines only 75% of the time, as compared to an 82% timeliness rate by veterans' attorneys. Two more litigation teams would allow us to file timely pleadings 90% of the time (see chart that follows).

PSG VII - Percentage of Deadlines Met



Question 2. *The Independent Budget* for Fiscal Year 2011 points out that the U.S. Court of Appeals for Veterans Claims encourages parties to resolve appeals through its mediation process, but in the view of the authors of *The Independent Budget* "VA general counsel routinely fails to admit error or agree to remand at this early stage, yet later seeks a remand."

A. What percentage of cases handled by PSG VII over the past year went through the mediation process without resolution of the appeal and later resulted in VA seeking a remand?

Response. We currently do not have a report showing that information. To put the question in context, though, we note that there are numerous reasons that a case might go through the mediation process without resolution, only later to be the subject of a remand motion once the case is briefed. For example, the governing law might change subsequent to the mediation process, such that an initially defensible case might ultimately become indefensible due to the change in law. Alternatively, the appellant might offer unpersuasive arguments for remand during

mediation, but then refine those arguments or offer additional arguments in the appellant's brief that produce a remand at a later stage. Also, there are times when an appellant will spring an argument on the Secretary's counsel during mediation that cannot be answered extemporaneously. For example, many cases involve voluminous evidentiary and procedural records, and the rule of nonprejudicial-error offers a potent defense to many alleged errors, so it would be incumbent upon the Secretary's counsel in these circumstances to defer at the mediation stage in order to review the factual record in detail and determine the merits of appellant's argument. Finally, there are times when an appellant will demand concessions or relief that the Secretary's counsel cannot agree to during mediation, but the Secretary's counsel will nonetheless be aware of an alternative basis for remand. If, in such circumstances, the appellant does not agree to a more limited remand during mediation, then the Secretary's counsel will submit a brief to the Court that candidly identifies the remandable error, even though the parties could not resolve the case during mediation.

In addition to participating in the Court's mediation process, it should be noted that PSG VII also triages all new appeals in order to determine, among other things, whether a case should be remanded at the earliest stage of litigation, prior to the parties devoting time and resources in needlessly preparing the record and briefs. Each of our nine existing litigation teams includes a senior attorney who is dedicated to the triage function. As a result of successful triage, numerous cases are remanded even before the Court's mediation process begins.

The Court's annual report reflects that counsel for the Secretary filed 1,758 joint motions for remand in FY 2009. In the previous year, counsel for the Secretary filed 1,625 joint motions for remand. These joint motions for remand generally signify that counsel for the Secretary has conceded administrative error and offered to remand the case on grounds agreeable to both parties, thereby expediting resolution of the case without the delay involved were the case submitted to a judge for decision. Given the magnitude of these statistics, there is no cause for concern that counsel is foot-dragging. Indeed, we are confident that by increasing staff levels in PSG VII and reducing caseloads, we will be able to improve upon the success of the mediation program even more.

B. If this is a common occurrence, what steps could be taken to resolve additional cases during the mediation process?

Response. It is not a common occurrence.

Question 3. The Office of General Counsel's fiscal year 2011 budget request includes over \$900,000 for Other Services, which is more than 58% higher than in fiscal year 2009 (\$569,000), 29% higher than requested for fiscal year 2010 (\$699,000), and 26% higher than now expected to be expended during fiscal year 2010 (\$714,000). Please provide an itemized list of what that request would fund in fiscal year 2011.

Response. It should be noted that the Other Services account comprises less than 1% of OGC's total requested budget authority. Refer to the attached sheet for a list of funded accounts under Other Services. In FY 2011, our request for Other Services funding is \$186K (26%) above our FY 2010 Current Estimate. The increase will buy the following:

- An increase of \$15K to maintain and repair equipment & furniture
- An additional \$58K to move our PSG VII offices to new space due to expiration of current leases
- Payment of a \$45K increase in OGC's share of Office of Resolution Management (ORM) funding
- \$65K more for increased costs of training courses

Question 4. The Office of General Counsel's fiscal year 2011 budget request includes over \$2.9 million for travel, which is 73% higher than in fiscal year 2009 (\$1.7 million) and 13% higher than the amount expected to be expended during fiscal year 2010 (\$2.6 million).

A. What accounts for that increase in requested travel funds?

Response. The 13% increase (\$300K) in OGC's FY 2011 request for Travel is due to a projected rise in travel costs, including the trend for airlines to charge for checked bags, as well as increased travel for the 34 additional FTE OGC requested in FY 2011.

B. How many employees are expected to travel during fiscal year 2011 and how many trips would this level of funding support?

Response. OGC travel costs include those incurred as part of representing the Secretary in a variety of practice areas and also costs associated with employees receiv-

ing training. When local travel costs are considered, nearly every OGC employee travels at some point during a fiscal year, with many traveling multiple times.

Question 5. The Office of General Counsel's fiscal year 2011 budget request reflects that, for fiscal year 2010, average employment was 9 employees lower than originally estimated but expenditures for personal services "is estimated to be \$2 million above the original budget estimate." According to the budget request, this increase "was created in part due to an annualized 2009 pay raise that was higher than budgeted."

A. What portion of the \$2 million increase was due to the higher than expected annual pay raise?

Response. \$1.4M (70%)

B. What factors account for the remainder of the \$2 million increase?

Response. The remainder is primarily due to average salaries and benefits that are now higher than originally projected.

Question 6. The Office of General Counsel's fiscal year 2011 budget request includes over \$1.7 million for Equipment, which is 243% higher than the amount spent in fiscal year 2009 (\$518,000), 265% higher than the amount requested for fiscal year 2010 (\$486,000), and 124% higher than the estimated expenditures for fiscal year 2010 (\$793,000). According to the budget request, the fiscal year 2010 estimate is higher than originally projected because "[e]quipment has increased to cover the additional furniture and office equipment required for the planned relocation of the Bay Pines and Cleveland Regional Counsel Offices."

A. What factors account for the increase from fiscal year 2010 to 2011?

Response. In FY 2011, OGC will consolidate the core and satellite offices of its Veterans Court Litigation Group which represents the Secretary before the U.S. Court of Appeals for Veterans Claims. Rather than move furniture, most of which is at least 10 years old and in need of replacement, OGC will purchase new furniture for over 100 existing and 20 new employees. In addition, OGC will replace furniture and carpeting in some of its 22 Offices of Regional Counsel to maintain a modest but professional appearance.

B. Please provide an itemized list of what would be purchased with the requested funds in fiscal year 2011.

Response:

Professional Staff Group VII (DC)	\$920K (New furniture, including delivery and installation for over 100 existing employees and 20 new employees)
Professional Staff Groups I-V (DC)	\$38K (New furniture, delivery and Installation for 5 new attorneys)
Region 7 (Cleveland* & Clarksburg)	\$53K (New furniture, delivery and installation at the Cleveland core office and Clarksburg area office.)
Region 8 (Nashville)	\$41K (New furniture, delivery and installation)
Region 13 (Waco)	\$31K (New carpeting)
Region 18 (San Francisco)	\$98K (New furniture, delivery and installation)
Region 19 (Phoenix)	\$30K (New carpeting)
Region 23 (Winston-Salem)	\$155K (New furniture, delivery and installation)
Region 23 (Winston-Salem & Roanoke) ...	\$42K & 15K, respectively (New carpeting)

*The FY 2010 new furniture request for Cleveland was actually for its Huntington area office.

Note: The \$300K balance would be available for any emergent needs that arise during the year.

C. Please explain how these expenditures will help improve benefits or services to veterans, their families, or their survivors.

Response. The Office of General Counsel seeks to maintain modest but professional work spaces to convey the significance of representing the Secretary and to aid in recruiting and retaining talented attorneys, paralegals and staff. The more skilled the workforce, the better OGC can perform its representational responsibilities. OGC moderates its furniture and equipment purchases, including authorizing repairs whenever possible to extend the useful life of these items and delay purchasing replacements.

EDUCATION

Question 1. In 2009, VA provided advanced payments of education benefits to approximately 122,000 individuals. Since then, VA has acknowledged that some individuals may have mistakenly applied for and received these advanced payments.

A. How many individuals received advanced payments and were later determined not to be eligible to receive the payments?

Response. Eligibility for VA education benefits for the fall 2009 enrollment period had not been established for approximately 34 percent of the advance pay recipients.

B. How much in total was disbursed to individuals who were not entitled to advanced payments?

Response. Approximately \$120 million was issued to advance payment recipients who had not established their benefits eligibility for the fall enrollment period.

C. How much of the funds that were mistakenly paid out have since been recouped?

Response. As of June 16, 2010, VBA has recouped approximately 13 percent of the advance payments made to ineligible individuals.

D. Does VA intend to provide advanced payments in the future? If so, what additional precautions will be implemented to prevent the mistaken disbursement of funds?

Response. Because spring enrollment certifications are being processed timely, VA is not making advance payments for the spring 2010 semester.

Question 2. VA created an Education Call Center at the Muskogee office to centralize education-related telephone calls. Generally, the Call Center accepts calls between 7 a.m. and 5 p.m. (central), Monday through Friday. In December 2009, VA began diverting Call Center employees to claims processing on Thursdays and Fridays.

A. During fiscal year 2011, how many full-time employees will be assigned to the Education Call Center?

Response. In February, VA resumed Education Call Center operations Monday through Friday. VA also increased the Education Call Center staff by 71 percent, raising the staffing level to 297 employees.

B. Will that staffing level allow the Call Center to expand the hours during which calls are accepted, so that it may be more accessible to callers living west of the central time zone or living overseas?

Response. The Education Call Center hours were extended to 5:00 p.m. CST to provide additional accessibility for the West Coast. VA temporarily expanded Call Center hours to 6:00 p.m. CST and also opened on Saturdays during the heavy fall enrollment period when VA initiated the advance payment program. However, there are no current plans to expand during the spring term, as timeliness of enrollment processing has significantly improved. VA constantly monitors call volumes during and outside of business hours. The Call Center has the capability to expand hours of operation if the volume reflects sufficient need.

C. Does the fiscal year 2011 budget request include funding for sufficient education claims processing staff so that Education Call Center employees will not be redirected to claims processing?

Response. Yes, the 2011 budget requests funding for additional education claims processors. We do not anticipate the need to redirect Education Call Center employees to claims processing in 2011.

Question 3. The fiscal year 2011 budget request for the Education Service includes \$19 million for Other Services, which is 94% higher than the amount expended during fiscal year 2009 (\$9.8 million), 131% higher than the amount requested for fiscal year 2010 (\$8.3 million), and 58% higher than the amount now expected to be expended during fiscal year 2010 (\$12.1 million). According to the budget request, this increase "reflects program management support, contracts, and training costs."

A. Please provide an itemized list of the expenditures this funding would be used to support.

Response. The 2011 budget request contains funding for contracts to provide strategic management and oversight services as well as systems engineering support for implementation of the Post-9/11 GI Bill and long-term solution, contracts for customer satisfaction surveys to measure claimants' satisfaction with the delivery of education benefits, and contracts for instructional systems development methodology to train and support employee performance of job tasks.

The increase to other services is due to the allocation of management support costs. Management support costs associated with human resources, financial management, and centralized training do not directly support any specific program.

Management support costs for all VBA programs are allocated by formula across all business lines based on the ratio of direct program FTE to VBA's total direct FTE. Since there was a large increase to Education's 2011 direct FTE, a larger portion of the total 2011 management support costs were allocated to the Education program, resulting in this increase.

B. What would be the purpose of contracts this funding would be used to support and what metrics would be used to gauge whether those funds are used effectively?

Response. Education Service's FY 2011 budget request includes funding to support the following contracts:

A contract with MITRE Corporation's Center for Enterprise Modernization federally-Funded Research and Development Center. This cost-plus-fixed fee contract has an estimated level of effort of 20,000 hours for \$4.1M. MITRE provides strategic management and oversight services as well as systems engineering support. MITRE is responsible for a multitude of on-going management tasks as well as a conducting special projects and assessments of organizational and business processes.

An indefinite delivery indefinite quantity contract (currently with Associated Veterans, Inc) to be competitively awarded in Q4 FY 2010. Nine (9) contractor resources will be supported, with an estimated cost of approximately \$1.3M.

The primary responsibilities of the program management support contracts include developing and managing project schedules in Microsoft Project, tracking, recording and reporting on task/objective achievement, facilitating information transmission between disparate project teams and sites, and ensuring that management has sufficient information to make informed program management decisions. Other key tasks include providing output products to communicate program status, tracking program risks, issues and action items, and recommending and implementing new tools or methods for managing program implementation.

VBA gauges the effectiveness of these contracts through regular communication with the business line receiving support. The quality assurance surveillance plan established by VBA specifies this monitoring based upon negative or positive feedback from the various business lines. The contract's value can also be measured tangibly through program management and strategic planning artifacts produced and maintained during program implementation. VBA can also estimate value by tracking the number of contract staff engaged in vital program implementation roles throughout VBA.

Outcome and Customer Satisfaction Survey, \$312,413: The purpose of this contract is to measure claimants' satisfaction with the delivery of education benefits by VA and whether or not those benefits were helpful or very helpful in achieving their educational goal. The metric used to gauge whether funding is used effectively will be the successful completion of the survey and delivery of the results to VA. Information is needed for Program Assessment Rating Tool (PART).

Training Performance Support Systems (TPSS) \$578,525: TPSS is a web-based multimedia training technology. TPSS is an implemented national training system for Veterans Claims Examiners, Education Case Managers, Education Liaison Representatives, and Education Compliance and Survey Specialist, and TIMS Clerks and applies instructional systems development methodology to train and support employee performance of job tasks. The metric used to gauge whether funding is used effectively will be the successful delivery and acceptance of the training technology at our Regional Processing Offices.

National Student Clearinghouse Match (MGIB Benefit Completion Rate), \$52,748: The Office of Management and Budget required Education Service to develop a Program Assessment Rating Tool (PART) outcome measure that identifies a rate or percentage of veterans that use their educational assistance benefit to readjust to civilian life. VA contracted with the National Student Clearinghouse to complete an analysis report that generates degree completion characteristics based on a population of 5,000 beneficiaries.

Education State Approving Agency Contract Review, \$111,540: The contract between Education Service and the State Approving Agencies must be reviewed and revised to ensure that it complies with all Federal Acquisition Regulations (FAR), VA Regulation, and title 38 U.S.C. Performance measures must be also be added to ensure that VA receives the most value for each contract dollar spent. This project will update the current SAA Contract to include all attachments, develop performance measures and consequences for non-performance, and ensure that everything in the contract is accurate and correct.

Question 4. The fiscal year 2011 budget request for the Education Service includes \$3.1 million for Supplies and Materials, which is 154% higher than the amount expended during fiscal year 2009 (\$1.2 million) and 183% higher than the amount ex-

pected to be expended during fiscal year 2010 (\$1.1 million). According to the budget request, this "increased funding will be used to purchase printer cartridges."

A. Is the Education Service expecting to expend nearly \$2 million on printer cartridges during fiscal year 2011?

Response. Education Service's share of the printer cartridges initiative is \$1.2 million.

B. If not, what other factors account for the increased funding for Supplies and Materials?

Response. In addition to increased supplies and materials funds for printer cartridges, additional resources are allocated to Education program based upon increased share of management support costs (see response above to question 3A).

C. After the long-term solution for the Post-9/11 GI Bill is in place, how often will individual employees of the regional processing offices print and mail documents to education benefits recipients?

Response. The Post-9/11 GI Bill long-term solution (LTS) will not eliminate the need for employees to print and mail documents to benefit recipients. The fourth and final release of the LTS will include a Veteran self-service interface that will display benefit related information; however, VA is still required to provide written notification of all actions taken.

GENERAL ADMINISTRATION

Office of the Secretary

Question 1. In fiscal year 2009, there were 32 FTE in the Office of the Secretary, and VA's fiscal year 2010 budget request included funding for 40 FTE. Now, the fiscal year 2011 budget request reflects that the Office of the Secretary has 50 FTE, which is explained as follows: "The current estimate for obligations is greater than the original 2010 budget due to available carryover to support an additional 10 FTE within the Immediate Office of the Secretary."

A. In total, how much in carryover funds would be used during fiscal year 2010 to support these additional 10 FTE?

Response. \$1.4 million will be used in FY 2010 to support the FTE and necessary travel, training, supplies and required equipment.

B. What justifies an over 56% increase in staffing for the Office of the Secretary since fiscal year 2009?

Response. In previous administrations, staff from other VA offices were detailed to the Office of the Secretary of Veterans Affairs (OSVA) to assist the Secretary in overseeing the workload and programs within the office. After his arrival, Secretary Shinseki mandated that the budget for the OSVA be an accurate reflection of the salaries, travel and all other expenses for the immediate office, as well as for the subsidiary offices that report to the Secretary. The FY 2011 budget request now accurately reflects the costs and number of employees working in the immediate Office of the Secretary. Approximately half of the staff increase reflected since 2009 was required to directly support VA's ongoing effort to transform itself into a 21st century organization. These positions are engaged in the direct oversight and coordination of the VA's strategic plan and major initiatives.

C. What is the average salary for personnel within the Office of the Secretary?

Response. The average salary for employees in the Office of the Secretary is \$109,000. The remainder of the funding in personal services is for retirement and health insurance and other related Federal personnel benefits. This average salary includes the higher salaries of senior officials such as the Secretary, as well as the General Schedule (GS) salaries of program and administrative support staff. The average salary falls within the overall range of average salaries within the General Administration account.

D. What specific functions would be performed by the additional 10 FTE if funding for those positions is continued in fiscal year 2011?

Response. The FY 11 budget continues the work from FY 2010, when the Office of the Secretary was realigned to fit the Secretary's new strategic framework that is people-centric, results-driven, and forward-looking. These positions are engaged in the direct oversight and coordination of the Secretary's effort to transform VA into a 21st Century organization to ensure that the Department cares for Veterans over a lifetime, from the day the oath is taken until the day they are laid to rest. The Secretary's transformational efforts include 13 major initiatives and 75 other organizational specific initiatives.

E. Will this staffing level, which was attained using one-time carryover funds, also be requested in future years?

Response. Yes, the funding requested in the FY 2011 budget would remain in the base in order to continue accurately reflecting the number of employees working in the Office of the Secretary.

Question 2. The fiscal year 2011 budget request for the Office of the Secretary includes a request for \$592,000 for travel, which is 28% higher than the funding requested for fiscal year 2009 (\$464,000). What accounts for that increase?

Response. Travel increases in FY 2011 are directly related to the Secretary's initiatives to transform VA into a 21st Century organization. Consistent with direction from the Secretary, the OSVA travel budget was reviewed carefully in order to ensure the request was an accurate reflection of program needs. In developing the FY 2011 budget, the OSVA carefully reviewed travel requirements and budgets of prior years to determine appropriate levels to accomplish the Secretary's new integrated strategies to transform the Department. It should be noted that Secretary's 2011 travel request is only 2% higher than the actual travel expenses of this office in FY 2008.

Question 3. According to the budget request, VA is seeking \$576,000 for the Center for Faith-Based and Neighborhood Partnerships. In part, that funding would be used for "[p]romoting responsible fatherhood." Please explain how this would further VA's mission of caring for veterans, their families, and their survivors.

Response. Of the \$576,000 budgeted in the Center for Faith-Based and Neighborhood Partnerships, \$497,000 is for salaries and personnel benefits for 3 FTE. The remaining \$79,000 is for equipment, supplies and contracts, including funding for VA's Fatherhood Mission. In FY 2010, VA is conducting a Fatherhood Forum—A National Conversation on Responsible Fatherhood and Healthy Families to provide a venue for military and veteran fathers and families to share the challenges they, their families, and communities face in reintegrating into their roles as fathers, mothers, spouses, etc. The Forum brings together local and national leaders and community organizations to discuss programs available and research being conducted that can inform public policy and programs that will better serve the needs of Veterans. The Forum allows the VA, in very tangible ways, to provide information and resources to Veterans and their families.

Office of Management

Question 1. The fiscal year 2011 budget request for the Office of Management includes the following paragraph:

VA completed the initiative to centralize payments of certified invoices at the FSC in 2008. This centralization resulted in an 8 percent improvement in interest paid per million dollars disbursed from \$51 per million in 2008 to \$47 per million in 2009. At the same time, VA earned nearly 94% (\$8.5 million) of its available discounts—a 33 percent increase in discounts earned over 2008 levels.

A. In total, how much did VA spend on these interest payments during fiscal year 2009?

Response. Total VA interest paid was \$899,541. Of this total, \$547,745 was related to commercial payments; the remainder of \$351,796 was related to Veterans Health Administration purchased care payments.

B. In total, how much is expected to be spent during fiscal years 2010 and 2011 on these interest payments?

Response. Total VA interest for FY 2010 is projected to be \$989,300. Of this amount, \$516,900 is related to commercial payments; the remainder of \$472,400 relates to VHA purchased care payments.

Total VA interest for FY 2011 is projected to be \$974,600. Of this amount, \$509,100 is related to commercial payments; the remainder of \$465,500 relates to VHA purchased care payments.

C. What is VA's goal for discounts earned during fiscal years 2010 and 2011?

Response. VA's goal is 91.5 percent. Process improvements already undertaken leave little opportunity for additional improvements in discounts earned percentage. If VA is able to replicate FY 2009 results in FY 2010, we will adjust this goal in the future.

Question 2. The fiscal year 2011 budget request for the Office of Management includes over \$37.8 million for Other Services. It also reflects that the current estimated expenditures for Other Services during fiscal year 2010 will be more than \$13 million higher than the original estimate. Please provide an itemized list of what expenditures these funds would be used to support during fiscal years 2010 and 2011.

Response. The Office of Management estimates \$46.2M in Other Services obligations in FY 2010 which includes \$27M for the Defense, Finance and Accounting

Services (DFAS) contract with DOD for payroll processing, \$2.6M for A-123, Appendix A Testing and Remediation Contracts, \$3.6M for the Audit Readiness Contract. Other contracts include Department level transformation initiatives, annual recurring contracts, Department wide billings and staff training.

The office of Management has budgeted \$37.8 million in FY 2011 including \$27M for DFAS payroll processing, \$2.6M for A-123, Appendix A Testing and Remediation Contracts, \$1.2M for a contract for the Non VA Care (Fee) Program, and other contracts which include recurring billings and annual contracts.

Question 3. The fiscal year 2011 budget request for the Office of Management includes over \$2 million for travel, which would be 48% higher than the amount expended during fiscal year 2009 (\$1.4 million), 29% higher than the amount requested for fiscal year 2010 (\$1.6 million), and 14% higher than the amount now estimated to be expended during fiscal year 2010 (\$1.8 million). The budget request indicates that some increases are due to travel related to FLITE testing and deployment.

A. How many Office of Management employees are expected to travel during fiscal year 2011 and how many trips would this level of funding support?

Response. In FY 2011, 293 employees are expected to travel for a total of 491 trips.

B. In total, how much is expected to be spent during fiscal years 2010 and 2011 on travel related to FLITE?

Response. FY 2010 travel to support the FLITE Program is estimated to be \$688,000. FY 2011 travel to support the FLITE Program is projected to be \$1,105,000.

C. Other than travel related to FLITE, what accounts for this two-year increase in travel funds?

Response. The vast majority of the travel increases are related to FLITE for increased preparation of BETA site implementation. Other smaller levels of travel increases are related to field site reviews and financial oversight visits.

D. Has VA considered whether there are alternatives that could help VA oversee this project without extensive travel?

Response. Teleconferences and video teleconferences are used to the maximum extent possible. Face-to-face meetings are used specifically to address complex issues requiring an in-depth exchange of information or data between government and contractors to ensure precise information required to be communicated is clearly understood so the project schedule can be maintained and the risk to re-work is minimized.

Question 4. The budget request indicates that the Office of Management carried over about \$12 million from fiscal year 2009 to fiscal year 2010.

A. During fiscal year 2010, does the Office of Management plan to expend those carryover funds?

Response. Yes.

B. If so, please provide an itemized list of how those funds are expected to be expended.

Response. Carryover within the Office of Management will be used for the Audit Readiness contract and other contracts that support transformation initiatives, such as Cost Accounting and fiscal oversight.

Office of Human Resources & Administration

Question 1. In fiscal year 2009, there were 505 FTE in the Office of Human Resources and Administration and VA's fiscal year 2010 budget request included funding of \$64.8 million for 539 FTE. The budget request reflects that during fiscal year 2010 the Office of Human Resources and Administration expects 715 FTE and expects to expend over \$87 million, over \$22.2 million more than originally requested.

A. What funds are being used for this 34% increase in staffing during fiscal year 2010? Are any carryover funds being used?

Response. The staffing level of 715 FTE in 2010 will not only provide the ongoing services of HR&A, but also provide 165 FTE funded from reimbursements to support implementation of the Human Capital Investment Plan (HCIP) and 18 FTE funded from VA Learning University (VALU) reimbursements. Carry over funds are not being used for the payroll costs associated with new FTE.

B. What is the average salary of the 176 additional employees VA now plans to have on board during fiscal year 2010?

Response. The FY 2010 average salary for the additional HCIP and VALU employees is \$96,681.

C. Please provide a breakdown of what types of positions are included in that 176-employee increase, where the employees will be located, and what specific goals VA plans to accomplish with the additional staff.

Response. These positions include the following types: Training Consultants, eLearning Specialists, Instructor/Course Designers, H.R. Specialists, Training Evaluators, Content Quality Assurance Coordinators, Career Development Managers, EEO Specialists, Labor Relation Specialists, Delegated Examiners, Strategic Planners, Management Analysts, and Program Analysts. Of this increase, 64 FTE are projected for field facilities and the remainder for VACO. Please see page 5F-8 in Volume 3 of the FY 2011 Budget Submission for a description of each initiative associated with the staffing increase.

Question 2. The fiscal year 2011 budget request for the Office of Human Resources and Administration includes over \$17.6 million for travel, which would be 820% higher than the amount expended during fiscal year 2009 (\$1.9 million), 630% higher than the amount requested for fiscal year 2010 (\$2.4 million), and 5% more than the amount now expected to be expended during fiscal year 2010 (\$16.8 million).

A. How many employees are now expected to travel during fiscal year 2010 and how many trips would \$16.8 million support?

Response. Over 150,000 “training instances” are projected using various modalities. The travel increase is allocated for travel associated with training programs sponsored by the HCIP. Training will be conducted through various modalities including online training, training hubs in the field, and at various existing VA training facilities (such as the VA Acquisition Academy, IT Training Academy, etc.)

B. What accounts for the over \$14 million increase in travel expenditures for fiscal year 2010?

Response. See response to question 2A.

C. How many employees are expected to travel during fiscal year 2011 and how many trips would the requested level of funding support?

Response. See response to question 2A.

D. What accounts for this increase in travel funds from fiscal year 2010 to 2011?

Response. See response to question 2A.

E. Has VA considered whether there are alternatives that could accomplish the intended goals without the need for extensive travel?

Response. See response to question 2A.

Question 3. For fiscal year 2010, VA requested \$425,000 for Equipment for the Office of Human Resources and Administration. Now, the fiscal year 2011 budget request reflects that VA expects to expend over \$2.8 million during fiscal year 2010 for equipment for that office.

A. What factors account for this 567% increase in the amount expected to be spent during fiscal year 2010 on equipment?

Response. The equipment increase reflects \$2.8 million required for the purchase of commercial software to support workforce management and workforce planning of managers throughout VA. This software will be used along with developed occupational competencies to identify groups of employees in the most need of training and development.

B. Please provide an itemized list of how that \$2.8 million would be expended.

Response. The entire \$2.8 million will be expended on tools and services for workforce planning and workforce management.

VA is not looking for OI&T to build or develop a new system. The contractor will assess our current workforce planning system as it applies to each Administration and Staff Office, benchmark VA against best practice public and private sector organizations and systems recommend “enhancements” to our current system as well as a corporate approach to VA Workforce planning—contractor will be working closely with OI&T to ensure compatibility to PAID system and movement to the new HRIS system once it has been selected. Software will not be developed by OI&T, VA is looking for COTS software or ProClarity/VSSSC data cubes to be created to enhance current reports and provide forecasting capabilities. Software will be available to managers on desktop to assist in assessing performance and developmental status needs.

C. Please explain how these expenditures will help improve benefits or services to veterans, their families, or their survivors.

Response. Workforce planning tools will be used in the training and development of employees within occupational series shown to have the most need. Training funds can then be focused on areas where needs are greatest, thus strengthening VA’s workforce and capacity to meet the needs of Veterans and their families. This

supports transformation of VA. This integrated workforce planning initiative is based on identifying and managing competencies and skills required to serve Veterans in some 300 occupations. VA will be able to effectively plan for its future workforce by determining the skill-mix of the current workforce, the skills likely needed in the future and skills VA needs to focus on developing or recruiting for. This initiative will directly impact VA's ability to achieve its mission.

D. If VA were asked to prioritize its budget request, how high would this \$2.8 million for office equipment be on that priority list?

Response. Inclusion of this \$2.8 million in the department's budget request already reflects the deliberate reprioritization of needs within the Human Resource management domain and its importance relative to our strategic goal of improving internal customer satisfaction with management systems and support services to achieve mission performance and make VA an employer of choice by investing in human capital.

Question 4. The fiscal year 2011 budget request includes \$7.6 million for a "Corporate Senior Executive Management Office."

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Corporate Senior Executive Management Office	
(\$000)	
	FY 2010 Resources
FTE	24
Payroll	\$4,996
Travel	\$105
Contracts	\$2,242
Other NonPayroll	\$238
Total Obligation	\$7,581

B. What metrics would be used to gauge whether this office is effective?

Response:

- Stand up office through transfer of staff from VBA/BHA plus hiring of new employees.
 - Transfers completed
 - Vacancies/new hires
 - Train staff on use of USA Staffing and utilize USA Staffing for all SES announcements and hiring
 - # of staff trained
 - # of SES announcements through USA Staffing
 - Standardize forms and procedures; develop SES orientation program and conduct orientations for new SES personnel
 - # of forms standardized
 - # of procedures standardized
 - Completion of the development of the SES orientation program
 - # of orientations conducted for new SES Personnel
 - # of highly qualified candidates selected for positions (quality)

Question 5. The fiscal year 2011 budget request includes \$83.7 million for an initiative called the "Development and Certification of Leaders."

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Development and Certification of Leaders

(\$000)

	FY 2010 Resources
FTE	3
Payroll	\$304
Travel	\$5
Contracts:	
Leadership Assessments	\$10,000
Leadership Development	\$12,000
Supervisory Training	\$23,389
Transformational Leadership	\$23,000
Competency Mapping	\$5,200
Other Leadership Training	\$9,750
Other NonPayroll	\$11
Total Obligation	\$83,659

B. What metrics would be used to gauge whether this initiative is successful?

Response:

- Development of program completed
- # successfully certified
- Positive assessment of the application of skills learned to the operational environment, and retention of those skills overtime.
 - Demonstrated reduction of skill gaps in the targeted population
 - Detail of quality control and assurance, risk planning and appropriateness of risk mitigation
- Viewpoint survey results
- Reduction in EEO Complaints

Question 6. The fiscal year 2011 budget request includes \$98.5 million for a “Mission Critical Training” initiative.

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Mission Critical Training

(\$000)

	FY 2010 Resources
FTE	15
Payroll	\$1,588
Travel	\$13,841
Contracts:	
IT Training	\$24,000
Project Management Training	\$34,000
Customer Service	\$14,000
HR Academy	\$4,741
Other Mission Critical	\$6,300
Other NonPayroll	\$53
Total Obligation	\$98,523

B. What metrics would be used to gauge whether this initiative is successful?

Response:

- Mission critical and key occupations are identified
- Available training is assessed
- # of COTS training
- # of specific designed training
- % of employees in mission critical and key occupations who completed a competency-based training program within 12 months
 - # of trained professional retained
 - Reduction in the number of occupations on mission critical list

Question 7. The fiscal year 2011 budget request includes \$31.8 million for a “Program Based training” initiative.

A. Please provide an itemized list of how those funds would be expended.
 Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Program Based Training	
(\$000)	
	FY 2010 Resources
FTE	12
Payroll	\$1,623
Travel	\$18
Contracts	\$30,136
Other NonPayroll	\$62
Total Obligation	\$31,839

B. What metrics would be used to gauge whether this initiative is successful?

Response:

- Timely delivery of quality, instructionally effective final training products
- Adherence to agreed upon product delivery schedules
- Adherence to project cost estimates
- Adherence to agreed upon design standards and test protocols
- Completion of training project/task order in accordance with plans and specifications.
- Final eLearning products to function without problem within the VA LMS operating environment
- Timely implementation of training program curriculum that teaches content that is compliant with relevant lesson or course objectives
- Positive assessment of the application of skills learned to the operational environment, and retention of those skills overtime.
- Demonstrated reduction of skill gaps in the targeted population
- Detail of quality control and assurance, risk planning and appropriateness of risk mitigation

Question 8. The fiscal year 2011 budget request includes \$661,000 for a “Knowledge Management office.”

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Knowledge Management	
(\$000)	
	FY 2010 Resources
FTE	2
Payroll	\$286
Travel	\$50
Contracts	\$200
Other NonPayroll	\$125
Total Obligation	\$661

B. What metrics would be used to gauge whether this office is effective?

Response:

- Adherence to agreed upon product delivery schedules
- Adherence to project cost estimates
- Adherence to agreed upon design standards and test protocols
- Completion of training project/task order in accordance with plans and specifications.
- Detail of quality control and assurance, risk planning and appropriateness of risk mitigation

Question 9. The fiscal year 2011 budget request includes \$6.5 million for an “Enhancement of VA’s Learning Management System” initiative.

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Enhancement of VA's LMS

(\$000)

	FY 2010 Resources
FTE	8
Payroll	\$984
Travel	\$12
Contracts	\$5,521
Other NonPayroll	\$48
Total Obligation	\$6,565

B. What metrics would be used to gauge whether this initiative is successful?

Response:

- Track expenditure of funds, courses and personnel trained
- # of competencies entered in VA LMS
- # of courses mapped to competencies
- # of employees using VA LMS electronic Individual Development Plans
- # of employees using VA LMS 360 degree assessment tool

Question 10. The fiscal year 2011 budget request includes \$14.5 million for “the Evaluation initiative.”

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Evaluation

(\$000)

	FY 2010 Resources
FTE	4
Payroll	\$469
Travel	\$6
Contracts:	
Evaluation Design/Development	\$12,000
Evaluation Reporting	\$2,000
Other NonPayroll	\$14
Total Obligation	\$14,489

B. What metrics would be used to gauge whether this initiative is successful?

Response. VA established an Intra agency Agreement (IA) with the National Center for Organization Development (NCOD), Veterans Health Administration (VHA), both Department of Veterans Affairs (VA) organizations, to evaluate projects that achieve goals for HRA related to VA’s organizational health and transformation and to make most efficient use of VA resources. NCOD will evaluate the human capital investment activities to develop supervisors, managers, and mid and entry level leaders through the analyses of self-report of candidates, progress on closing gaps on their 360 degree assessments pre-, during, and post- training, and through analysis of organizational performance metrics effected by the candidates.

For details regarding metrics for each of the underlying initiatives, please see the corresponding Part B. for each question.

Question 11. The fiscal year 2011 budget request includes \$23.5 million for a “Workforce Planning” initiative.

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Workforce Planning

(\$000)

	FY 2010 Resources
FTE	20
Payroll	\$2,876
Travel	\$30
Contracts	\$18,000
Other NonPayroll	\$2,600
Total Obligation	\$23,506

B. What metrics would be used to gauge whether this initiative is successful?

Response:

- Expedited implementation of T21 with cooperation of our Labor Partners
- Reduction in traditional indicators of a challenged labor environment to include ULP's or Unfair Labor Practices, Local and National Grievances
- Employee Satisfaction and Attrition Rates.
- # of Labor Management training sessions for managers
- # of joint Labor/Management training sessions
- # of participants
- # of Labor-management forums for managers, employees and union reps
- # of participants
- # of local level interventions
- # of service agreements w/internal customers

Question 12. The fiscal year 2011 budget request includes \$3 million for a "Health and Wellness initiative."

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Health and Wellness

(\$000)

	FY 2010 Resources
FTE	
Payroll	
Travel	
Contracts	\$3,000
Other NonPayroll	
Total Obligation	\$3,000

B. What metrics would be used to gauge whether that initiative is successful?

Response:

- # of employees using online health and wellness tools
- # of employees using health and wellness coaching services
- FOH will provide evaluation of aggregate Health Risk Assessment (HRA) data and health promotion programming to meet the specific needs of the population.
- Evaluation of program, progress and utilization reports will be provided quarterly.
- Decrease in rate of absenteeism

Question 13. The fiscal year 2011 budget request includes \$2.7 million to "focus on labor-management partnership."

A. Please provide an itemized list of how these funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Labor Management Partnership

(\$000)

	FY 2010 Resources
FTE	4
Payroll	\$521
Travel	\$157
Contracts	\$2,000
Other NonPayroll	\$45
Total Obligation	\$2,723

B. What metrics would be used to gauge whether this initiative is successful?
Response:

- Expedited implementation of T21 with cooperation of our Labor Partners
- Reduction in traditional indicators of a challenged labor environment to include ULP's or Unfair Labor Practices, Local and National Grievances
- Employee Satisfaction and Attrition Rates.
- # of Labor Management training sessions for managers
- # of joint Labor/Management training sessions
- # of participants
- # of Labor-management forums for managers, employees and union reps
- # of participants
- # of local level interventions
- # of service agreements w/internal customers

Question 14. The fiscal year 2011 budget request includes \$1.2 million for the Office of Occupational Safety and Health to conduct various initiatives.

A. Please provide an itemized list of how those funds would be expended.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). A breakdown of these costs is provided below.

Office of Occupational Safety and Health

(\$000)

	FY 2010 resources
FTE	2
Payroll	\$220
Travel	\$3
Contracts	\$1,000
Other NonPayroll	\$17
Total Obligation	\$1,240

B. What metrics would be used to gauge whether those initiatives are successful?
Response:

- Implement functional improvements to the Workers' Compensation-Occupational Safety and Health/Management Information System
- Launch new training for Workers' Compensation Best Practices
- Complete Safety Benchmarking/Perception Survey
- Increased # of employees returning to work capacity
- Improved case management of workers compensation files

Office of Policy and Planning

Question 1. The fiscal year 2011 budget request for the Office of Policy and Planning includes over \$16.8 million for Personal Services, which is over 84% higher than the amount expended during fiscal year 2009 (\$9.1 million), 26% higher than the amount requested for fiscal year 2010 (\$13.3 million), and 19% higher than the amount now expected to be expended during fiscal year 2010 (\$14.1 million). That level of funding for fiscal year 2011 is projected to support 10 more FTE than the fiscal year 2010 level (93 FTE) and 41 more FTE than the fiscal year 2009 level (62 FTE).

A. What specifically accounts for the \$830,000 increase in personal services expenditures expected during fiscal year 2010?

Response. The FY 2010 current estimate is now a more accurate depiction of the types and level of personnel required to implement the Secretary's transformation initiatives described in the President's Budget. More recent average salary data is also contributing to the difference between the original and current estimates.

B. How much in carryover funds will be used to fund that increase in personal services expenditures during fiscal year 2010?

Response. No carryover funds will be used to fund the increase in personal services expenditures during FY 2010. The carryover funds are allocated for contracts in support of the newly established Transformation and Innovation Service; the contract support will be used to help stand up the new office.

C. What is the average salary of employees of the Office of Policy and Planning?

Response. The average salary (without benefits) of an employee in the Office of Policy and Planning (OPP) is \$116,000.00.

D. Other than salaries for new staff, what factors account for the \$2.7 million increase in expenditures on personal services from fiscal year 2010 to 2011?

Response. The \$2.7 million is for salaries and associated benefit costs for the 10 new staff in FY 2011; to fully fund the existing 93 staff including normal benefits increases; and to support the budgeted 2.0 percent pay raise for existing personnel.

E. What factors were considered in determining that a 66% two-year increase in personnel should be requested for this office?

Response. The Office of Policy and Planning (OPP) is using these new resources to drive the Department transformation; to facilitate the implementation of the Department of Veterans Affairs (VA) strategic plan across the Department; to execute the Secretary's policy, management, and programmatic priorities; and to collaborate with the Department of Defense (DOD) to enhance services and benefits to Servicemembers as they transition to civilian status. The increase in personnel permits the development of two new services that provided new capabilities to the Department. In addition the increase augments existing services. OPP is standing up a Corporate Analysis and Evaluation Service to provide new planning capabilities that will allow VA to better anticipate demand for its services. OPP is also standing up the Transformation and Innovation Service which will manage the Department transformation efforts and lead the Departmental innovation process to identify and anticipate new trends among policy issues affecting Veterans. The increase in FY 2010 has allowed the VA to expand the VA/DOD Collaboration Office. Last, the increase will permit VA to acquire predictive modeling capabilities.

F. Please explain how these increased expenditures would improve benefits or services for veterans, their families, or their survivors.

Response. The Office of Policy and Planning (OPP) is using these new resources to drive the Department transformation into a people-centric, results-driven, forward-looking organization. The Corporate Analysis and Evaluation (CA&E) Service will analyze investment options for the Department and provide an analytical basis for deciding among investments in ongoing programs as well as new investments to ensure that funds are going to programs that are results driven and effective at meeting Veterans needs. The Transformation and Innovation Service (TIS) will ensure that the initiatives identified by the Administrations and staff offices are Veteran-centric, forward-looking and results-driven and that these initiatives have valid operating plans and that those operating plans are implemented. TIS will also ensure that innovations are identified that anticipate the future needs of Veterans and that those needs are institutionalized through policy and program design and implementation. The expansion of the VA/DOD Collaboration Office will improve the support that a wounded warrior is provided throughout recovery, rehabilitation and reintegration; as well as address the needs of Servicemembers as they transition to civilian status. OPP will also establish a Business Intelligence Program Management Office which will implement a set of VA-wide tools, technologies, and processes to turn data into information and information into knowledge that optimizes VA's services to Veterans.

Question 2. VA requested \$10.2 million for Other Services for the Office of Policy and Planning for fiscal year 2010. The fiscal year 2011 budget now reflects that VA expects to expend over \$13.5 million on Other Services during fiscal year 2010, a 33% increase.

A. What factors account for that \$3.3 million increase in Other Services for fiscal year 2010?

Response. The upward revision in other services reflects an increased need to use contractor support in setting up the two new offices (CA&E and TIS) within OPP. OPP used carryover from FY 2009 to help fund these additional services.

B. Please provide an itemized list of how that \$13.5 million would be expended.

Response. See table that follows.

Requirement	Requested Amount (\$000)
National Survey of Veterans --Analysis and Final Report	378
Transformation & Innovation Standup --Develop internal communication plan, stand-up operational management review process and review operating plans of major initiatives	3,000
CA&E Standup/V-101-09-RQ-0224	2,300
Program Evaluation of Seriously Mentally Ill	150
Program Evaluation of Medical Research	3,000
Management Analysis Business Process Re-engineering Studies	900
Carey Program	100
SCIP - Predictive Modeling	1,000
Non-Discretionary Data Agreements (e.g., Census-CPS, IA w/BLS, etc.)	450
VetPop Enhancement	500
Analytical Prog Support	250
Analysis Systems	500
Business Intelligence Program Management	1,000
Total	13,528

Question 3. For fiscal year 2010, the Office of Policy and Planning requested \$2 million for rent, communications, and utilities. Now, the fiscal year 2011 budget request reflects that the amount that office expects to expend on rent during fiscal year 2010 is “lower than anticipated” and those funds “will be directed to Other Services to support Secretarial transformation initiatives.”

A. How much in total is expected to be spent on rent during fiscal year 2010?

Response. The total we are expecting to spend on rent, communications, and utilities during FY 2010 is \$850,000.

B. How much in total is VA planning to redirect to the Other Services account?

Response. VA is planning on redirecting \$1,150,000 to the other services account.

C. Please explain the “transformation initiatives” that these funds would be used to support.

Response. The \$3,000,000 carryover is more in direct support of the transformation initiatives, while the \$1,150,000 that is being redirected will be used to support the Business Intelligence Implementation. Contractor support will be acquired to provide data asset inventory commercial best practice expertise and assist the inventory activities.

Question 4. The fiscal year 2011 budget request for the Office of Policy and Planning reflects that “[c]arryover funding will be used * * * to support Secretarial initiatives.”

A. Please provide an itemized list of how any carryover funds from fiscal year 2009 will be expended for that purpose.

Response. The \$3,000,000 in carryover funds are allocated for contracts in support of the newly established Transformation and Innovation Service; the contract support will be used to help stand up the new office. The contractor will provide support in developing and initiating the Operational Management Review Process. This is the process by which the progress of the major Departmental initiatives is tracked, and provides detailed assessments of the major initiatives as needed.

B. Please explain the “Secretarial initiatives” that these funds would be used to support.

Response. The carryover funds are currently allocated for contracts in support of Transformation and Innovation Service; the contract support will be used to help stand up the new office.

Office of Operations, Security & Preparedness

Question 1. The fiscal year 2011 budget request for the Office of Operations, Security, and Preparedness includes \$12.6 million to support 102 FTE, which is 55% higher than the level of staffing in fiscal year 2009 (66 FTE) and 7% higher than in fiscal year 2010 (95 FTE).

A. What factors were considered in determining that a 55% two-year increase in staff should be requested for this office?

Response. In FY 2010 and continuing in FY 2011, the Office of Operations, Security, and Preparedness identified increased mission requirements to comply with various Homeland Security Presidential Directives to include: HSPD (5, 8, 12, 20);

Executive Orders (10450 and 12968); 5 CFR 731 (Suitability Regulations); 5 CFR 732 (National Security Positions); and CIA Directive 6/4. There were 24 new FTE's authorized in FY 2010 appropriations act. The final 7 FTE are requested in FY 2011 to complete the staffing of the HSPD-12 Program Office. In FY 2009 there was one FTE added during this execution period.

B. What is the average salary of employees of this office?

Response. The average salary (without benefits) for the Office of Operations, Security, and Preparedness is \$90.4K

Question 2. The fiscal year 2011 budget request for the Office of Operations, Security, and Preparedness includes over \$1 million for travel, which is 56% higher than the expenditures on travel during fiscal year 2009 (\$655,000) and 5% higher than the amount expected to be expended during fiscal year 2010 (\$980,000).

A. What factors account for that increase?

Response. For FY 2010-2011, the factors for this increase include participation in VA and Federal Interagency Continuity of Operations and Continuity of Government Exercises. In addition, this increase involves mission requirements which will include program inspections of police units and executive protection service for leadership.

B. How many employees are expected to travel during fiscal year 2011 and how many trips would that level of funding support?

Response. An estimated 85 employees are planned to travel during FY 2011, with an estimated number of trips to equal 485.

Question 3. The fiscal year 2011 budget request for the Office of Operations, Security, and Preparedness includes over \$8 million for Other Services, which is 121% higher than the level of funding for fiscal year 2009 (\$3.6 million), 176% higher than the amount originally requested for fiscal year 2010 (\$2.9 million), and 29% higher than the amount now expected to be expended during fiscal year 2010 (\$6.2 million). The budget request reflects that the increase during fiscal year 2010 is for contractual costs.

A. Please provide an itemized list of how these funds would be expended.

Response. Funds will be expended on:

- Current working estimate for FY 2011 Guards Contract is \$4.2 Million
- Contracted support for the HSPD-12 Program Office is budgeted for \$3.3 Million in FY 2011

B. What factors account for the expected \$1.8 million increase in expenditures from fiscal year 2010 to 2011?

Response:

- An increase in the Department of Homeland Security Federal Protection Service contract for security guards at VA Central Office.
- National Security planning, testing, training and contractual support.
- Increased contractual support for the HSPD-12 Program Office to ensure compliance with various directives and regulatory requirements.
- Inflation.

C. How much would be expended on contractor services during fiscal years 2010 and 2011 and what services would be performed by those contractors?

Response. Expenditures for FY 2010 are planned at \$6.2 million and \$8.0 million for FY 2011. Services obtained include guard's security from Federal Protection Service, program support for the HSPD-12 Program Office, and National Level Exercises.

D. What metrics would be used to gauge whether those funds for contractors are used effectively?

Response. The metrics for the Federal protective service includes the number of post checks per day on each guard post, the number of complaints received, and time and attendance evaluated daily. The metrics for the HSPD-12 includes the number of PIV cards processed daily in accordance with regulations.

Office of Public and Intergovernmental Affairs

Question 1. The fiscal year 2011 budget request for the Office of Public and Intergovernmental Affairs includes \$11.8 million to support 82 FTE, which is 21% higher than the level of staffing in fiscal year 2009 (68 FTE) and 9% higher than the level of staffing expected during fiscal year 2010 (75 FTE).

A. What factors were considered in determining that a 21% two-year increase in staff should be requested for this office?

Response. OPIA's request reflects Secretary Shinseki's priorities. Principally, OPIA is leveraging technology and improving partnerships to educate and empower Veterans and their families.

B. Please explain how this increase in staff would improve benefits or services for veterans, their families, or their survivors.

Response. The increase in staff is central to OPIA's mission to make sure Veterans and their families are aware of the benefits and services to which they are entitled. It is essential that VA continue to pursue aggressive outreach strategies to connect Veterans and their families to all appropriate VA services.

The Office of New Media will provide additional avenues to communicate with Veterans—especially OEF/OIF—and their families. By utilizing the most current technology VA will continue to broaden our audience and reach Veterans.

The Office of Tribal Government Relations will work with tribal leaders, Indian Health Service (IHS), the Bureau of Indian Affairs, and VA's three Administrations to improve service delivery and access to services on tribal lands.

Question 2. The budget request for the Office of Public and Intergovernmental Affairs includes funding to "establish an Office of New Media." The budget request indicates that this office would "manage VA's social and new media presence."

A. What specific functions would employees of this office perform?

Response. The specific functions to be performed by the employees of this office are:

- Support VA presence on social media sites like Facebook and Twitter where Veterans and their families will be able to get up-to-the-minute news from VA.
- Place VA informational videos, training guides (e.g. GI Bill Hip Pocket Guide) and photos on sites such as YouTube and Flickr.
- Blog on sites where Veterans and their families visit.
- Develop and implement strategies and establish unified policies and procedures to help VA administrations and staff offices use new media to communicate with Veterans and their families.
- Conduct outreach to online media outlets to ensure the Department's message to Veterans is disseminated as widely as possible.
- Monitor and report on coverage of the Department throughout the blogosphere and social media sphere so that VA can better target its efforts to reach Veterans and make sure accurate, timely information about benefits and services is reaching Veterans.
- Research, develop, and produce content for all of VA's online communications platforms.

B. How many employees now perform those tasks?

Response. OPIA has only one employee working in new media.

C. What is the expected salary for the requested employees?

Response. New Media Technologist GS-13 (\$100,000) and New Media Communications Officer GS-9/11 (\$70,000).

D. What are the expected accomplishments of this office and what types of metrics are in place to gauge the effectiveness of this new office?

Response. The office is expected to increase use of VA services by Veterans by creating new media and social networking tools to reach Veterans and their families; organizing the feedback VA receives via new media and social networking and funnel this information to the appropriate VA offices; and developing new online techniques for soliciting feedback from Veterans. To gauge metrics, the office tracks its reach across all social media platforms by measuring the number of followers, fans, etc., that it gains from the targeted population in relation to comparable organizations.

Question 3. The fiscal year 2011 budget request for the Office of Public and Intergovernmental Affairs includes \$800,000 for travel, which is 85% higher than the amount expended on travel during fiscal year 2009 (\$435,000), 35% higher than the funding level requested for fiscal year 2010 (\$595,000), and 15% higher than the amount now expected to be expended during fiscal year 2010 (\$700,000).

A. What factors account for this expected increase in travel funds during fiscal year 2010?

Response. OPIA's FY 2009 budget underestimated travel costs. Several key leadership positions within OPIA remained unfilled in FY 2008 and FY 2009 so travel expenditures were less, as necessary travel was postponed. Because of her personal story as a disabled Iraq War Veteran, and as a Veteran who has undergone the transition from DOD to VA, Assistant Secretary Duckworth is asked to speak to Veterans, their families, and people who provide services to Veterans across the country. Part of the Assistant Secretary's responsibility is to travel and commu-

nicate VA services, goals and priorities to Veterans, VSO's, State and local governments, and other stakeholders. Due to her extensive disability, she is accompanied by a staff person to ensure accessibility and staffing support. Additionally, OPIA staff are traveling more as part of our new priority to conduct outreach to encourage greater use of VA services by Veterans and their families.

B. What factors account for the expected increase from fiscal year 2010 to 2011?

Response. Native Americans and Pacific Islanders have the highest per capita of Veterans, yet live in some of the most remote regions of our Nation. In order to better serve these Veterans, OPIA will expand the Office of Tribal Government Relations in FY 2011. The FTE in this office will spend much of their time traveling to remote tribal lands.

C. How many employees are expected to travel during fiscal year 2011 and how many trips would this level of funding support?

Response. Approximately 30 FTE will travel for a total of over 500 trips (single-day and multiple-day) during FY 2011.

Question 4. The fiscal year 2011 budget request for the Office of Public and Intergovernmental Affairs includes \$834,000 for Other Services, which is 319% higher than the expenditures on Other Services during fiscal year 2009 (\$199,000) and 34% higher than the amount now expected to be expended during fiscal year 2010 (\$622,000). Please provide an itemized list of how these funds would be expended during fiscal year 2011.

Response. See table below.

Requirement	Requested Amount (\$000)
Office Supplies and Materials (for Headquarters + 7 Regional Offices)	35
Office Maintenance	25
Office Mailings	20
Staff Certification and Skills Training	120
Newspaper and Periodicals (for Headquarters and 7 Regional Offices)	105
Media Clipping Service	0
PR Newswire	15
LexisNexis	30
Media Monitor and Analysis Service	200
Employee Performance Data Management System	100
Veterans Day Educational Materials for Public Schools	130
Veterans Day Outreach Activities to VSO's, hospitals and other partners	50
Total	830

Question 5. For fiscal year 2010, the Office of Public and Intergovernmental Affairs requested \$9.1 million to support 76 employees. Now, the fiscal year 2011 budget request reflects that this office expects to have 75 employees during fiscal year 2010 but expects to expend an additional \$1.3 million for personal services, a 15% increase. According to the budget request, this increase reflects "an average salary adjustment." Please explain what salary adjustments led to this \$1.3 million increase.

Response. The increase in personal services was due to pay raises, normal personnel benefits and career ladder increases, and the salaries associated with an additional 7 FTE requested in the budget to help implement OPIA's transformation initiatives—specifically 5 new FTE for the Office of Tribal Government Relations and 2 new FTE for the Office of the New Media.

Office of Congressional & Legislative Affairs

Question 1. The fiscal year 2011 budget request for the Office of Congressional and Legislative Affairs includes funding for 50 FTE, which is 52% higher than the staffing level in fiscal year 2009 (33 FTE) and 19% higher than the staffing level expected during fiscal year 2010 (42 FTE).

A. What factors were considered in determining that a 52% two-year increase in staffing should be requested for this office?

Response. The principal factor that drives VA's need to increase the Office of Congressional and Legislative Affairs (OCLA) staffing level is a recognized need to en-

hance this office's ability to perform its primary mission—improving the lives of Veterans and their families by advancing legislative communication and relationships with Congress. We do this primarily by supporting the Committee's execution of its congressional oversight responsibilities. Congressional relations activities—meetings, briefings, site visits, and hearings—are people-intensive. However, Congress is on pace to request approximately 120 hearings, over 240 briefings, and nearly 100 escorted visits in fiscal year 2010. This tempo places a strain on our current workforce, and we anticipate that our pace for communicating and engaging with Congress at all levels will exceed the same period last year. Expanding congressional relations capacity by building from an FY 2009 executed level of 33 personnel to a 50-person team of professionals at end state in FY 11 will properly position this organization to more effectively execute OCLA's mission and dramatically improve communications between the Department and Congress.

B. Please explain how this increase in staff would improve benefits or services for veterans, their families, or their survivors.

Response. Additional staffing would allow VA to be more responsive to congressional requests and, in turn, help Congress to better assist the VA in improving benefits and services to Veterans, their families, or their survivors. The top two strategic priorities underpinning VA's 2011–2012 budget request are: (1) improving the quality and accessibility of health care, benefits, and memorial services while optimizing value; and (2) increasing Veteran client satisfaction with health, education, training, counseling, financial, and burial benefits and services. These strategic goals cannot be achieved without the necessary authorities and funding enacted by Congress. OCLA enables the Department to progress toward these goals by coordinating the development of pro-Veteran legislation by maintaining healthy and effective relationships with the Congress and the Government Accountability Office, its investigative arm.

Question 2. For fiscal year 2010, the Office of Congressional and Legislative Affairs requested \$5.46 million to support 50 employees. Now, the fiscal year 2011 budget request reflects that this office expects to have less employees (now estimated at 42) during fiscal year 2010 but expects to spend more than originally estimated (now estimated at \$5.54 million). According to the budget request, estimates were changed “due to average salary re-estimates.”

A. Please explain the original salary estimates for fiscal year 2010 and how those estimates were changed.

Response. The change in salary estimates was the direct result of the deliberate decision to transform OCLA.

When the original salary estimates for the FY 10 budget were developed in fall of 2008, OCLA's organizational design distributed staffing resources as follows: (1) 29% toward congressional relations work; (2) 29% toward executive correspondence and reporting work; (3) 20% performing liaison work from offices located in the Rayburn and Russell buildings; (4) 11% fulfilling executive leadership responsibilities of the Assistant Secretary and; (5) 11% to execute the administrative support functions of the office.

At the time, the size and composition of the organizational design was deemed sufficient to meet the projected workload needs of OCLA at an average salary of \$81,900. This average salary is roughly equal to the annual earnings of a GS-12/Step 4 employee in the Washington, DC area. As recent experience informs us, the department is under-performing relative to the performance goals that we have set for ourselves in the area of effective and responsive communication with Congress (see page 5J-5, Volume 3, of VA's FY 2011 Budget Submission). The FY 2011 budget request demonstrates our commitment to improving our performance in this important area.

The FY 2011 budget request demonstrates our commitment to improving communications between VA and Congress through an organizational transformation designed to build the capacity necessary to meet anticipated increases in workload by shifting staffing resources toward congressional relations functions and away from tasks that are viewed as being administrative in nature. Upon completion of OCLA's transformation, more than 60% of the workforce will be aligned against OCLA's primary mission of congressional relations and executive correspondence and reporting work, with another 24% performing liaison duties, 7% in executive leadership roles, and 7% in administrative support.

As discussed in the response to Question 1.a. above, Congressional relations activities are people-intensive. To efficiently coordinate these activities while building and sustaining effective relationships with congressional staff requires management and interpersonal competencies generally found above the journeyman-level of the Federal workforce. Skilled and seasoned professionals command higher salaries. The

net result is a shift in average salary estimates for FY 2010 from \$81,900 (submitted budget request) to \$98,900, which is the average salary level we expect to execute this year. This dollar amount closely approximates the annual salary a GS-13 (Step 5) Federal employee earns in the National Capital Region.

B. What is the average salary for employees of this office projected to be in fiscal year 2011?

Response. The average salary projected for employees in 2011 is \$100,400. To better understand the justification for this number, it is useful to view OCLA's work and the services we provide—effective communications and responsive support of Congress—through the lens of the classic project management concept known as the “triple constraint” paradigm. This paradigm describes the choices that must be made between cost, schedule and performance, and in the business of OCLA, performance is defined as the sharing of quality information. *If you want good service cheap, it won't be fast; if you want cheap service fast it won't be good; and if you want good service fast it won't be cheap.*

In the context of congressional relations, schedule and performance are paramount—the value of information diminishes if not available to congressional decisionmakers when needed.

With Congress on pace to request approximately 120 hearings, over 240 briefings, and nearly 100 escorted visits in fiscal year 2010, the demands placed on our current workforce have increased, and we anticipate that our pace for communicating and engaging with Congress at all levels will exceed the same period last year.

As we strive to improve the timeliness and quality of our work product, we have requested sufficient funding to hire and retain qualified employees to provide Congress with timely and accurate information.

Question 3. The fiscal year 2011 budget request for the Office of Congressional and Legislative Affairs includes \$270,000 for travel, which is 143% higher than the amount expended during fiscal year 2009 (\$111,000) and 23% higher than the amount requested for fiscal year 2010 (\$220,000).

A. What factors account for this increase?

Response. Staff from the Senate Veterans Affairs' Committee and House Veterans' Affairs committee travel extensively throughout the country to visit VA medical facilities and Regional Offices in their oversight. The majority of this travel is paid from OCLA's general operations funding, as is authorized by law, 31 U.S.C. 1108(g).

The basic factors driving travel costs are: (1) the number of congressional staff travelers; (2) duration of visits; and (3) location and venue of congressional staff visit. Travel is mostly within the Continental United States but several trips have been made to Hawaii, Samoa, and other remote locations.

In addition, it is advantageous for the Department to have an OCLA representative accompany congressional staff on their oversight visits in order to hear firsthand what is discussed, what issues and concerns are raised, and what information will be brought back to the Committee Chairmen, Ranking Members, and VA leadership.

B. How many employees would travel during fiscal year 2011 and how many trips would this level of funding support?

Response. The number of VA employees that will travel in FY 2011 is dependent upon the number of trips requested by Congress. Accompanying congressional staff on their oversight visits in order to hear firsthand what is discussed, what issues and concerns are raised, and what new information is learned improves OCLA's ability to support the congressional committees in the performance of their oversight duties. Generally, one congressional relations officer will accompany each congressional staff delegation on site visits and field hearings. In FY 2009, however, several congressional member and staff delegations were not joined by an OCLA employee due to the personnel resource limitations of OCLA. Travel increases contained in OCLA's FY 2011 budget request assumes sufficient OCLA employee participation in congressional member and staff visits will be achieved as a result of enhanced staffing levels of OCLA.

Question 4. The fiscal year 2011 budget request reflects that the Office of Congressional and Legislative Affairs “created an internal tracking system for use as a management tool to determine the status and timeliness of questions for the record to Congress.”

A. How many responses currently are past due?

Response. Since January, 2010, the OCLA staff has intensely managed 33 sets of post-hearing questions through internal and OMB concurrences. As of May 7, 2010, 21 sets of post-hearing questions have been completed and transmitted to the Committees. Of the 12 sets in the Department, 10 are past due.

B. When will those responses be submitted to Congress?

Response. The Department is making a concerted effort to deliver these responses to the Committee not later than May 31, 2010.

Question 5. Part of my job as Ranking Member is to conduct oversight regarding VA's activities. I do this both in the context of Committee hearings and throughout the course of the year as events unfold. That frequently leads me or my staff to request information from VA. During the confirmation process for various VA nominees, I was assured that I would receive timely answers to these requests. Unfortunately, that has not always been the case. In fact, some responses are long overdue. As just one example, back in October 2009 I sent VA a number of questions after a hearing on various exposures and I have not yet received a response. I believe these types of delays are simply unacceptable.

A. When will I receive a response to those questions?

Response. VA's responses to the questions received from the Senate Veterans' Affairs Committee on October 22, 2009 regarding the October 8, 2009 hearing on VA/DOD Responses to Certain Military Exposures was delivered to the Committee on May 7, 2010.

B. What efforts will be made to ensure that I, and other Members of the Committee, receive timely responses to our requests?

Response. OCLA has already implemented procedures to intensify lead the improvement of the department's responsiveness to congressional requests, with VA responsiveness to post-hearing questions being one of the focus areas. Additionally, the deliberate shift in mission focus—more congressional relations capacity and commensurate addition of resources (funding and FTEs)—will enable OCLA's execution of its mission and dramatically improve communications between the Department and Congress. Technology tools are being sought that will allow member requests to be easily accessed and process improvements will ensure more timely sharing of status of deliverables with members and committees.

C. What efforts will be made to determine who is responsible for these delays and to hold them accountable?

Response. Responsibility and accountability are essential elements of OCLA's plan to improve the timely delivery of responses to the Committee's oversight inquiries. By providing OCLA employees with the manpower and tools to succeed in aggressively responding to an increasing workload, we will eliminate the structural deficiencies that currently prevent OCLA from satisfying the needs of the Committee. Doing so will allow OCLA to isolate potential future problems and resolve them once identified in a responsible and accountable manner.

Office of Acquisition, Logistics, and Construction

Question 1. The fiscal year 2011 budget request for the Office of Acquisition, Logistics, and Construction includes \$6.3 million for travel, which is 179% higher than the amount expended on travel during fiscal year 2009 (\$2.3 million) and 72% higher than the amount projected to be expended during fiscal year 2010 (\$3.7 million).

A. What accounts for this increase?

Response. The FY 2011 budget request for the Office of Acquisition, Logistics, and Construction includes an increase of 165 FTE over the FY 2010 budget. The implementation of the VA Facilities Management T-21 initiative increases Office of Construction and Facilities Management (CFM) staff to expand regional and local support for planning, construction, leasing, and engineering support. The increase in FTE will be predominantly for staff who provide support to VA medical centers, Regional Offices and National Cemeteries and who will often travel to those sites to deliver that support. Six regional offices will be located throughout the country, and field staff will travel between various locations to provide these additional supporting services. The expansion of these services is the basis for the increase in travel costs. In addition, a large percentage of the new staff will require Permanent Change of Station (PCS) moves, which also contributed to the increase in this account.

B. How many employees are expected to travel during fiscal year 2011 and how many trips would this level of funding support?

Response. On average, up to 80 percent, or 306 field staff, travel six times per year at an average of \$2,500 per trip totaling approximately \$4.6M. Fifty-four percent, or 71 FTE, Central Office staff are likely to travel three times a year at an average cost of \$2,500 for a total of \$533,000.

Question 2. According to the budget request for the Office of Acquisition, Logistics, and Construction, that office expects to spend over \$9 million more during fiscal year 2010 than originally projected. The budget request indicates that these increases are "a result of additional reimbursements and funds carried over from

2009.” Please provide an itemized list of how any 2009 carryover funds would be expended.

Response. The majority of the \$2.4M in FY 2009 carryover funds will be expended for contracts related to the implementation of the VA Facilities Management T-21 initiative including the following:

- Contract to identify IT needs related to the VAFM T-21 initiative—Approximately \$500,000.
- Personnel support/competency contract to implement the competency model for CFM in support of the enterprise solution—Approximately \$400,000.
- National Institute of Building Sciences (NIBS) contract for the development of the plan to implement the VAFM T-21 initiative and process map across the enterprise—Approximately \$850,000.

The remainder of the carryover will be used for additional contracts not specifically related to the VAFM T-21 transformation.

Question 3. The fiscal year 2011 budget request for the Office of Acquisition, Logistics, and Construction includes \$23.6 million for an “Acquisition Improvement Initiative.”

A. Please provide an itemized list of how those funds would be expended.

Response. Funds will allow for execution of key facets of this initiative which are:

- Continue to hire additional experienced and well qualified Acquisition professionals to strengthen the competence of the Acquisition workforce.
- Improve the availability, quality, and delivery of Acquisition training to the career acquisition workforce to maximize knowledge standardization and enhance core contract specialist and program project management competencies.
- Support Acquisition professionals with the right tools to provide the flexibility and agility in the delivery of products, systems, and services to our VA customer.
- Develop and stand up a strategic acquisition center to strengthen the management and control in the support of enterprise wide VA programs.

B. What metrics would be used to gauge whether this initiative is successful?

Response. Measuring success of this initiative will be accomplished as follows:

- Procurement Administrative Lead Time (PALT) reporting would be used to identify the effectiveness of the initiative.
- User satisfaction surveys will gauge improvement to service provided to the VA customer.
- Workload reporting will identify the management of the acquisition workforce to balance the incoming VA customer workload.
- Utilization of competency assessments to enhance training programs and career development plans.

INFORMATION AND TECHNOLOGY—BENEFITS

Question 1. The budget request for Information and Technology for fiscal year 2011 includes \$145 million for the Paperless Delivery of Veterans Benefits initiative, now called the Veterans Benefits Management System. According to the budget request, this investment will help “improve the benefits claims process and ensure VA’s claims decisions are timely, accurate, fair, and consistent.”

A. How much in total has already been expended on this initiative?

Response:

Cost Category	(\$M)
FY09 Pay	\$0.0
FY09 Non-Pay	\$20.1
TOTAL	\$20.1

B. How much in total will be expended on this initiative?

Response:

Cost Category (\$M)	FY09	FY10 ¹	FY11	FY12	FY13	FY14	FY15	FY09-15
Pay	0.0	5.7	7.2	4.7	4.9	5.0	5.2	32.6
Non-Pay	20.1	71.1	145.3	167.8	28.6	48.9	52.5	534.3
TOTAL	20.1	76.8	152.5	172.5	33.5	53.9	57.7	567.0

¹Note1: FY10 amounts include \$5.1 million for Virtual VA Pay.

C. How many VA employees will be dedicated to this effort in fiscal years 2010 and 2011?

Response. 48 employees in FY 2010 and 60 employees in FY 2011.

D. Please describe the major milestones of this initiative that are expected to be accomplished during fiscal years 2010 and 2011.

Response:

Action / Event	Description
VBMS Planning: 10/2008 – 9/2009	In FY 2009, VA documented high-level use cases, established a project environment, and developed project initiation documentation.
Virtual Regional Office (VRO): 1/2010 – 6/2010	The VRO is a hands-on design lab co-located at the Baltimore RO, where a "user-in-the-middle" agile prototyping process will be used to build a model system to allow testing and feedback from subject matter experts (SMEs) and field resources. This prototype will define business and system functional requirements for the final VBMS user interface.
Smart Scanning Prototype: 4/2010-12/2010	The Smart Scanning Prototype will define the system requirements for the image repository and validate smart scanning technology. The prototype will allow scanning to occur from multiple locations with processing in a central location. Processing scans will convert the scanned document to a searchable PDF, extract data, create indexes to quickly locate images in the repository, and add extracted data to the Corporate database.
Iterative pilots: 09/2010 – 12/2011	VBMS is comprised of three parts: the Virtual Regional Office, 3 iterative pilots and nationwide rollout.
Nationwide rollout: FY 2012	VBMS will be deployed to all VBA claims processors.

E. Once the Veterans Benefits Management System is in place, what impact is it projected to have on the time to complete decisions on claims for disability benefits and the quality of those decisions?

Response. Projected effects of VBMS are:

- Reducing the average days to complete a case to the strategic target of 125 days and zero cases backlogged by 2015.
- Better timeliness and consistency of delivery of veteran services with anticipated 21% reduction in processing time.
- Improved veteran access to VBA services through enhanced web-based information processing.
- Improved claims adjudication processes through file redundancy, efficient workflow management, and workforce flexibility.
- Heightened control over the acquisition and movement of veteran data throughout VBA and among stakeholders.
- Reduced costs through the use of imaged folders and data in an electronic repository to mitigate the risks associated with the shipment and storage of irreplaceable records.
- Enhanced secure and private access to health care and benefits information across VBA, VHA, Veterans Service Organizations, and Department of Defense (DOD).

Question 2. The fiscal year 2011 budget request for Information and Technology includes the following information:

The planned Chapter 33 [Service Oriented Architecture] infrastructure improvements overlapped the planned developments of The Education Expert System (TEES). Thus the monies and requirements for TEES were re-directed into the Chapter 33 development effort.

A. How much in total had been previously expended on The Education Expert System?

Response:

Cost Category (\$M)	Prior to FY08	FY08	FY09	Total
Pay	5.6	1.4	0.9	7.9
Non-Pay	14.2	3.7	0.0	17.9
TOTAL	19.7	5.1	0.9	25.7

B. Has all work related to The Education Expert System been discontinued?

Response. TEES development requirements have been integrated into Chapter 33 development efforts as this is the long term environment for education applications. Chapter 33 includes the \$1.937M of FY 2010 funds originally budgeted for TEES development. Existing systems produced under the TEES investment that are currently live are maintained under the Education Application Maintenance line of the Benefits IT Support investment. This line is a sub-component of the larger Benefits IT Support investment.

Education Application Maintenance is broken out as follows:

Cost Category (\$M)	FY09	FY10	FY00	Total
Pay	0.0	0.0	0.0	0.0
Non-Pay	0.5	2.7	2.0	5.2
TOTAL	0.5	2.7	2.0	5.2

C. What value was gained through the prior expenditures?

Response. TEES produced multiple applications. These systems include the Work Study Management System (WSMS), the Flight-On the Job Training-Correspondence and Apprenticeship System (FOCAS), Electronic Certification Automated Processor (ECAP), The Image Management System (TIMS), VA Online Certification of Enrollment (VA ONCE), Web Automated Verification of Enrollment (WAVE), the National Education WAVE Mass Address Navigator (NEWMAN), and the Web Enabled Approval Management System (WEAMS).

TEES also formed the basis for requirements that are now a part of the Chapter 33 investment. TEES as an investment no longer exists, but the systems produced are still active and the requirement work products are still in use.

Question 3. VA is in the process of developing a long-term solution for processing education claims under the Post-9/11 GI Bill.

A. Please provide a detailed description of the major milestones expected for this initiative during fiscal years 2010 and 2011.

Response:

	Description of Milestone (SHORT ANSWER)	Schedule Start Date	Schedule End Date	Schedule Duration (Days)	Planned Cost (\$M) (Non Pay + Pay)
1	Short Term IT Solution	11/1/2008	8/1/2009	274	17.0
2	Release 1: Manual Implementation	6/1/2009	3/31/2010	303	59.8
3	Release 2: Non-Financial Data Interface	1/31/2010	6/30/2010	150	24.4
4	Release 3: Financial Data Interface	2/1/2010	9/30/2010	241	25.9
5	Release 4: Veteran Service Interface	5/1/2010	12/31/2010	244	27.2
6	Migration to Permanent Production Environment	12/1/2010	9/30/2011	303	47.3
7	Chapter 33 FY11 Maintenance	10/1/2010	9/30/2011	364	5.4

B. In total, how much is expected to be expended on developing and implementing the long-term solution for the Post-9/11 GI Bill?

Response:

	Description of Milestone (SHORT ANSWER)	Schedule Start Date	Schedule End Date	Schedule Duration (Days)	Planned Cost (\$M) (Non Pay + Pay)
1	Release 1: Manual Implementation	6/1/2009	3/31/2010	303	59.8
2	Release 2: Non-Financial Data Interface	1/31/2010	6/30/2010	150	24.4
3	Release 3: Financial Data Interface	2/1/2010	9/30/2010	241	25.9
4	Release 4: Veteran Service Interface	5/1/2010	12/31/2010	244	27.2
5	Migration to Permanent Production Environment	12/1/2010	9/30/2011	303	47.3
6	Integration of Additional Benefits to LTS Platform, Phase 1	10/1/2011	9/30/2012	365	30.1
7	Integration of Additional Benefits to LTS Platform, Phase 2	10/1/2012	9/30/2013	364	71.6
8	Integration of Additional Benefits to LTS Platform, Phase 3	10/1/2013	9/30/2014	364	46.6
	TOTAL				332.9

C. What is the expected output per direct education FTE before the long-term solution for the Post-9/11 GI Bill is in place and after it is in place?

Response. Production per direct FTE includes Education staff engaged in all activities, not only those engaged in processing claims. For FY 2010, estimated production is approximately 1,100 completed claims per FTE. This annual rate of productivity will continue until the long-term solution is deployed in December 2010. Estimated annual productivity per FTE is expected to rise to an overall production per FTE in FY 2011 of approximately 1,500 claims per FTE.

GENERAL MEDICAL CARE/MEDICAL CONSTRUCTION/INFORMATION TECHNOLOGY

Question 1. VA's FY 2011 appropriation for VA medical care was provided in advance. It was based on estimates provided to Congress in June 2009 that included very little detail on the programs and initiatives which justified the advance appropriation. For FY 2011, the budget simply reflects the appropriation Congress provided but, in contrast to the June 2009 justification, it includes detailed spending plans for that money, to include new spending, i.e., spending above baseline projections, on homeless veteran programs, rural health initiatives, and programs that require legislative enactment (such as health care for family caregivers).

A. Because the request for FY 2011 is the same as what was provided in advance appropriation, is it safe to assume that the detail about how that money was to be spent was also known last year, but was simply not transmitted to the Congress? If so, why not?

Response. The FY 2011 estimates provided to Congress in June 2009 only included the top-line estimates for each of the three medical appropriations and did not include any additional detail at that time. The FY 2011 President's Budget request includes the additional details for both the FY 2011 budget and the FY 2012 advance appropriations request.

B. Is the advance request for FY 2012 simply a baseline estimate based on projected user demand, or are there specific policy initiatives contemplated that go above what baseline demand is? If so, what are those initiatives?

Response. The FY 2012 advanced appropriations request is based largely on our actuarial estimates using FY 2008 data as the base year. The request does not include additional resources for any new initiatives that would begin in FY 2012.

Question 2. One of the challenges of advance funding is getting the number "right" using data that are relatively old by the time the fiscal year being funded begins. Again, your estimate for VA medical care in FY 2011 has not changed from what was provided to the Congress in June 2009.

A. Please outline any differences in projections from using the Enrollee Health Care Projection model in June 2009 versus projections from the model for the 2011 budget submission.

Response. There are no differences in the model projections in June 2009 and the budget submission in February 2010. Both estimates are based on the same actuarial estimates using FY 2008 data as the base year. The actuarial model is updated in the Spring of each year.

B. Please outline differences, if any, in any non-model projections.

Response. The differences in the non-model projections for Long-Term care (\$5 million), Civilian Health and Medical Program of the VA (CHAMPVA) (\$77 million), and Readjustment Counseling (\$-23 million) were revised based on the best information available at the time of the submission which included FY 2009 actuals.

Question 3. VA's budget assumes that no money for medical care will be carried over from fiscal year 2010 to fiscal year 2011.

A. Is that correct?

Response. Yes, that is correct.

B. Is that a rational assumption given VA's past experience?

Response. Yes, VA's budget assumes that no medical care funds will be carried over from fiscal year (FY) 2010 to FY 2011. This is because the budget request for FY 2011 represents VA's estimate of the resources needed to meet the actuarially projected demands of health care services for Veterans in that year. Even though VA may carry over some funds from FY 2010 to FY 2011, those funds are related to the projected demands for health care services related to FY 2010, not FY 2011. It would not be appropriate to reduce the FY 2011 request by any funds carried over from FY 2010 unless we also increased the FY 2011 request for funds anticipated to be carried over to FY 2012; otherwise, the resources in FY 2011 would not be sufficient to meet the projected demand for health care services.

Question 4. VA's fiscal year 2010 budget request assumed a 6% increase in the number of unique veteran users, and Congress provided funding for fiscal year 2010 based on that assumption. However, based on the actual number of users so far, VA now projects that the increase in users will be just over 3%.

A. If Congress provided VA funding based on an assumed 6% increase in the number of unique veteran users, but the increase is only 3%, how does VA account for the excess funding in the budget?

Response. The FY 2010 submission estimated a 6% increase in unique patients from FY 2008 (5,576,689) to FY 2009 (5,929,059). The FY 2009 actual (5,744,693) represents a 3% increase over the FY 2008 actual (5,576,689). Nearly \$1.9 billion

in unobligated funds was carried over into FY 2010 of which almost \$739 million were from the American Recovery and Reinvestment Act of 2009.

B. The FY 2010 budget assumed no carryover of funds but, as you know, there was considerable carryover from fiscal year 2009 into 2010. Does the combination of unbudgeted carryover and a downward reestimate of the number of users suggest that VA has a surplus of appropriation? If so, how was the surplus considered in this budget?

Response. Over half of the carryover funds were attributable to funds provided by the American Recovery and Reinvestment Act of 2009 or for the Congressionally-directed rural health initiative. Both were appropriated as two-year funds with the expectation that some of these funds would be carried over to FY 2010. The remaining amount of carryover funds are typically for certain planned expenditures are not fully obligated due to unanticipated delays in acquisition, personnel recruiting, or other reasons. This does not mean that the funds are available for new requirements in the subsequent fiscal year, because they have already been committed to existing requirements that could not be obligated at the end of the current year but will be obligated early in the next fiscal year and were not included in the formulation of the budget request for that subsequent year.

Question 5. VA has revised the estimate on the number of Priority 1–6 veterans in fiscal year 2010 so that growth in this population of users is just over .5% from 2009 to 2010. However, VA estimates growth in this population of 2.4% in 2011 and 2.1% in 2012. To what does VA attribute the increase in Priority 1–6 users in 2011 and 2012 given that the increase in 2010 was minimal?

Response. The 2011/2012 patient projections in the 2011 Budget were developed from the base year (BY) 2008 Model, which was based on the 2008 actual patients. Actual patients in Priorities 1–6 in 2009 were slightly higher than the BY 2008 Model had projected for 2009. This reflects a significant shift in the actual distribution of enrollees between Priority Groups 1–6 and 7 and 8, which occurred in FY 2009. One possible explanation for the shift was a spike in the number of current enrollees who were re-assessed at a higher service-connected status.

Question 6. For fiscal year 2010, VA estimates approximately \$145 million more in collections than the original budget estimate. What is VA's plan for this money?

Response. The \$145 million increase in collections is the result of a 9% increase in the 3rd party insurance collections. These collections will be used at the medical centers that generate the collections as part of their operating budget.

Question 7. VA has yet to provide views to comprehensive legislation on homelessness (S. 1547) the Committee received testimony on in October 2009. Notwithstanding the absence of views, the Committee favorably reported many provisions of that bill as part of S. 1237. The President's budget has since proposed significant investments in homeless programs for FY 2011.

A. Does VA support the provisions of S. 1547?

Response. The Administration will provide an official position on S. 1547 shortly.

B. Are the legislative provisions of S. 1547 necessary to effect the spending proposed in the President's budget request? If so, which provisions?

Response. At this time the Administration cannot comment of the provisions of S. 1547.

C. Do any of the legislative requests proposed in the budget seek increases in any of the chapter 20, title 38, authorized levels for homeless veteran programs?

Response. There are no legislative requests in the budget that address chapter 20, title 38.

Question 8. VA has a legislative proposal that seeks to impose a requirement on 3rd party insurance companies, such as health maintenance organizations, to reimburse VA for the cost of non-service-connected care provided to veterans. What analysis was done on the effect this policy might have on premiums veterans pay for insurance?

Response. In forecasting the effects this proposal may have on premiums Veterans pay for insurance, VA analyzed data from both the Centers for Medicaid and Medicare (CMS) and Milliman USA and concluded that this policy change will not have a significant impact on premiums Veterans pay for insurance. VA is a relatively small part of the overall number of claims that insurance companies pay each year and the expected revenues from this proposal should not present a significant change for the insurance industry. Similar concerns regarding the potential impact of VA's revenue program on insurance premiums were raised when VA first initiated its medical care collections fund (MCCF) program in 1986. However, even as VA revenues have increased over the years, there has been no indication that these concerns have become issues for insured Veterans receiving health care from VA

and is not correlated with changes in health insurance premiums based on data provided by CMS. Additionally, a study conducted by Milliman shows that since at least 1965 health insurance premium increases exhibit a pattern of “several years of gains followed by several years of losses—a phenomenon often referred to as the underwriting cycle of insurance.” A major factor contributing to this cycle is competition among insurers to gain market share. In periods of underwriting gains, some insurers may seek to build market share by reducing premiums. Other insurers will follow suit to protect their market share. As premiums fall relative to health care costs, many insurers may experience underwriting losses. Premiums will continue to decline relative to medical benefits until a lead insurer with market power raises premiums to restore at least “break even” revenues. Finally, 38 U.S.C. § 1729 requires insurance companies to provide evidence that they are paying the VA the same as non-governmental providers for the same service in the same geographic area. Actual amounts collected may be less than projected if legislative authority does not clearly state third party payers, including Health Maintenance Organizations, have an obligation to pay VA for all non-service-connected care.

Question 9. In fiscal year 2003, VA spent \$334 million on its HIV/AIDS program. In fiscal year 2011, the budget projects spending of over \$900 million.

A. What accounts for the near tripling of program spending in such a short time period?

Response. The estimated cost for patients identified with HIV infection is based on the most recent four years of actual data with FY 2009 being the most recent year. Based on this data, the number of patients and the cost of care are projected for each separate enrollment priority group to produce the estimates in the budget. VA also changed policy to enhance HIV testing availability.

B. Please provide a breakdown of the number of patients treated during this period, the cost of medicines, and any other costs which explain this increase.

Response. The requested data will take longer to produce and will be provided when available.

Question 10. The “Energy/Green Management” Program is slated to increase funding from \$53 million in fiscal year 2010 to \$252 million in fiscal year 2011.

A. Please detail the justification for such a large increase.

Response. Including NRM projects that incorporated energy efficiency, the FY 2010 amount for Energy/Green Management is \$132M. The Energy/Green Management program also received \$204M under the American Recovery & Reinvestment Act. The FY 2011 level is \$252 million, a change of \$120 million, including approximately \$93M that are NRM projects that incorporate energy efficiency. As VA’s physical infrastructure is over 60 years old and needs repair, so does VA’s energy infrastructure.

Together, with all Federal agencies, VA must comply with the Energy Policy Act of 2005 (EPAct 2005); Executive Order 13423: Strengthening Federal Environmental, Energy, and Transportation Management; Energy Independence and Security Act of 2007 (EISA 2007); and most recently the requirements of Executive Order 13514: Federal Leadership in Environmental, Energy, and Economic Performance. VA will implement energy efficiency and renewable energy projects to meet the requirements of energy efficiency, renewable energy, sustainable building mandates, and Greenhouse Gas emissions reduction goals in a timely manner.

B. Is it imperative that all of this spending occur immediately or, in light of a tough fiscal climate, is there an alternative plan to phase in this initiative?

Response. Early investment in these programs will likely reduce out-year energy costs. The proposed funding is needed to make sufficient progress in meeting existing laws and executive order requirements, mandates, and goals referenced above. Volume 4 of the FY 2011 budget submission, Chapter 7.2: Management Initiatives, details the many efforts under way in the Energy/Green Management Program to increase renewable energy and energy efficiency. The Energy/Green Management Program will enable VA to reduce energy consumption and lower energy costs, which totaled \$517 million in 2009. Each year, VA procures energy related projects to meet energy related Federal mandates as identified in Table 1-6: Real Property Performance Results in Volume 4 of the FY 2011 budget submission, Chapter 7.1: VA’s Capital Asset Management Program.

Question 11. For fiscal year 2010 it appears there was a dramatic overestimation of the “Home & Community Based Care” Average Daily Census (ADC). What was an estimated ADC of 90,654 is now projected to be 38,240.

A. Why did VA expect such a large ADC increase from fiscal year 2009 to 2010?

Response. The increase from FY 2009 to FY 2010 was driven by anticipated double digit growth in State Home and Contract Adult Day Health Care, Home-Based

Primary Care, Other Home Based Programs, Homemaker/Home Health Aide Programs, and Care Coordination/Home Tele-health and is the result of emphasis being placed on Non-Institutional Long-Term Care. Individuals needing long-term care, including Veterans, have clearly indicated their desire to receive these services at home or in their community, rather than in a nursing home. Therefore, expansion of Home and Community Based Care services will assist in reducing VA's reliance and demand for nursing home care.

B. Why did that estimate appear to be so far off the mark?

Response. The estimate is not off of the mark. The FY 2010 Average Daily Census estimate for Non-Institutional Long-Term Care in the FY 2010 submission was 90,654 and 93,935 in the FY 2011 submission, an increase of 3.6% from the earlier estimate (reference Volume 2, Medical Programs and Information Technology Programs, page 1K-15).

C. What funding was attached to this overestimation?

Response. There was no overestimation.

D. How do you account for the excess funding in the budget?

Response. There was no excess funding in the budget.

Question 12. As mentioned, VA forecast 6% growth in the number of unique veteran users of the health care system in FY 2010, but VA has revised it downward to approximately 3% growth. However, despite the downward reestimate in users, it appears VA has revised upward its estimate in the number of outpatient visits and patients treated in inpatient facilities.

A. How does VA explain the number of unique users growing at a rate slower than expected, but the number of outpatient and hospital visits increasing above the number that was projected (a projection that was based on 6% growth in unique veteran users, not 3%)?

Response. The FY 2010 submission estimated a 6% increase in unique patients from FY 2008 (5,576,689) to FY 2009 (5,929,059). The FY 2009 actual (5,744,693) represents a 3% increase over the FY 2008 actual (5,576,689). Outpatient visits increased by 10% from FY 2008 to FY 2009 (67.640 million to 74.662 million). The Outpatient visits estimate increases of 5% from FY 2009 to FY 2010 and FY 2010 to FY 2011 are based on historical trends. Patients treated increased by 4% from FY 2008 to FY 2009 (804,859 to 877,093). The Patients treated estimates increases of 3% from FY 2009 to FY 2010 and FY 2010 to FY 2011 are also based on historical trends.

B. If the answer is that unique users are making more frequent visits, what does VA attribute that to?

Response. The ratio of outpatient visits to unique patients was 12 visits per unique patient in FY 2008 and 13 visits per unique patient in FY 2009. The ratio of outpatient visits to unique patients remains steady at 13 visits per unique patient in FY 2010 and FY 2011.

Question 13. For the FY 2012 advance funding request it appears that VA projects similar increases in the number of unique users, outpatient visits, and patients treated in inpatient facilities, that it projects for FY 2011. Please explain what factors influenced this projection.

Response. Factors influencing workload projections are net enrollment growth, demographic mix changes, utilization and intensity trends.

Question 14. Why is the Average Daily Census for the FY 2012 Advance Appropriation set at "0" for Home and Community Based Care?

Response. The Average Daily Census for Non-Institutional Long-Term Care in FY 2012 was not "0" but 116,198 (reference Volume 2, Medical Programs and Information Technology Programs, page 1K-15).

Question 15. The ADC for State Home Domiciliary Care was expected to increase substantially from FY 2009 to FY 2010, yet has been revised downward to remain flat through FY 2012. Please explain what happened here.

Response. VA adopted an improved method and data source for counting State Home Domiciliary workload. The revised estimate is based on past census trends, existing census levels and estimates for future changes.

Question 16. Please explain the expected 74% increase in "State Nursing Home" obligations from FY 2009 to FY 2012.

Response. The 74% increase is based on a 4% increase in Average Daily Census and reflects a per diem increase of 21% from FY 2008 to FY 2009 which is accounted for in subsequent years. The substantial increase in the State Nursing Home per diem is largely due to higher per diem payments made to State Homes for PIA Veterans. Since the Federal law came into effect mid-fiscal year 2009 (April

29, 2009), VA estimates that approximately 50% of the State Homes have begun to request higher per diem payments for PIA Veterans. These payments are not a separate line item in the budget and are rolled into the overall State Home Nursing obligations. Prior to FY 2009, the State Home expenditures and per diem only reflected the lower per diem rate paid to State Homes. Beginning in FY 2009 and onward, the State Home expenditures and per diem will capture both the lower per diem for non-PIA Veterans and the higher per diem for PIA Veterans.

Question 17. The budget proposes a 9% increase for VA mental health programs, including \$309 million for Post Traumatic Stress Disorder (PTSD) treatment for Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) veterans.

A. Are the investments made in this area working to improve the mental health of veterans? What metrics does VA use to measure these improvements?

Response. Enhanced mental health funding is focused on programmatic improvements and staffing enhancements designed to improve services to Veterans. We have not created metrics to specifically measure the impact of enhanced funding, since it becomes a part of overall mental health services, not something specific and separate. Rather, our metrics primarily measure overall mental health care, not subcomponents. For example, the metric to assess timeliness of appointments was affected by enhanced mental health staffing, but in the context of staffing that was already addressing mental health care. That metric demonstrates that over 96 percent of all new mental health referrals are sent for a full diagnostic evaluation and, when indicated, initiation of treatment within 15 days of the referral being made. Certainly mental health enhanced funding has contributed to the level of staffing that allows us to set and meet this metric, which goes well beyond community standards in other health care settings. However, the impact of enhanced staffing as compared to the continued staffing of overall mental health providers cannot be disentangled to demonstrate the specific impact of increased mental health funding.

Two examples of funded service enhancements are the dissemination of evidence based psychotherapies for PTSD and other mental disorders, and the establishment of the Suicide Prevention Hotline. Details on each of those follow.

One major investment being made is the national dissemination and implementation of evidence-based psychotherapies for PTSD, depression, and serious mental illness in VHA. As part of this effort, VA has developed centralized, competency-based training programs for VA mental health staff in Cognitive Processing Therapy (CPT) and Prolonged Exposure Therapy (PE) for PTSD, Cognitive Behavioral Therapy and Acceptance and Commitment Therapy for depression and Social Skills Training for serious mental illness.

Significantly, CPT and PE for PTSD are recommended in the VA/Department of Defense (DOD) Clinical Practice Guidelines for PTSD at the highest level, indicating "a strong recommendation that the intervention is always indicated and acceptable." Moreover, in 2007, the Institute of Medicine (IOM) conducted a review of the literature on psychological and pharmacological treatments for PTSD and concluded that CPT and PE were efficacious treatments for PTSD, thereby validating VA's dissemination of these treatments, which had already begun as part of an effort to bring these treatments to Veterans who can benefit from them as soon as possible. As of April 30, 2010, VA has trained more than 2,700 mental health staff in the delivery of CPT or PE. This has greatly increased VA's capacity to offer these efficacious treatments to returning Veterans.

A part of initial monitoring efforts conducted by the Office of Mental Health Services (OMHS) regarding these efforts were process metrics: a survey was sent in February 2009, to all VA medical centers to assess the extent to which CPT and PE were available at and being provided by medical centers to OEF/OIF Veterans with PTSD. The results of the survey revealed that 94 percent of facilities were providing CPT or PE, and 72 percent were providing both therapies. This level of availability is considerably higher than that documented within VHA prior to VHA's Evidence-Based Practice (EBP) dissemination efforts (Rosen et al., 2004). Furthermore, standardized medical record template progress notes have been developed for documenting the delivery and impact of the treatments and are currently being piloted, with national deployment planned for this summer.

In addition, in FY 2010, VHA began routinely administering the PTSD Checklist (PCL), a well-validated PTSD assessment and outcomes measure as a clinical outcome measure including both impact of treatment; in particular evidence based psychotherapies on symptoms and also on patient function. Returning OEF/OIF Veterans will be administered this assessment tool at the beginning of their treatment for PTSD, and will have it re-administered periodically while they remain in active treatment. The change in the severity of the assessed symptoms will be used to de-

terminate if the Veteran is benefiting from the current treatment, or if the current treatment plan needs to be changed.

The VA Suicide Prevention Hotline, an initiative developed in conjunction with the Department of Health and Human Services (HHS), is designed to reinforce increased suicide prevention staffing in VA medical centers and improve care for Veterans at risk for suicide. A key metric for this initiative is number of calls to the Hotline which, as of March 31, 2010, was over 250,000 calls since its inception almost 3 years ago. The professional staff at the Hotline also has provided thousands of referrals back to facility Suicide Prevention Coordinators for on-going care. Most important are over 4,000 rescues of imminently suicidal Veterans based on Hotline contacts. In July 2009, a Suicide prevention online Chat Service was established, through which Veterans can send text messages to Hotline professional staff, rather than placing a call. This Chat Service has had over 4,000 chatters and over 400 transfers to the Hotline.

B. For the service-connected population, is VA seeing a stabilization, or even a reduction, in disability levels for PTSD?

Response. Between fiscal years 2005 and 2008, the number of Veterans receiving compensation for PTSD increased by more than 40 percent. A special data run is required to identify changes in average degree of disability for PTSD. Information will be provided as soon as it is available.

C. For service-connected veterans, does VA track whether investments made to treat any health condition, e.g., diabetes, are improving their health?

Response. Yes. VA tracks health care and health status broadly and has a number of systems that track performance measures/results relative to different diseases and procedures. We track over time the Healthcare Effectiveness Data and Information Set (HEDIS) measures related to diabetes and can demonstrate improvement.

Question 18. In the medical services appropriation (Volume 2, Page 1C-20), please explain the justification for "Employee Travel and Transportation of Persons" increasing by 43% from FY 2009 to FY 2010, and the proposed increase of 43% for FY 2011, and another 43% increase for FY 2012. What justification is there for this type of spending to triple in a 3-year period?

Response. The increase in travel referenced above includes all patient and employee travel. From FY 2008 to FY 2009 overall travel increased by 60% and was driven in most part by a 69% increase in beneficiary travel (patient travel). This reflected the increase in the beneficiary travel mileage reimbursement rate from 28.5 cents to 41.5 cents per mile, a 46% increase. The subsequent increase in FY 2010 through FY 2012 takes into consideration the increase in beneficiary travel mileage reimbursement rate from 28.5 cents to 41.5 cents per mile and anticipated usage by Veterans.

Question 19. In the medical services appropriation (Volume 2, Page 1C-20), please explain the justification for Communications increasing by 12% from FY 2009 to FY 2010, and the proposed increase of 12% for FY 2011, and another 12% increase for FY 2012.

Response. The 12% increase is based on historical trends from FY 2005 through FY 2009 (a 4-year average from FY 2005 to FY 2009). The percent change from FY 2005 to FY 2006 was 25%, since that time the percent has decreased and remained relatively steady at 12%.

Question 20. I am going to highlight obligations found on Volume 2, Page 1C-20, and would like VA's comments on each. I then would like an explanation as to why the proposed increases in these areas have identical percentage increases for each fiscal year.

A. Please explain why "Outpatient dental fees" is expected to increase 30% from FY 2009 to FY 2010; 30% from FY 2010 to FY 2011; and 30% from FY 2011 to FY 2012.

B. Please explain why "Medical and Nursing Fees" is expected to increase 22% from FY 2009 to FY 2010; 22% from FY 2010 to FY 2011; and 22% from FY 2011 to FY 2012.

C. Please explain why "Repairs to furniture/equipment" is expected to increase by 22% from FY 2009 to FY 2010; 22% from FY 2010 to FY 2011; and 22% from FY 2011 to FY 2012.

D. Please explain why "Contract hospital" is expected to increase by 18% from FY 2009 to FY 2010; 18% from FY 2010 to FY 2011; and 18% from FY 2011 to FY 2012.

E. It would appear that the budgeting for these items (and others on that page) was not done based on a historical trend but, rather, by simply taking the percent-

age increase projected for the current year and applying it to the subsequent two fiscal years. Is that common practice?

Response to A–E: The percentage increase from FY 2009 to FY 2010 of 30 percent for Outpatient dental fees, 22 percent for Medical and Nursing Fees, 22 percent for Repairs to furniture/equipment, and 18 percent for Contract hospital is based on a review of the actual historical spending trends from FY 2005 to FY 2009 for each of these separate items to develop the estimated percentage increase from FY 2009 to FY 2010. We then use that same estimated rate of increase for FY 2011 and FY 2012 because there is no more current actual information available to suggest, or inform, a different estimate. These annual estimated rates of increase will be updated annually in each budget submission based on the most recent actual historical experience available at that time.

Question 21. In Volume 2, Page 1D-4, the budget shows two tables associated with obligations for Medical Support and Compliance.

A. Please explain why the first table shows an obligation increase of 28%, over \$600 million, for “Outpatient Care,” but the table below shows an FTE decrease for “Outpatient Care.”

Response. The increase of \$600 million from the FY 2009 actual (\$2,257,790,000) to FY 2010 estimate (\$2,884,966,000) reflects a 58% increase to Other Services, the bulk of which would be provided through contract services, not VA FTE.

B. What is the relationship between those two tables and why does it appear as if there is no correlation with respect to Outpatient Care?

Response. The Summary of Obligations by Activity chart depicts by activity break the sum of pay and non-pay costs. The Summary of FTE by Activity chart shows the FTE associated with each activity. The two charts do not depict the individual line items which constitute pay and non-pay. These individual line items are shown on the Obligations by Object table (reference page 1D-7).

Question 22. Referencing Volume 2, Page 1D-7, please explain the justification within the Medical Support and Compliance account for the 20% increase in “Employee Travel” from FY 2009 to FY 2010; the 20% increase proposed for FY 2011; and the 20% increase proposed for FY 2012.

Response. The percentage increase from FY 2009 to FY 2010 of 20 percent for employee travel is based on a review of the actual historical spending trends from FY 2005 to FY 2009. We then use that same estimated rate of increase for FY 2011 and FY 2012 because there is no more current actual information available to suggest, or inform, a different estimate. These annual estimated rates of increase will be updated annually in each budget submission based on the most recent actual historical experience available at that time.

Question 23. Referencing Volume 2, Page 1D-7, please explain the justification within the Medical Support and Compliance account for the 24% increase in Communications from FY 2009 to FY 2010; the 24% increase proposed for FY 2011; and the 24% increase proposed for FY 2012.

Response. The percentage increase from FY 2009 to FY 2010 of 24 percent for communications in the medical support and compliance appropriation is based on a review of the actual historical spending trends from FY 2005 to FY 2009. We then use that same estimated rate of increase for FY 2011 and FY 2012 because there is no more current actual information available to suggest, or inform, a different estimate. These annual estimated rates of increase will be updated annually in each budget submission based on the most recent actual historical experience available at that time.

Question 24. After expenditure of the remaining American Recovery and Reinvestment Act appropriation for non-recurring maintenance (NRM) projects, and assuming enactment of the requested funding level for FY 2011, what is the remaining backlog of NRM projects (in number and dollar amount)?

Response. On a rotating basis over a three year period, VA performs a Facility Condition Assessment (FCA) of all its facilities. Based on these assessments, VA estimates the “backlog” cost of addressing all the deficiencies rated as “D” (Poor Condition) and “F” (Critical Condition). This FCA backlog is the best measure we have available of future requirements for maintenance and restoration of VA facilities as it covers items in need of maintenance or items that have reached the end of useful life and require modernization or restoration. These restorations and maintenance items are primarily funded using the Non-Recurring Maintenance program, but also can be addressed through the major and minor construction programs. As of February 2010, VA had a total of 34,313 deficiencies graded with a “D,” costing \$8.1 billion, and a total of 3,432 deficiencies graded with an “F,” costing \$1.4 billion, for a total remaining backlog cost of \$9.5 billion.

Question 25. At a June 10, 2009, Committee hearing a VA witness testified that “within the next few months we anticipate to award at least 40% of the stimulus funding.” However, I see that roughly \$738 million of the \$1 billion allocated for emergency stimulus was carried over into FY 2010.

A. As of today, how much of the \$1 billion has been obligated?

Response. As of January 31, 2010 over \$432 million or 43% of the \$1 billion appropriated for this purpose has been obligated. Veterans Health Administration American Recovery and Reinvestment Act State Construction Grant obligations as of January 31, 2010 were over \$140 million or 94% of the \$150 million appropriated for this purpose.

B. What is the schedule for the remainder?

Response. The remainder is scheduled to be obligated by the end of FY 2010.

Question 26. For the medical facilities appropriation (Volume 2, Page 1E-9), please explain why “employee travel” is proposed to increase by 28% from FY 2009 to FY 2010, by 28% in FY 2011, and by another 28% in FY 2012.

Response. The percentage increase from FY 2009 to FY 2010 of 28 percent for employee travel is based on a review of the actual historical spending trends from FY 2005 to FY 2009. We then use that same estimated rate of increase for FY 2011 and FY 2012 because there is no more current actual information available to suggest, or inform, a different estimate. These annual estimated rates of increase will be updated annually in each budget submission based on the most recent actual historical experience available at that time.

Question 27. For medical facilities, please explain why Communications is proposed to increase by 50% from FY 2009 to FY 2010; by another 50% in FY 2011, and by yet another 50% in FY 2012.

Response. The percentage increase from FY 2009 to FY 2010 of 50 percent for communications in the medical facilities appropriation is based on a review of the actual historical spending trends from FY 2005 to FY 2009. We then use that same estimated rate of increase for FY 2011 and FY 2012 because there is no more current actual information available to suggest, or inform, a different estimate. These annual estimated rates of increase will be updated annually in each budget submission based on the most recent actual historical experience available at that time.

Question 28. In Volume 2, beginning on Page 4A-7, there are 20 “Transformation into the 21st Century” initiatives proposed for FY 2010 and FY 2011. For FY 2010, the \$354 million proposed for these initiatives was carried over from FY 2009.

A. Were any of these initiatives ever officially requested? If so, when and to whom?

Response. The FY 2011 Congressional Budget Justification (CBJ) served as the initial notification to Congress of some new information technology initiatives related to transforming the VA into a 21st century organization. The 2011 CBJ provides estimates for both FY 2010 and FY 2011. Consistent with the FY 2010 Consolidated Appropriations Act, VA submitted to the Committees on Appropriations, on February 22, 2010, its FY 2010 Baseline Reprogramming notification. This notification details, by budget and program line, the application of funding sources to these initiatives.

B. If they were not requested, and in light of the current fiscal climate, why does it make sense to simply find a use for unobligated money that was carried over into the current fiscal year? Shouldn't that money have been returned to the Treasury or, at least, requested for the specific use VA now assumes it will be used for?

Response. Notification to Congress of changes in FY 2010 information technology projects and costs was accomplished through the FY 2011 budget justification and submission of the baseline reprogramming notification to Congress. As noted in the 2011 Congressional Budget Justification, President Obama charged Secretary Shinseki with transforming VA into a high-performing 21st century organization. The VA will release information on the VA's Strategic Plan for achieving this goal by improving access, increasing quality, lowering or controlling costs, and enhancing performance of the VA very soon. These goals are being addressed now through immediate investments in an ongoing transformation of the VA, and the Department's information technology budget reflects those emerging priorities.

The VA FY 2010 budget provides a significant increase in resources for information technology projects and is a down payment for transforming VA into a 21st Century organization. Our largest transformation investments are in direct services to Veterans. These initiatives will help to transform the VA in order to better serve our Nation's Veterans.

What follows is a description of some of the VA's transformation initiatives that begin in FY 2010 and for which funding continues in FY 2011:

- *Quality* initiatives are underway with a focus on such goals as providing better preventative care, rolling out a new Veteran-Centric Care Model, and dramatically increasing VA services for women Veterans.

- *Access* is being increased through opening the VA to Priority 8 Veterans, as well as newer initiatives that include expanded tele-health and home care and a plan to end homelessness among Veterans.

- *Performance* will improve. Veterans can expect to see their VA perform better when we implement a truly interoperable electronic records system that will provide each member of our Armed Forces a Virtual Lifetime Electronic Record (VLER) that will serve them from the day they put on the uniform through their time as Veterans, enabling better continuity of care and healthier outcomes. We are also working with the President's top technology and performance professionals in developing a records system that will revolutionize our claims process and eventually connect Veterans to their complete account with us, covering health care, education, insurance, home loans, counseling, employment, and cemetery services.

- *Cost* remains a critical component in a transformed VA so that we can direct more of our resources to better healthcare and benefits for Veterans. Transformation of the VA is incomplete if we do not take a hard look at how we steward taxpayers dollars for the greatest outcomes by controlling costs. VA will initiate new initiatives in 2010 that address VA's massive energy costs by shifting to renewable energy sources and implementing energy efficiency measures, as well as enhanced management controls that protect privacy and reduce the costs of operating the VA in the 21st century.

C. The description of each of these initiatives is sparse. For example, \$65 million is proposed for the "Veteran Relationship Management Program" in fiscal year 2010, but only one sentence is used to describe the initiative. Please provide greater detail on exactly what these initiatives are, how exactly the money will be spent, and what deliverables VA has for each of them.

Response. Details of IT support to Transformation Initiatives follow:

CORPORATE ANALYSIS AND EVALUATION

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$2,500	\$500	-\$2,000

Description: This initiative will provide objective, data-driven, transparent analysis to facilitate strategic investment decisions by senior leadership. Successful implementation will incorporate VA programs into a multi-year program where outcome based analysis and resource recommendations can be provided to VA leaders.

In late February 2009, the Office of Policy and Planning was assigned responsibility for establishing a Program Analysis and Evaluation (PA&E) capability within the Department of Veterans Affairs. This capability would be similar to the Department of Defense PA&E that has been in place for decades. As part of the analysis process, interviews were conducted with senior subject matter experts and leaders representing the largest and most complex Federal departments. Additionally, a cross-functional team was established which produced an inventory of current VA analysis and evaluation capabilities as well as corporate PA&E capability development recommendations.

The Office of Corporate Analysis and Evaluation (CA&E) is an independent body dedicated to aligning VA resource allocations with investments that best serve our Veterans, their families, dependents and survivors. CA&E informs capital investment decisionmaking activities and enables development of resourcing options and priorities. Specific missions include:

- Multi Year Programming
- Analytic Agenda
- Independent Cost Analysis
- Long Term Projections

CA&E provides the objective, data-driven, transparent analysis to facilitate strategic investment decisions by VA Secretary and Deputy Secretary.

Benefit to the VA Organization: Successful implementation of the Office of Corporate Analysis and Evaluation (CA&E) will result in the near-term ability to effectively analyze programs and allow VA leaders to consider investment options and prioritize resources to deliver results consistent with the Secretary's Vision for a 21st Century VA. CA&E would provide the Secretary and Deputy Secretary the ana-

lytical basis for deciding among investments not only in ongoing programs but also in new initiatives.

Longer term, a CA&E capability will allow VA leaders to identify and address long-term trends in resource requirements and explore excursions from a baseline based on changes in assumptions on Veteran health and benefits needs as well as changes in the national health care environment.

Deliverables:

Analytic Agenda:

- Conformity to fiscal guidance
- Executability
- Cost/Benefit Analyses
- New Starts
- Current Programs
- Develop alternative programmatic courses of action
- Analyze effectiveness of current operations

Independent Cost Analysis:

- Selected Acquisition Programs

CORPORATE SES OFFICE

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$500	\$500	\$0

Description: Information and Technology (IT) infrastructure will establish a Corporate Senior Executive Management Office, in support of the VA initiative to standardize, streamline and enhance staffing actions for Senior Executive Service and Title 38 positions. This office will assist the VA with the selection, development, utilization and management of our strategic human capital to lead the Department and most effectively serve our Nation's Veterans. The establishment of this office the Corporate Senior Executive Management Office is consistent with the need for centralized management and has been vetted through the appropriate governance structures (Senior Review Group, Strategic Management Council, and VA Executive Board). A single office provides a corporate, standardized approach to the recruitment, selection, and management of senior executives and Senior Executive Service positions in VA, which will ensure consistency and excellence in VA's leadership ranks.

This initiative will be designed to create a regional IT network to allow data sharing and aggregation along a continuum that involves VA, DOD and the private sector. It will have a proof of concept to be scaled to other regions prior to full development and integration. This initiative aligns to VA Strategies to build our internal capacity to serve Veterans, their families, our employees, and other stakeholders efficiently and effectively and to recruit, hire, train, develop, deploy, and retain a diverse VA workforce to meet current and future needs and challenges.

ENTERPRISE ENERGY COST REDUCTION EFFORTS (GREENING VA)

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$500	\$500	\$0

Description: VA's Departmental Green Management Program has a FY 2009 budget of \$ 278.9 M (\$73.4 M Program, \$205.5 M in ARRA).

VA purchases large quantities of commodities such as natural gas, electricity and water to operate healthcare and other facilities at a cost of approximately \$550M annually. Individual facilities purchase commodities locally without taking advantage of regional and other opportunities that could save VA operating dollars annually.

VA facility and regional energy managers serve as stewards of VA facility energy operation, maintenance, and physical enhancement. Increased organizational visibility is needed to ensure the greening of VA, including green awareness education for all staff.

An objective of this initiative is to optimize Clean-Energy investments in physical and knowledge infrastructure to reduce VA's dependence on fossil fuels while supporting the VA mission of serving the Nation's Veterans and their families.

Benefit to the Veteran: As part of the clean-energy transformation, the following Veteran benefits are key steps in reducing VA's carbon footprint:

- Purchase commodities from competitive suppliers where possible, creating new opportunities for Veteran-owned and service-connected disabled Veteran-owned businesses.
- Green investments helps to reduce adverse impacts to the environment, conserve energy and other natural resources, improve public health and safety, and create new markets and jobs.
- Construction initiatives support the establishment of complex Medical Centers requiring a substantial investment in IT Systems and infrastructure in order to provide effective long-term healthcare service delivery to Veterans.

Benefit to the VA Organization: In conjunction with the investments in green projects that VA is making through its clean-energy transformation, these benefits are key steps in reducing VA's carbon footprint:

- Reduction in VA's dependency on fossil fuels through energy infrastructure improvements and renewable energy projects with the same level of investment to continue and enhance the greening of VA.
- Enhanced training for energy managers in energy efficiency and renewable energy technologies and best practices in energy management.
- Strengthen program Departmental oversight to ensure best use of skills and abilities in service to all VA facilities in the greening of VA.
- Improved Department energy performance as cost-effectively as possible.
- Establishment of regionally-based boards comprised of internal technical experts to advise individual facilities on negotiating for the best possible utility rates, terms and conditions.
- Make continuing investments in educating energy managers and VA staff in Green Management.
- Optimize investments in physical and knowledge infrastructure to reduce VA's dependence on fossil fuels while supporting the VA mission of serving the Nation's Veterans and their families.

ENTERPRISE-WIDE COST ACCOUNTABILITY

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$10,000	\$10,000	\$0

Description: VA must increase the cost-effectiveness of VA programs by enabling strategic financial decisionmaking with a robust activity based cost accounting system. Key steps will generate and integrate all activity based cost accounting information into VA's Decision Support System in order to standardize costing, as well as assist in budget execution and forecasting within VA.

This effort will provide resources for both employees and contractors to support the consistent implementation of cost accounting methodology. Uniform implementation across VA ensures cost accounting outcomes are understood by decisionmakers and furnish VA Leadership with performance measurement information to make data-driven decisions. This cost accounting system will ensure that senior leadership has access to accurate cost data for budget formulation, as well as providing effective and flexible tools for overall management analyses.

Benefit to the Veteran: This initiative provides Veterans and their families with integrated access to the most appropriate services from VA and our partners.

Benefit to the VA Organization: It will provide resources for both employees and contractors to support the consistent implementation of cost accounting methodology. Uniform implementation across VA ensures cost accounting outcomes are understood by decisionmakers and furnish VA Leadership with performance measurement information to make data-driven decisions. This cost accounting system will ensure that senior leadership has access to accurate cost data for budget formulation, as well as providing effective and flexible tools for overall management analyses.

FISCAL RESPONSIBILITY REVIEW

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$65,233	\$10,000	-\$55,233

Description: Fiscal Responsibility Review is an initiative to realize savings by improving management processes throughout the organization. It consists of four parts, Organizational Structure, Cost, Transparency and Accountability Review, VA Employee Payments Review, Management Process Savings, and VA Innovative Processes Board. This multi-faceted initiative has five parts that enable an ongoing review and improvement effort of management processes throughout the organization including: structure, cost, transparency, and accountability reviews; VA employee payments; management process savings; and an innovative processes board. This initiative will help to realize savings by improving management processes throughout VA. The Department will conduct a comprehensive assessment of current practices and spending, establish new and consistent management standards, roll out improved process management, and provide tracking of progress and meaningful cost reductions.

Objective: Large organizations in the public sector are prone to expansion, duplication, and redundancies with few opportunities to assess the fit between organizational structure and mission effectiveness in the political economy of the Federal Government. Fiscal Responsibility Review's primary objective is to improve the efficiency and effectiveness of VA operations by employing the optimal organization supported by well-functioning components.

Benefit to the Veteran: The Fiscal Responsibility Review aligns with the Secretary's guiding principal of being a forward-looking organization. It looks to eliminate waste and inefficiency and seeks opportunities to deliver the best services with available resources.

Benefit to the VA Organization: The Fiscal Responsibility Review initiative will reduce organizational redundancies and low visibility into costs and will create opportunities to streamline both organizational units and processes that produce cost savings or cost avoidance. It will also increase accountability across all organizational components by evaluating organizational duplications and redundancies in functional areas and associated costs of operating.

HOSPITAL QUALITY TRANSPARENCY

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$1,000	\$1,000	\$0

Description: The Hospital Quality Transparency (HQT) initiative is designed to allow consumers to make informed choices about obtaining health care services by promoting transparency with regard to the quality and safety of health care. VA is making a commitment to provide Veterans with information about the care they can receive. We will make the quality and safety of health care more transparent, allowing Veterans to make the best choices for their care. This initiative provides Veterans and health care providers with important information about VA's health care quality, outcomes, patient safety, and patient satisfaction. This will make it easier for Veterans to compare VA quality and safety performance with other medical care providers.

Objective: HQT has three main objectives. The first is to increase internal and external communications. The second is to develop metrics to allow VA to benchmark against existing external quality and safety dashboards or when not available, internal benchmarks. The final objective of HQT is to develop an organizational risk management structure to manage large scale disclosures.

Benefit to the Veteran: HQT will address policymakers' desire that VA become more transparent about the quality and safety of health care. HQT will also provide a better understanding of gaps in the quality and safety of health care services provided. This information will allow targets for quality improvement activities within facilities, VISNs or nationally to be identified.

Benefit to the VA Organization: With increased transparency regarding the quality and safety of health care services, HQT will enhance the knowledge base of VA health care providers and create an appreciation by the American people and Con-

gress of the scope and quality of the health care provided by Veterans Health Administration.

HQT will also improve relationships with private sector and community organizations in order to negotiate an exchange of quality and safety data. The infrastructure required to support the increased technical support necessary to implement this plan is already in place within the Office of Quality and Safety.

INTEGRATED OPERATION CENTER

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$32,419	\$100	-\$32,319

Description: The VA IOC provides a fusion point for Unified Command, integrated planning, and predictive analysis to present recommendations to VA Senior Leaders and to coordinate with stakeholders, Federal, State, and local partners. The VA IOC will support VA's strategic goals by ensuring that the Department can continue mission essential functions during an all hazard disaster. The Department of VA is the second largest Federal Agency with nearly 300,000 employees. The Department provides emergency support in regards to mass care and several emergency functions in support of the National Response Frame Work. In addition, as a TIER II agency the Department must be ready to respond to All Hazard Events including the Continuity of Government. The Department of VA would not be able to perform its' Primary Mission Essential functions effectively during a crisis if the VA IOC is not successfully established.

The VA IOC will be the nucleus for information gathering. Nontraditional collectors such as public safety entities and private sector organizations possess important information (e.g., risk assessments and suspicious activity reports) that can be "fused" with law enforcement data to provide meaningful information and intelligence about threats and criminal activity. It is recommended that the fusion of public safety and the private sector information with law enforcement data be electronic through networking and utilizing a search function. Examples of the types of information incorporated into these processes are threat assessments and information related to public safety, law enforcement, public health, social services, and public works. Federal data that contains personally identifiable information should not be combined with this data until a threat, criminal predicated, or public safety need has been identified. The Ops Center normally (routine, non-crisis basis) hosts 8-12 VA staff, mostly 24x7. During a crisis, there will be a total of 20-30 staff, not including additional Principals. VA Office of Information and Technology will provide the necessary IT equipment for the operation of this command center with desktops, laptops, blackberries, audio visual monitors and network support.

PREVENTIVE CARE PROGRAM

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$10,100	\$5,000	-\$5,100

Description: To accommodate the expectations of our newest generation of Veterans and their families, VA will need to expand health promotion and wellness services tailored to their specific needs. Such services are primarily delivered through health coaches to provide activation, support, and on-going contact, including serving as a referral liaison to community health resources that support healthy behaviors. Such services are oriented to the person as a whole, rather than targeting these changes for management of a specific disease, which has been the traditional focus of most lifestyle or self-management programs. These programs have the opportunity to be aligned with the Veteran-centered medical home model. This program will establish the infrastructure, policies, and procedures to implement comprehensive health promotion and wellness programs within VA.

MyHealtheVet (MHV) is a nationwide initiative intended to improve the overall health of all Veterans. It provides an eHealth portal, a secure environment where Veterans can view and manage their Personal Health Record (PHR), as well as access their health information, health assessments, and electronic services. On-line health resources will enable and encourage patient/provider collaboration, as clinicians will be able to communicate with Veterans more easily. The on-line environ-

ment will complement existing VA clinical business practices, and transform the way healthcare is delivered and managed.

Veterans will be able to view key portions of their VA electronic health record and store it in a secure, personalized eVault. They will be able to delegate viewing and managing all or part of the information in their accounts to healthcare providers, both inside and outside VA, as well as to family members or others of their choosing. MHV also provides a secure eHealth portal where Veterans can view and manage their PHRs and access their health information (treatment locations, health insurance information, military health history, medications (e.g., prescription and over-the-counter), allergies, tests, medical events, immunizations, etc.), health assessments, and electronic services. MHV provides them the ability to access care that is better tailored to their specific individual needs, especially in the area of preventive healthcare services. MHV has the potential to dramatically improve the quality and outcome of care available to our Nation's Veterans through increased access, information, education, co-management and advocacy.

Benefit to the Veteran: Veterans will be better served through an interactive health risk assessment as a starting point for assessing individual patient strength and opportunities with respect to general health, comprehensive health promotion and wellness services with the structure and support to make healthy lifestyle choices that will improve their overall health.

Benefit to the VA Organization: The goal is to conduct clinical demonstration projects at 10–15 sites to establish optimized structure, policies, and processes before national dissemination. As the Health Promotion and Wellness needs of Veterans continue to expand and be standardized, increased access and increasing awareness are criteria for success.

READJUSTMENT COUNSELING FOR WOMEN

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$1,300	\$1,250	-\$50

Description: There are currently over 1.8 million Women Veterans in the US, and approximately 270,000 of these used VA healthcare in 2008. Women comprise the fastest growing cohort of Veterans utilizing VA health care services. Over 400,000 women have been deployed to recent conflicts and the overall number of women, as well as their proportional representation, is increasing in both the military and Veteran populations. The number of women serving in combat zones is increasing significantly and there is a greater need for personal, confidential services to treat these Veterans. This initiative also reviews and modifies, as needed, readjustment counseling for women Veterans at Vet Centers to ensure sufficient scope and intensity of specialized services that help women experiencing trauma from combat situations, reporting military sexual trauma, and contemplating suicide.

Women Veterans entering the VA system are younger and have health needs distinct from their male counterparts. Women Veterans have higher physical and mental health burdens than their female civilian counterparts and health burdens comparable to or worse than that of male Veterans. Women have substantial chronic disease and mental health burdens with higher rates of mental health diagnoses when compared to men.

This shift in demographics has presented a challenge to VA. The provision of routine primary care to Women Veterans is fragmented across multiple providers and sites of care, resulting in uncoordinated and underutilized VA healthcare services compared to men. The current delivery model for Women Veterans is fragmented, requiring multiple appointments with different providers to receive basic annual health services.

Transformation of the delivery of women's health care as it comprehensively prepares for high quality continuum of care delivery to eligible women Veterans will become the delivery model for national benchmarking.

This new definition and redesign of comprehensive women's health delivery places a strong emphasis on Comprehensive Primary Care Clinic Models: 1) achievement of Comprehensive Primary Care for Women Veterans within General Primary Care Clinics, 2) Comprehensive Primary Care for Women Veterans in Separate but Shared Space, and 3) Comprehensive Primary Care for Women Veterans in a Women's Health Center. The redesign is in line with the care platform concept addressed in the Universal Services Task Force Report of April 2009, which focuses on improved coordination of care for Women Veterans, continuity, and patient-centeredness.

Benefit to the Veteran: High-Quality Continuum of Health Care for Women Veterans can be achieved through defined actions which ensure that every Woman Veteran has access to a VA primary care provider who can meet all of her primary care needs, including gender-specific and mental health care, in the context of a continuous patient-clinician relationship. Veteran-centered treatment plans and self management, create a safe and secure environment that assures privacy and dignity.

Fully implemented comprehensive primary care for Women Veterans will significantly improve as a result of eliminating and reducing fragmented primary care, raising the proficiency of providers, implementing state-of-the art technology, and creating an infrastructure that is constructed and equipped based on specialized needs.

Improvements in gender quality can be achieved by increasing the number of women Veteran counselors at RCS/Vet Centers and providing a range of emergency, acute, and chronic healthcare services, sun-specialty care, tele-health/telemental health, and medical and IT equipment needed by women.

Benefit to the VA Organization: Decreased fragmentation of comprehensive primary health care for women will lead to increased women Veteran satisfaction with clinical care and is critical to build a cadre of interested and proficient women's health providers.

SAFETY AND SECURITY INITIATIVE (PIV FOR HSPD 12)

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$10,608	\$17,893	\$30,050	\$12,950	-\$17,100

Description: Homeland Security Presidential Directive-12 (HSPD-12) mandated a "Policy for a Common Identification Standard for Federal Employees and Contractors", secure and reliable identification issued by Federal agencies for their employees and contractors. The VA PIV program is to establish an enterprise standards-based authentication and authorization infrastructure framework to support secure and seamless transmission of business transactions and information through the use of smart card technology and Public Key Infrastructure (PKI). PIV addresses the expanded E-Government PMA through the use of an electronic credential (identity) used for identification such as PKI for digital signing, E-Authentication, and physical and logical access through the use of various factors such as PINS, biometrics, and PKI.

PIV deployment will complete in July 2010. The expenses outlined in this IT Activity Resource Proposal (ITARP) are for operation and maintenance (O&M) through 2014 to include contract support for Verizon card management (PKI certificates) infrastructure and enhancements, software licensing and maintenance for CA tools and card management solution (CMS). Technology refresh covers workstations, printer, biometric readers, cameras and central server systems (production and DR).

The Safety and Security Initiative supports improvements needed in the quality and safety of VA health care by providing more transparency in the health care provided to Veterans. By the use of external dashboards and new quality metrics, VA will readily identify targets for improving quality within facilities, VISNs and nationally. This initiative aligns with VA Strategies to improve and integrate services across the Department in addition to increasing reliability, speed, and accuracy of delivering services. This initiative will provide Veterans and their families with integrated access to the most appropriate services from VA and our partners. The Safety and Security Initiative will provide clear, accurate, consistent, and sensitive messages to build awareness of VA's benefits among our employees, Veterans and their families, and other stakeholders.

Benefit to the Veteran: The compliance of agencies with Homeland Security Presidential Directive 12 and the FIPS-201 standard ensures interoperability across the Federal Government.

Benefit to the VA Organization: As outlined in M-05-24 memorandum from OMB, PIV protects access to information by providing "Secure and reliable forms of identification for purposes of this directive means identification that (a) is issued based on sound criteria for verifying an individual employee's identity; (b) is strongly resistant to identity fraud, tampering, counterfeiting, and terrorist exploitation; (c) can be rapidly authenticated electronically; and (d) is issued only by providers whose reliability has been established by an official accreditation process."

Cost avoidance includes the costs of each facility to develop and maintain an independent infrastructure for controlling logical and physical access. These costs are replaced by the ROI benefits of an enterprise standard for credentialing, identifica-

tion, background investigation, and controlling access to both logical and physical Federal property.

STERILE PROCESSING & DISTRIBUTION (SPD) SCOPE ACTION PLAN

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$3,000	\$3,365	\$365

Description: The Sterile Processing and Distribution (SPD) Scope Action Plan initiative will ensure that SPD functions consistently meet the standards and documentation required for high reliability systems. This plan promotes a well-controlled SPD process allowing consistent performance—day to day, facility to facility, and employee to employee. All biomedical procedures must be performed to exacting standards to ensure that sterile processing and distribution of VA medical equipment consistently meets the highest standards and most thorough documentation. This initiative ensures that such standards are met and creates a highly controlled environment with uniform practices for reprocessing across our medical facilities.

Objective: The objective of the SPD Scope Action Plan is to create a highly controlled environment with uniform practices for reprocessing. Exacting standards to perform all biomedical procedures will include: highly controlled workflow processes, meticulous documentation including document change control tracking and verification, education, training and competency management, quality management systems and functional preventive and corrective action systems.

Benefit to the Veteran: Implementation of the Sterile Processing and Distribution Scope Action Plan will provide strict adherence to new systems and a carefully documented decrease in incidents resulting from sub-standard reprocessing. Veterans will directly benefit from highly trained and qualified employees performing reprocessing.

Benefit to the VA Organization: Veterans Affairs will benefit from the Sterile Processing and Distribution (SPD) Scope Action Plan initiative through the implementation of a VHA system-wide standardized software solution that ensures regulatory compliance, quality assurance, improvement efficiency/effectiveness, and risk mitigation for all SPD processes. SPD ensures good manufacturing processes are in place and that they support/sustain an organizational migration toward ISO 9001 certification for the SPD enterprise at all facilities.

STRATEGIC HUMAN CAPITAL INVESTMENT PLAN

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$905	\$24,000	\$23,095

Description: The Strategic Human Capital Investment Plan (HCIP) initiative will cultivate a 21st Century Workforce to serve our nations' Veterans by creating and deploying learning systems to support employees' development and training and their workforce and succession planning. HCIP will provide high-quality service to Veterans by recruiting, hiring, developing, and retaining the best employees. VA's workforce includes nearly 300,000 employees, volunteers, and contractors. Investing in them is to invest in our mission. To serve our Veterans, this workforce needs to have the skills and tools necessary to meet Veterans' needs today and in the future. This VA-wide initiative helps to offer the highest quality in medical care, benefits, and memorial services by creating a talent pool of trained, certified, and inspired employees to ensure high-level care and services. VA will develop training needs assessments, recruitment programs, certification programs, leadership assessments, and on-line training platforms.

Objective: The objective of the Human Capital Investment Plan is to create the talent pool of trained, certified, and inspired employees necessary to ensure the high-level of care and services to Veterans and their families.

Benefit to the Veteran: VA's workforce must have the skills and tools necessary to serve those who have served our Nation. The Human Capital Investment Plan will increase VA's capacity to better serve Veterans and their families by offering the highest quality in medical care, benefits, and memorial services.

Benefit to the VA Organization: The benefits to VA of the Strategic Human Capital Investment Plan are numerous and include improved internal and external customer satisfaction; increased scores on three key indicators (leadership, perform-

ance, and tools to do job well) on the “Best Places to Work” survey; increased employee technical proficiency and; increased applicant pool desiring employment in mission critical positions.

TRANSFORMED CONSTRUCTION FACILITY MANAGEMENT

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$3,700	\$2,700	-\$1,000

Description: VA Facility Management Transformation initiative involves the establishment of an enterprise method for managing VA Facilities. The enterprise system will address life cycle costing; recapitalization; sustainment; acquisition of facilities and real property and disposal of VA real property. The transformation will integrate the minor and major construction programs for each administration with the sustainment effort to allow VA to assure dollars are allocated strategically to the most critical areas. The initiative will also address facility funding required to effectively manage life cycle cost.

The initiative includes a corporate system of policies and processes and a decentralized approach to project execution. The selection of software tools to facilitate the transformation is a critical element.

The benefit to the VA is effective management of resources. These resources are allocated to advance VA’s strategic goals and effective life cycle management of facilities. The benefit to the Veteran is the right facilities in the right locations to deliver the health care needed.

Benefit to the VA Organization: Under this structure, VA will integrate facilities management functions to maximize life-cycle performance. This will include a corporate system of policies and processes and a decentralized approach to project execution. This approach will help VA achieve the following:

1. Effectively Meet Facilities Needs (Current and Future)
 - Locate facilities to best support service delivery
 - Provide highly functional facilities
 - Provide highly adaptable facilities
 - Support “new mission” requirements
2. Effectively Manage Existing Facility Assets
 - Right Size facility footprint
 - Recapitalize overage infrastructure
 - Eliminate life-safety deficiencies
 - Sustain existing infrastructure
 - Programmatic investment to meet requirements
3. Reduce Cost
 - Minimize life-cycle cost
 - Minimize energy consumption
 - Business case for own vs. lease

TRANSPORT FOR IMMOBILIZED AND REMOTE VA PATIENTS

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$1,000	\$900	-\$100

Description: Those Veterans who are visually impaired, elderly, or immobilized due to disease or disability—particularly those living in remote and rural areas—may have limited ability to travel to receive health care. This initiative will provide transportation to immobilized and remote Veterans to facilitate access to health care using a range of transportation opportunities including contracts, joint ventures and/or partnerships with local communities.

VA POINT OF SERVICE (KIOSKS)

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$31,500	\$20,000	-\$11,500

Description: The Kiosks System has automated the patient check-in process. The system allows a patient to self-check in for appointments by using his or Veteran Identification Card and touch screen input at a kiosk. The veteran answers a series of prompts regarding next of kin, date of birth, and insurance carrier. If the information is correct, the patient merely responds by pressing “yes” and a printout with the name, location, and time of the patient’s clinic appointment for that day is printed. This initiative will enable Veterans to take care of important administrative activities when visiting a VA facility. To achieve this, a system of Self-Service Kiosks will interface with VistA and other national VA systems to help manage patient flow, provide patient education, and capture vitals and patient administrative information. This system will empower Veterans with greater access to their information, their medical records, and scheduling data.

Objective: By using the Kiosks System, VA will implement a standard, efficient method for performing streamlined check-in. The system will improve accuracy of VA insurance, demographics and patient information (medications, allergies). The Kiosks will reduce VA staff’s efforts performing administrative functions, and reliance on collecting patient information. Veterans will have a simpler, faster access to their electronic health records and take care of other VA business at the same time. VA plans to install simple, user-friendly automated kiosks—similar to ATMs—at all VA health-care facilities. This will reduce lines—unless you get behind a slow reader—and increase privacy.

Benefit to the Veteran: This investment improves the direct delivery of quality health care by providing a secure, reliable mode of veteran self service at all medical facilities. A standard product will improve the veterans’ ability to manage his/her own appointment related information including demographic, insurance, appointment specific medical questionnaires, and related information. Improved data quality will also positively affect the billing and collection figures by identifying insurance and patient billing information.

VA TELE-HEALTH AND HOME CARE MODEL

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$14,050	\$29,050	\$48,550	\$19,500

Description: VA Tele-health and Home Care Model initiative will use technology to remove barriers to Veterans and increase access to and use of VA services. This initiative will enable VA to become a national leader in transforming primary care services to a medical home model of health care delivery that improves patient satisfaction, clinical quality, safety and efficiencies. This initiative will help Veterans gain better access to and use of VA services by enhancing the ability to deliver care in the Veteran’s home. The goal of VA’s Tele-health and Home Care Model is to achieve increased Veteran satisfaction with clinical care, reduce the need for hospitalizations by patients with chronic disease, and increase Veteran contact with VA through electronic measure and other communications tools.

VA Tele-health and Home Care Model will develop a new generation communication tools (i.e. social networking, micro-blogging, text messaging, and self management groups) that can be used to disseminate and collect information related to health, benefits and other VA services. An extensive expansion of the OneVA Enterprise network is necessary to provide adequate infrastructure and capabilities for the ever-growing communication and collaboration needs supporting VA veteran-facing functions. This project supports improved access for veterans for a greater variety of VA services from formerly single-purpose VA offices and from remote, rural, home locations. The enhanced telecommunications infrastructure will improve home health care delivery for real-time vital statistics monitoring and other purposes, provide rapid access to emergency or critical information and services, enable real-time medical data flow and video consultations, and improve data exchange with the Department of Defense (DOD) and other agencies through the Federal Health Information Exchange (FHIE). Veteran Service Center connectivity is also enhanced through this effort.

The technology developed or expanded with this initiative will increase Veteran connectivity with VA, improve satisfaction, increase clinical quality, promote efficiency and provide tools for 21st century primary care. The VA Tele-health and Home Care Model will provide a clinic team supporting the Veteran.

It is a virtual medical home model that deploys secure messaging within My HealtheVet to empower Veterans with the ability to communicate with their VA health care providers and staff for non-urgent and administrative needs.

This initiative will increase current home monitoring of chronic disease programs through increased investment in tele-health. Online interactive health assessments and other resources will be provided to Veterans which will enable them to receive personalized information and recommendations on health promotion and disease prevention services. Use of simulation training will increase in order to expand and promote provider expertise for critical services. The virtual home care model will optimize primary health care delivery systems by fully integrating VHA and community resources to enhance the focus on the Veteran. It will provide IT support for primary care tools including ability to analyze patient panels, robust collection and use of quality and safety data in decisionmaking. Purchased care guidelines will change to allow the medical home team to refer Veterans outside of VA to anywhere in the country, if the analysis shows better outcomes in the private sector and also provide the means to access, analyze, and track that care.

Benefit to the Veteran: The goals of this project are directly related to providing services to veterans: 7,500 home-serviced patients utilizing real-time encrypted, secure G3 video technology and data transport by 2011, 68,000 patients with active home monitoring using traditional analog phone service by FY 2011, 150,000 patient encounters for remote tele-health between medical centers and their associated community based outpatient clinics (CBOCs) by FY 2011, and 30,000 patient encounters using non-VA consultative services through secure remote video telecommunications by FY 2011. VA Tele-health and Home Care Model supports the development of new generation communication tools to empower veterans with the ability to communicate with their VA health care providers and staff for non-urgent and administrative needs through electronic measures (texts, web traffic, etc.) This initiative will have the capabilities to provide online health assessments, simulation training, and primary care tools to assess, analyze and track patient care.

Benefit to the VA Organization: VA Tele-health and Home Care Model directly supports the mission by enhancing access to and quality of health care for veterans and improving data exchange capability between VA, DOD, and other Federal agencies. It will improve the efficiency and quality of remote communications with veterans. It will improve and integrate services across VA which will increase reliability, speed, and accuracy in delivering healthcare services. This initiative will use clear, accurate, consistent, and sensitive messages to build awareness of VA's benefits among our employees, Veterans and their families, and other VA stakeholders.

VETERAN CENTERED CARE MODEL

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$22,270	\$3,470	-\$18,800

Description: The Veteran Centered Care Model will improve health outcomes and the care experience for Veterans and their families. The model will standardize health care policies, practices and infrastructure to consistently prioritize Veterans' health care over any other factor without increasing cost or adversely affecting the quality of care. Veteran-Centered Care delivers better health outcomes through a fully engaged partnership between Veteran, family, and health care team, established through healing relationships and provided in optimal healing environments.

In 2010, VA will establish the programmatic standards, operational policies, and other support services and materials to implement the Veteran Centered Care Model.

Objective: The Veteran Centered Care Model will help VA accomplish the following strategic business objectives:

- Programmatic standards, operational policies, and other support services/materials to roll out the Veteran Centered Care model.
- Pilot field-based Centers that will serve as expert consultants in Veteran Centered Care to local facilities, assist in ongoing training, and scientifically evaluate patient outcomes and effectiveness in an effort to determine best practices. These centers will systematically evaluate and implement patient preferences (e.g., evening and weekend clinics).
- National Clinical Inventory that details services availability at each care delivery site and use it to standardize infrastructure requirements and services.
- Customized handbook/web information which is individualized and tailored for each Veteran.

Benefit to the Veteran: Deploy a patient centered care model called Veteran Centered Care, based on best practices in private sector health care, which will result

in a fully engaged partnership between veteran, family, and health care team, established through healing relationships and provided in optimal healing environments.

VETERAN INNOVATION INITIATIVE

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$35,000	\$40,000	\$5,000

Description: The purpose of the Veteran Innovation Initiative (VII) is to improve support of VA’s core business processes with IT platforms that are coherent, cohesive, and cost-effective. VII is designed to create a transferable process to ensure a steady pipeline of new innovations (including organic initiatives) by creating management mechanisms that incentivize and support forward leaning service delivery and by establishing and supporting an innovation investment fund.

Objective: The objectives of the Veteran Innovation Initiative are timely identification of Web-based resources that will improve productivity and reliability, rapid evaluation to determine applicability, rapid evaluation to determine use-models, rapid determination of business case and return on investment (ROI), and tighter integration of more flexible production platforms.

Benefit to the Veteran: In order to provide better service at lower cost, VA must be able to surface, qualify, and invest in promising information and technology (IT) based process innovations. VII aligns with the strategic mission of OI&T to better meet the Secretary’s vision of “veteran-centered” services.

Benefit to the VA Organization: From strategic planning to project management, and from remote configuration to social networking, there are a host of new IT support tools—many very inexpensive or free—that when properly implemented can have a tremendous impact on IT infrastructure availability and reliability, project visibility and scale, and workforce productivity and effectiveness. VII will substantially improve up-time, security, and accessibility of core IT functions. Additionally, it will create platforms for VA employees that provide easy-to-use self-service and self-care.

VETERAN RELATIONSHIP MANAGEMENT PROGRAM

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$65,100	\$51,610	-\$13,490

Description: The Veterans Relationship Management Program (VRM) will provide the capabilities required to achieve on-demand access to comprehensive VA services and benefits in a consistent, user-centric manner to enhance Veterans, their families, and their agents’ self-service experience through a multi-channel customer relationship management approach. This transforming initiative is designed to improve the speed, accuracy, and efficiency in which information is exchanged between Veterans and the VA, regardless of the communications method (phone, web, email, social media). This focus will include modernization of voice telephony, unification of public contact representative desktops, implementation of Identity and Access Management (IAM), development of cross VA knowledge management systems, implementation of customer relationship management systems (CRM), and integrating self-service capabilities with multiple communication channels.

The VRM initiative is led by VBA’s Director, Office of Facilities, Access, and Administration, who shares business sponsor responsibilities with VHA’s Deputy Chief Business Officer for Member Services, NCA’s Associate Director, Office of Field Programs, OI&T’s Assistant Deputy CIO for Program Management, Office of Enterprise Development, Board of Veterans’ Appeals, and VBA’s Executive Management Officer, Office of Policy and Program Management.

The VRM initiative is a multi-year effort that will provide the full range of services and benefits by June 2014, with initial capabilities being delivered in FY 2010. These initial FY 2010 capabilities include:

- *Expansion of web-based self-service capabilities for veterans through the eBenefits portal.* There are multiple releases planned for FY 10 to enhance personalized access to benefits information. Access will be provided for information maintained by VA and DOD, including access to VA benefit claims for housing, com-

pensation, and pension. In addition, single-sign-on for My HealtheVet users will be enabled, and veterans will have self-service capability to update mailing and payment addresses. In addition, capabilities will be put in place to enhance outreach (for example, notifications to states as servicemembers separate from active duty).

- *Implementation of telephony enhancements to the contact call centers.* This will include changing providers to deliver higher quality service and adding capabilities to transfer calls. Call recording, national queue, and Health Resource Center phase 1 capabilities will be incrementally rolled out beginning in September 2010 through December 2010.

- *Initiation of common identity management services.* VA will adopt common identity-management patterns (to include person identity management) and begin to incorporate that common identity with standardized authentication and authorization capabilities so that access to sensitive information is consistently controlled throughout the enterprise. VA will establish a VA/DOD correlation framework where VA and DOD can link Veterans and beneficiaries with enterprise identifiers, providing seamless coordination of services from accession through all stages of life. VA will allow Veterans and beneficiaries to access VA applications using DOD-issued credentials, and support integration efforts between VA and DOD for a common identity and access management framework (pilot North Chicago, Nationwide Health Information Network, and eBenefits). A framework will be established for development of a pilot to expand the eBenefits in-person proofing process to VHA and VBA.

The VRM Program will help VA accomplish the following strategic business objectives:

- Improve VA's ability to successfully resolve Veterans and beneficiaries' issues on the first call.
- Streamline and improve internal business processes in order to provide high quality experiences for Veterans and their beneficiaries.
- Improve transparency and provide seamless support across all touch points.
- Improve consistency and quality across all Veteran interfaces through the sharing of knowledge.
- Become more veteran-focused and information-centric by providing a single 360 view of the Veteran to all stakeholders.
- Ensure that Veterans and beneficiaries have access to timely, accurate, and consistent information on benefits and services.
- Improve ability to measure service quality.

VA will use an iterative approach and a phased implementation to integrate the capabilities that will leverage all the initiatives in the VRM Program. The iterative framework of the VRM Program assumes that Phase 1 will be complete at the end of fiscal year 2010, Phase 2 will be complete at the end of fiscal year 2011, and Phase 3 will be complete at the end of fiscal year 2012. The focus of the 2013 and 2014 fiscal years will be to fine tune and maintain the VRM Program.

- This program will leverage numerous principals and subject matter experts from programs within VA to include joint initiatives between the Veterans Benefits Administration (VBA), Veterans Health Administration (VHA), National Cemetery Administration (NCA), Board of Veterans Appeal (BVA), and the Department of Defense (DOD). The initiatives include Customer Relationship Management, Voice Access Modernization, Knowledge Management, Unified Desktop, and Veteran and Beneficiary Self-Service.

- Contributions from outside the agency include initiatives that will continue to leverage joint programs conducted with DOD under the auspices of the Joint Executive Council and the Benefits Executive Council.

- A multi-organizational VRM governance strategy and management structure will need to be established. Once established, oversight will be conducted by internal chains of command within each business line, and elevated to committees established by the multi-organizational governance strategy, to include the Joint Executive Council and the Benefits Executive Council.

Benefit to the Veteran: It will provide veterans, their families and agents with greater awareness of the full range of VA programs and direct, easy access to those programs through an efficient, effective and responsive multi-channel program.

It will expand opportunities for VA client self-service. This initiative will achieve significant cost efficiencies across benefit programs. It will provide significant improvement in timely, efficient and effective service delivery and improved delivery of benefits across the VA enterprise. In addition to providing Veterans with accurate, complete, and consistent answers to VA program questions.

Benefit to the VA Organization: The VRM Plan will transform VA into a forward-looking, 21st century organization focused on meeting emerging needs that will

change the way VA accomplishes its mission. Implementing VRM will result lower costs by eliminating unnecessary data entry while enhancing the delivery of services by reducing errors in both health care and benefits delivery. Further, it will streamline the “reuse” and usability of data to lessen the burden on VA employees and veterans.

VBA, NCA and VHA will effectively integrate their major contact centers, allowing for a Veteran’s call to be received at one center and to be seamlessly resolved at another center without requiring the Veteran to call another number and without losing the context of the Veteran’s issue. VA envisions a framework that provides Veterans with the ability to:

- Access VA through multiple channels.
- Uniformly find information about VA’s benefits and service.
- Complete relevant business processes within VA.
- Be quickly identified by VA without having to repeat information
- Seamlessly access VA across multiple service lines (health, compensation, education, etc.).

ZERO HOMELESSNESS AMONG VETERANS

	2009 Actual	2010		2011 Estimate	Increase / Decrease
		Budget Estimate	Current Estimate		
Appropriations (\$000)	\$0	\$0	\$8,300	\$1,630	-\$6,670

Description: VA is the Nation’s largest integrated health care system and the largest single provider of homeless treatment and benefits assistance services to homeless Veterans in the Nation. VA provides health care to more than 100,000 homeless Veterans each year. We do this by aggressively reaching out and engaging Veterans in shelters and in soup kitchens, on the streets and under bridges. Last year we reached out and conducted clinical assessments on more than 40,000 homeless Veterans. Our effort is designed to encourage them to utilize VA’s health care and benefits and to engage them with community resources and services. Once they are enrolled, we provide access to quality primary health care, psychiatric evaluations and treatment, and admission in treatment programs for substance abuse disorders. VA has adopted strong performance measures and a Mental Health Uniform Service Package to ensure that all homeless Veterans receive prompt access to mental health and substance abuse care. Our objective is to help Veterans receive coordinated care and benefits, which, in turn, improve their chances of obtaining and maintaining independent housing and gainful employment. Providing this assistance should enable Veterans to live as independently as possible given their individual circumstances.

We expect to spend nearly \$400 million in 2009 on VA homeless specific programs and an additional \$2.4 billion for health care treatments that assist homeless Veterans supported through the Veterans Health Administration (VHA). Services and treatment for mental health and substance abuse disorders are essential both to the already homeless Veteran and to those at risk for homelessness. VA’s mental health services funding increased by nearly \$400 million this year, and the proposed budget calls for an increase of nearly \$300 million. Those funds are used to enhance access to mental health services and substance abuse treatment programs. Increasing access and availability to mental health and substance abuse treatment services are critical to ensure that those Veterans who live far away from VA health care facilities are able to live successfully in their communities.

VA will partner with the University of Pennsylvania and the University of South Florida to create the first Center that will give our Department the research capacity to improve our programs and become more effective in the future. The National Center on Homelessness Among Veterans’ primary goal is to develop, promote, and enhance policy, clinical care research, and education to improve homeless services so Veterans may live as independently and self-sufficiently as possible in a community of their choosing. It will improve the quality and timeliness of services delivered to at risk or homeless Veterans and their dependents. VA’s extensive nationwide network enables it to have one of the best program monitoring and evaluation capabilities in the Nation. The new Center will allow us to use much of the data systems within VA and across the country to improve VA and community service providers’ effectiveness in reaching out, treating and improving long term discharge outcomes of the Veterans we serve.

The President has committed to expanding proven programs and launching innovative services to prevent Veterans from falling into homelessness. The FY 2010 budget of \$1.3 million includes funds for VA to work with the Departments of Hous-

ing and Urban Development, Labor, Education, Health and Human Services, and the Small Business Administration, in partnership with non-profit organizations, to improve the well-being of Veterans. This effort focuses on reducing homelessness and increasing employment opportunity among Veterans, and includes a pilot program aimed at maintaining stable housing for Veterans at risk of homelessness while also providing them with ongoing medical care and supportive services. The FY 2010 funding will be used to VA and the partner organizations with administrative IT support including laptops, desktops blackberries, printers, cell phones, and other IT equipment.

The FY 2011 budget request includes an additional \$300,000 above FY 2010 for further IT support as well as network support, blackberries, cell phones, desktops and laptops for VA and partner organizations such as Homeless Grant and Per Diem Program & Liaisons, Domiciliary Care (Health Residential Rehabilitative Treatment Programs), Supported Employment/Compensated Work Therapy, and Veterans Justice Outreach to provide programs and services to end homelessness.

Benefit to the Veteran: It is important to note that VBA's Loan Guaranty Service program allows non-profit entities to purchase VA acquired properties. More than 200 homes have been sold to non-profit and faith-based organizations to help provide thousands of nights of shelter to homeless Veterans and other homeless individuals.

VA works closely with many of our Federal partners especially those at the Departments of Housing and Urban Development (HUD), Health and Human Services (HHS), and Department of Labor (DOL) to ensure those Veterans who want and need housing, alternative access to health care and supportive services and employment have an opportunity to become productive members of society. Housing and employment are very important because we understand from many formerly homeless Veterans that having opportunities for gainful employment was vital to their being able to overcome psychological barriers that contributed to their homelessness.

Community Homeless Assessment Local Education and Networking Groups (CHALENG) for Veterans helps to establish, as part of local needs, the number of Veterans who are homeless on any given night. The number of homeless Veterans is declining. Three years ago, VA estimated there were approximately 195,000 homeless Veterans on any given night. In fiscal year 2007 the population dropped to 154,000, a 21 percent reduction. Based on estimates from last year, we estimate that on any given night in 2008 there were approximately 131,000 Veterans among the homeless, an additional 15 percent decline from the previous year. This represents a 33 percent reduction over the last three years.

VA's largest program involving local communities is the Homeless Providers Grant and Per Diem Program. This successful program allows VA to provide grants to state and local governments, as well as faith-based and other non-profit organizations, to develop supportive transitional housing programs and service centers for homeless Veterans. The Fiscal Year 2009 of Funding Availability (NOFA) has \$15 million for new grant programs. Organizations may also use VA grants to purchase vans to conduct outreach and provide transportation for homeless Veterans to health care and employment services.

Since the Grant and Per Diem Program were authorized in 1992, VA has fostered the development of nearly 600 programs with more than 10,500 operational beds today. Plans have already been approved or are in process to develop at least 3,500 more transitional housing beds. We already have 23 independent service centers and provide funding for more than 200 vans to provide transportation for outreach and connections with services. Applications are under review and we hope to award funding to new programs that will add 1,000 or more additional transitional beds by late summer.

VA also provides grants to its health care facilities and existing grant and per diem recipients to assist them in serving homeless Veterans with special needs, including women, women who care for dependent children, the chronically mentally ill, the frail elderly, and the terminally ill. We initiated this program in FY 2004 and awarded \$15.7 million to 29 organizations; we followed up that effort with two notices of funding availability on February 22, 2007, which resulted in \$8.8 million to continue funding and expanding special needs grants.

The Department appreciates Congress' renewal and expansion of authority that allows VA and DOL to reduce homelessness among Veterans discharged from institutional settings. Each year more than 50,000 Veterans are discharged from institutional settings such as: long-term mental and substance abuse rehabilitative centers; correctional facilities; and other long-term care settings. This transition is difficult for many Veterans, and this initiative will provide these at risk Veterans with increased tools for reintegration into the community. Public Law 110-387 § 602 authorizes no less than 12 demonstration pilots be established. These demonstration

sites are to be initiated in Fiscal Year 2010. An estimated 2–4,000 Veterans are expected to be aided through this effort annually. Our Department expects to spend \$4–6 million to carry out this homeless prevention activity.

As of April 2009, we have screened 14,250 Veterans for placement, placed 9,300 under our case management, and referred 8,600 Veterans to public housing authorities for vouchers. Of these, 7,300 have received vouchers and 3,500 are in housing with VA case managers. Our preliminary information shows 12 percent of units are occupied by women Veterans and 14 percent have one or more children in the unit. This is a fantastic opportunity to offer Veterans with families, including children, housing services. HUD's funding in March 2009 has allowed VA and HUD to work on adding an additional 10,000 HUD-VASH vouchers for Veterans and their families, a huge step toward ending homelessness among Veterans.

Benefit to the VA Organization: VA is expanding in dynamic ways to not only keep that commitment but to extend and to enhance our outreach efforts with new tools to prevent homelessness for those Veterans at risk of becoming homeless. These unprecedented strides are continuing and creating new opportunities to bring together Veterans in need of assistance through a wide range of direct services and treatment VA provides, as well as those services we offer in partnership with others.

Question 29. Assuming the FY 2011 Major Construction request is appropriated, there will remain over \$4 billion in unfunded liability for projects that will have received some, but not all, of their total required appropriation. The projects in VA's 5-year capital plan have an unfunded liability of \$7.7 billion and, presumably, still more projects will be added to next year's 5-year capital plan.

A. What is the plan to address over \$12 billion in major construction needs?

Response. While the Department does submit a Five Year Capital Plan with its Congressional justifications each year, this plan will most likely change in the out-years based upon various factors including: the actual annual major construction funding appropriation provided; schedule changes for any current partially-funded projects, and the incorporation of additional new projects added and scored during the capital investment process in future budget cycles. That said, it is the Department's policy to prioritize partially funded projects from previous years, provided those projects are ready to execute within the budget year.

B. Please provide a detailed breakdown of how these projects will be completed in a timely manner if VA's major construction appropriation request remains consistent with historical patterns.

Response. While it will take some time to fund the backlog, the Department will be positioned to execute these projects as rapidly as possible once funding is available.

Question 30. Please provide a detailed status report on the progress being made to construct new Health Care Centers in Fayetteville, Charlotte, and Winston-Salem.

Response. VA is engaging a Broker and Architectural/Engineering firm, establishing the delineated areas and revalidating the space plans for each of the three Health Care Center (HCC) projects. These projects will follow the two-step acquisition process with VA pre-selecting the site before competing for a developer. The anticipated schedule for all three HCCs calls for advertising for sites in late Spring 2010, issuance of the Solicitation for Offers in Winter 2010/11, lease award in Summer 2011, and delivery of the HCC in Summer 2013. Once each project is actively in procurement this schedule will be amended to fit the individual project needs and will be available to share with the Senator.

Question 31. In 2004, new outpatient clinic leases were authorized for Greenville and Wilmington, North Carolina. We are six years removed from these authorizations, yet still await the opening of the clinics.

A. What is the delay attributable to?

Response. Delays associated with the opening of these two outpatient clinics resulted from concerns about the population size to be served. These concerns led the VISN to recommend that the project development for the Wilmington, NC, Community Based outpatient Clinic (CBOC) wait until 2006 and that the project development for the Greenville, NC, CBOC wait until 2009.

B. Will VA commit to getting these projects moving as swiftly as possible? Please provide a timetable on completion of each.

Response. The Wilmington CBOC project began in March 2006, with the approval of an updated space plan which increased the CBOC size to 80,761 square feet. In August 2006, Congressional Notification letters were dispatched informing Congress of an increase in scope and rental rates. This project followed the two-step process, with VA pre-selecting a site before competing for a developer. The scarcity of suit-

able parcels at the desired acreage required VA to make three separate attempts to secure a preferred site. In November 2007, negotiations with the third preferred site began and resulted in a successful assignable ground lease that was executed in October 2008. Once the site was selected, the solicitation for offers was developed and issued. VA awarded the lease in April 2010. VA anticipates CBOC delivery in early 2012.

The acquisition of the Greenville CBOC project began in March 2009, with the approval of an updated space plan which increased the CBOC size to 106,614 square feet. The acquisition of the new CBOC was timed to allow VA to appropriately administer local resources. As an interim step, the current CBOC was expanded in place in 2008 to meet the needs of Veterans in Greenville. This project is now moving forward following the two-step process, with VA pre-selecting a site before competing for a developer. A site survey was conducted in August 2009, and due diligence, including survey, geotechnical and environmental studies, is underway. Issues with site due diligence have caused delays in the initial, aggressive Greenville timeline. The current timeline calls for the issuance of the Solicitation for Offers in summer 2010, lease award in early 2011 and space delivery in early 2013. VA will continue to work toward an expedited completion of the Greenville CBOC. VA is committed to ensuring a successful and timely implementation of this CBOC to enhance access for Veterans in the Greenville area.

Question 32. In some VA facilities, local contracts have been established in which VA and a dialysis provider have agreed to a negotiated rate. However, VA is considering an amendment to the current regulation that would mandate all non-VA, non-contracted care be paid at rates not higher than Medicare. That proposed rule was published in the Federal Register on February 18, 2010.

A. What kind of impact analysis was conducted, and what were the results, regarding the possible effects of this proposed rule?

Response. As required by the Office of Management and Budget (OMB), VA conducted a detailed impact analysis of this proposed regulation. While there are known impacts, VA does represent a small portion of the overall health care market (~1.6%). Initial estimates show 5 year cost avoidance (at full implementation of all Medicare schedules) at ~\$1.5B, with the initial year at approximately \$251M. This includes 6 specific Centers for Medicare and Medicaid Services (CMS) schedules, one of which is the schedule governing dialysis payments. (VA currently has authority to pay inpatient hospital and outpatient physician fees using the CMS schedule.)

B. Specifically, what impact would this regulation have on access to care in rural areas? Please provide the Committee a copy of that analysis.

Response. This regulation would not impact access to health care in rural areas because it does not negate VA's ability to contract locally with health care providers if access is negatively impacted. The analysis can be found in Vol. 75, No. 32 of the Federal Register, published on February 18, 2010.

Question 33. North Carolina has one of the highest VA End Stage Renal Disease (ESRD) populations. There are some very rural areas of my State and I am concerned about access to care for these and all veterans who are and will be receiving dialysis treatment in the community.

If the pending rule to require Medicare rates would be applied to all Fee Basis dialysis payments, I've been informed that this will tip the balance of some rural clinics that will result in their being unsustainable—resulting in some clinics having to possibly close. Since that would significantly impact access to care for rural veterans with ESRD, what will you do to avoid this situation?

Response. VA has the authority to contract for services to avoid this situation. In fact, VA has awarded a contract in 8 Veterans Integrated Service Networks (VISNs) to test our ability to improve access to care while still stabilizing costs. This full and open competition resulted in award to 7 vendors (all offerors were awarded under the contract).

Question 34. A major dialysis provider has talked with VA and my staff about implementing a disease management program for dialysis that could be piloted or implemented nationwide. This approach would have the contracted dialysis provider be responsible for all kidney-related care of veterans in the program, including monitoring, preventive care, and other oversight that would create a veteran-centric care management program for veterans receiving dialysis in the purchased care program. It has been described as potentially saving money and improving the health status for these veterans. The majority of costs for ESRD patients are not for dialysis. Avoiding life threatening emergency room and other hospital stays might save significant dollars, and improve quality of life.

I am interested in learning more about this concept and would like VA's comments about how it would work in a state with many veterans with ESRD, such as North Carolina.

Response. VA has also been approached about the possibility of such a pilot, although specific details were not provided. We have requested additional information to assess our ability to improve the health status of Veterans through the use of this program. We are very open to implementing any actions that improve Veterans' health care.

RESPONSE TO FOLLOW-UP POST-HEARING QUESTIONS SUBMITTED BY HON. RICHARD BURR TO HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 1. In response to question 1 under "General Medical Care/Medical Construction/Information Technology" VA responded that no detail was provided to Congress in June 2009 on its FY 2011 advance appropriation request because the estimates only included "top-line estimates for each of the three medical appropriations."

a. How is that possible given the significant new spending proposed on homeless initiatives, rural health, and certain legislative initiatives within the FY 2011 request submitted in February?

Response. While the overall funding level of \$48.183 billion for VA medical care did not change between the Advance Appropriations request and the FY 2011 Budget, there were numerous funding adjustments made at the activity level due to more recent administrative actions, or the availability of more current workload and funding data.

For example, the FY 2011 Budget includes funding for new initiatives, not assumed in the Advance Appropriations request. The cost for these initiatives are covered under the overall medical care funding level through reductions/savings identified in: 1) Institutional Long Term Care (due to lower 2009 actual workload and costs than originally estimated); 2) Ambulatory health care (savings which will be achieved due to a recently developed regulation to lower VA's contract payments to Dialysis providers); and 3) lower-priority infrastructure improvements. As additional resources, which are anticipated but not reflected in the budget, become available (e.g. carryover funding from FY 2010, a governmentwide initiative to reduce contract spending), the Department will be able to increase funding for infrastructure improvements.

b. Again, if the top-line estimate requested in June 2009 is the same resource level requested in VA's February budget submission, it stands to reason that VA knew of these proposed spending initiatives but simply did not provide the detail to Congress. Is that true?

Response. See response to 1a.

Question 2. In response to question 6 under "General Medical Care/Medical Construction/Information Technology" VA responded that it plans to use the extra \$145 million it expects in collections on operating budget expenses at medical centers. As you know, VA received from Congress what it requested for FY 2010 in appropriations, had money from FY 2009 carried over to FY 2010 even though the FY 2010 budget assumed no carry over, and (as VA's answer confirms) expects a higher level of collections than it budgeted for.

All other things being equal, if VA is receiving more money than it budgeted in collections it stands to reason that there must be a specific, unanticipated use it will spend this money on, correct? If so, what is that specific use?

Response. Changes in Obligations from the FY 2010 Budget Estimate to the FY 2010 Current Estimate are reflected in the FY 2011 Funding and FY 2012 Advance Appropriations Request on page 1A-6, VA Medical Care Obligations by Program. The FY 2010 Budget Estimate was revised based on FY 2009 actuals and an updated actuarial model. The increase in collections will help address increases in Health Care Services and Long-Term Care.

Question 3. Referencing VA's response to question 7 under "General Medical Care/Medical Construction/Information Technology," we have now received the Administration's views on S. 1547. It appears VA does support an increase in the grant and per diem authorization at a minimum, which makes the response to question 7C confusing.

a. Again, what legislative changes are necessary to effect the President's spending plan on homeless veterans' programs?

Response. The FY 2011 Senate Military Construction, Veterans Affairs (VA) and Related Agencies Appropriation bill, which addresses the need to increase the Grant and Per Diem spending cap is currently being considered in the Senate. VA will continue to monitor this appropriation bill and re-evaluate legislative needs once a Congressional decision has been made.

VA continues to enhance existing programs to meet the objectives of the Five-Year plan. Additionally, VA is working in conjunction with other Federal partners to align efforts of the Interagency Council on Homelessness Federal Strategic Plan to meet the goal of ending homelessness. As a result of these efforts, VA anticipates there may be regulatory and possibly legislative changes required and VA is evaluating specific policy and current legislation to identify needed revisions.

b. VA deferred to HUD in its views on S. 1547 regarding additional HUD-VASH vouchers. If VA case management complements the vouchers HUD issues, does VA's 5-year plan assume additional vouchers? Specifically, does the administration's plan assume a ramp-up in authorized HUD-VASH vouchers over the next several years, from 30,000 to 60,000, as the legislation proposes?

Response. VA's Five-Year plan to End Homeless among Veterans does assume a ramp-up in authorized HUD-VASH vouchers over the next several years from 30,000 to a total of 60,000 HUD-VASH vouchers by fiscal year 2014.

Question 4. In response to question 14 under "General Medical Care/Medical Construction/Information Technology" VA referred to page 1K-15 of Volume 2. Please refer to page 1C-15 of Volume 2 for what appears to be a FY 2012 Average Daily Census of "0" for Home and Community Based Care, then please provide an explanation of not only that number, but also how it relates to the number VA provided in its original response.

Response. The Home and Community-Based Care line on page 1C-15 is a misprint and should have read as follows:

Description	2009 Actual	2010		2011 Estimate	2012 Advance Approp.	2010 to 2011 Increase/ Decrease	2011 to 2012 Increase/ Decrease
		Budget Estimate	Current Estimate				
Home and Community Based Care	72,315	90,654	93,935	111,484	116,198	17,549	4,714

This line is reflective of the actual/estimates found for Home and Community-Based Care in the Long-Term Care section of Selected Program Highlights, page 1K-15.

Question 5. In response to question 18 under "General Medical Care/Medical Construction/Information Technology" VA asserted that the increases attributable to travel are for both employee AND beneficiary travel. However, the original question was specific to employee travel, and the subheading for travel by employees shows a 43% increase from FY 2009 to FY 2010; a 43% increase for FY 2011; and a 43% increase for FY 2012. Again, please explain this increase that the budget table attributes specifically to employee travel.

Response. Increases found under Medical Services are based on a 4-year average. Employee travel consists of training for employees, travel of witnesses, permanent duty travel and administrative reasons. Estimates are based on the best information available at the time of the submission. Projections for FY 2011 and FY 2012 will be reviewed again pending submission of the FY 2012 submission.

VBA RESPONSES

Question 6. In response to question 5(B) under "Compensation and Pension," VA responded in part that "Regional offices that consistently perform well are in areas where VA is an employer of choice" and that "Regional offices that have difficulties in meeting performance targets are predominantly in high-cost metropolitan areas with high employee turnover." Please provide the names of specific regional offices that, over the past five years, would be considered to have consistently performed well or would be considered to have difficulties in meeting performance targets.

Response. The chart below summarizes the regional offices that performed well and those experiencing difficulties in meeting performance targets over the past five years.

Regional Office Performance					
	FY 2006	FY 2007	FY 2008	FY 2009	Mid-FY 2010
Performed Well	Milwaukee	Manila	Sioux Falls	Lincoln	Lincoln
	Manila	Lincoln	Lincoln	Sioux Falls	Fargo
	Providence	Providence	St. Paul	St. Paul	Fort Harrison
	Lincoln	Muskogee	Providence	Fargo	Sioux Falls
	St. Paul	Sioux Falls	Manila	Manila	Nashville
	Portland	Jackson	Los Angeles	Montgomery	Montgomery
Difficulty in Meeting Targets	Houston	Montgomery	Houston	Atlanta	Oakland
	Anchorage	Newark	Atlanta	New York	Honolulu
	Newark	Honolulu	New York	Detroit	Detroit
	Boston	New York	Detroit	Baltimore	Baltimore

Question 7. Question 10(A) under “Compensation and Pension” requested that VA provide the level of funding that would be dedicated to the Systematic Technical Accuracy Review (STAR) program in fiscal year 2011. VA’s response indicates how many employees will be administering this program, but it does not identify a level of funding. What level of funding will be dedicated to that program?

Response. The Systematic Technical Accuracy Review (STAR) program is a component of VBA’s national quality assurance program that assesses the accuracy of disability benefit determinations and is administered by VBA’s C&P Service. The FY 2011 budget request includes 52 FTE to administer this program, and their associated cost is approximately \$6.0 million.

Question 8. In response to question 14(B) under “Compensation and Pension,” which inquired about the size caseloads expected in fiscal year 2011 for fiduciary program employees, VA noted in part that “[a] standard caseload is not used across all regional offices for fiduciary activities.” Please provide the caseload standard for each regional office.

Response. A specific caseload standard is not used for each regional office. The Compensation and Pension Service is developing a staffing model that will be used for resource allocation in FY 2011. Until the model is finalized, we are unable to provide exact caseload standards for fiduciary program employees.

Question 9. Question 17 under “Compensation and Pension” requested an itemized list of the expenditures that would be made with \$340 million requested for Other Services for the Compensation, Pension, and Burial programs. VA’s response does not provide such a list. Please provide a list of the types of expenditures that would be made with this \$340 million and the amounts that would be spent on each type of expenditure.

Response. An itemized list of Other Services is shown below. An increase in contract medical exams funding is required due to an estimated 12 percent increase in the quantity of exams as well as the anticipated six percent price increase caused by inflation and increased Medicare rates. An increase in VBMS funding is also required due to increased scanning and related services needed for pilot activities and additional technical, analytical, and engineering support provided by MITRE.

Half of the funding included in the Management Support line item is C&P Service’s portion of must-fund contracts to internal and external customers, including the Department of Homeland Security, the Department of Treasury, the National Archives and Records Administration, and several VA customers (Debt Management Center, Financial Services Center, etc.). The remaining Management Support funding is for C&P Service’s portion of the Veterans Relationship Management initiative; VBA infrastructure investments such as the co-location or relocation of facilities and associated equipment contract costs; and equipment operations, maintenance, and repair services contracts.

Compensation & Pensions (C&P) Service 2011 President's Budget Other Services Funding Request (\$ millions)	
Medical Examinations	\$190.5
Veterans Benefits Management System	\$40.1
Contracted service support*	\$18.9
Instructional Systems Development and Training	\$13.2
Regulation/Manual Rewrite	\$4.3
Pilots and Studies	\$1.9
Advisory Committee	\$1.2
C&P Operations	\$0.7
Management Support**	\$69.2
Total Other Services Funding Request	\$340.0

Question 10. Question 19 under "Compensation and Pension" requested information on how \$19 million in carryover funds would be used. VA's response indicates that "[t]hese funds will be applied to additional 21st century transformational improvements to VBA's business processes, such as the Veterans Benefits Management System initiative." Please provide additional details as to the specific nature and amounts of expenditures expected to be made from these carryover funds.

Response. These funds will be applied to additional 21st century transformational improvements to VBA's business processes, such as the Veterans Benefits Management System Initiative and other items as shown below.

Spending VBA 2010 Carryover Funds (\$ millions)	
Veterans Benefits Management System Initiative	\$13.7
Project management services	\$4.2
Strategic program advisory and oversight services	\$4.1
Scanning and indexing services	\$2.6
Business transformation	\$2.4
Operations support	\$0.4
Veterans Relationship Management Initiative	\$2.9
Project Management Services	\$0.9
Strategic program advisory and oversight services	\$1.9
Operations support	\$0.1
Claims Transformation Plan	\$3.0
Private medical vendor contract	\$1.5
Strategic communication contract	\$1.0
Nehmer claims folder storage	\$0.5
Total Carryover	\$19.6

RESPONSE TO ADDITIONAL FOLLOW-UP POST-HEARING QUESTIONS SUBMITTED BY
HON. RICHARD BURR TO HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT
OF VETERANS AFFAIRS

COMPENSATION AND PENSION

Question 1. Question 7(A) asked whether VA has entered into a contract "for the purpose of conducting an ongoing review of the Rating Schedule." In response, VA indicated that "a draft Statement of Work is currently under review" at the Veterans Benefits Administration. What is the timeline for entering into a contract for this purpose?

Response. The Statement of Work for an Earnings Loss study, which is one component of the review of the VA Schedule for Rating Disabilities (VASRD), was approved within VBA. VBA expects the contract to be awarded in September 2010. VBA does not expect to award other contracts.

Question 2. VA had previously indicated that, "[a]s part of the ongoing effort to update at least one to two body systems per year, VA developed a Project Management Plan" and that "VA's Project Management Plan provides for all body systems to be updated by the end of FY 2016." Question 7(D) requested that VA provide a copy of that Project Management Plan. In response, VA indicated that "[t]he Project Management Plan is currently under development and will be submitted to Congress as soon as completed." When did VA begin developing the Project Manage-

ment Plan? What is the projected timeline for finishing the Project Management Plan?

Response. VA began developing the Project Management Plan in September 2009 and expects to complete the plan in April 2016. However, after completion of the 15th body system, the plan continues indefinitely because VA is required to systematically update the VASRD on a continuing basis.

Question 3. In part, question 11(C) asked VA to explain how VA would determine what disability rating to assign for purposes of a retroactive award of benefits under *Nehmer* if the veteran is deceased. VA's response did not address that portion of the question. Please explain how VA would determine what disability rating to assign under these circumstances.

Response. In accordance with the *Nehmer* court orders, VA will review the evidence in the claims file and notify the surviving spouse of his or her right to submit any additional evidence (medical records, treatment plans, death certificate, etc.) that will assist VA in deciding the case. VA will subsequently use the evidence of record to determine the level of disability compensation to award and what effective date VA will assign to such retroactive entitlement. VA will further award death benefits as appropriate. VA evaluates all available evidence when making a determination

Question 4. In response to question 13(B), which asked how much VA expects to spend on shipping brokered cases, VA indicated that it is "unable to provide this information, as we do not separate shipping costs associated with brokering from the regional offices' overall FedEx allocation." How much in total are the regional offices expected to spend on FedEx services during fiscal years 2010 and 2011?

Response. VA has allocated \$4,242,070 in FY 2010 budget and \$4,302,473 in FY 2011 for all express mail sent to and from regional offices, including brokering expenses.

EDUCATION

Question 1. In response to question 1(B), VA indicated that "[a]pproximately \$120 million was issued to advance payment recipients who had not established their benefits eligibility for the fall enrollment period." To clarify, did any of those recipients establish eligibility after receiving an advance payment?

Response. That \$120 million excludes anyone who established eligibility after receiving an advance payment.

Question 2. Question 2(A) asked how many full-time employees will be assigned to the Education Call Center during fiscal year 2011. The answer provided by VA appears to reflect the number of employees currently assigned to the call center. To clarify, will the current staffing level be maintained in fiscal year 2011?

Response. Yes, we expect to maintain the current staffing of 297 employees during the fall enrollment period.

Question 3. Question 3(A) requested an itemized list of the expenditures that would be made with \$19 million requested for Other Services. VA's response discusses the planned expenditures but does not provide such a list. Please provide a list of the types of expenditures that would be made with this \$19 million and the amounts that would be spent on each type of expenditure.

Response. The table below provides a list of the types of expenditures that would be made with the \$19 million and the amounts that would be spent on each type of expenditure.

Education Service 2011 President's Budget
Other Services Funding Request

Post-9/11 GI Bill Support	\$6.5M
Instructional Systems Development & Training	\$2.7M
Execution of Public Laws 101-237 & 105-368: Outreach pamphlets and letters	\$1.2M
Customer Satisfaction Surveys	\$0.4M
State approving agency contract review	\$0.1M
Management support	*\$8.1M
Total Other Services Funding Request	\$19.0M

*Over half of this amount is Education Service's portion of must-fund contracts to internal and external customers. For example, the Department of Homeland Security, the Department of the Treasury, the National Archives and Records Administration, and several VA customers (Debt Management Center, Financial Services Center, etc). The remaining funds consist of Education Service's portion of the Veterans Relationship Management initiative; VBA infrastructure investments, such as the co-location or relocation of facilities and associated equipment contract costs; and equipment operating, maintenance, and repair services contracts.

Question 4. Question 4(C) asked how frequently individual employees at the regional processing offices would be expected to print and mail documents after the long-term solution (LTS) is in place. VA's response indicates that the long-term solution "will not eliminate the need for employees to print and mail documents" but does not discuss the expected frequency of those mailings or which employees would be responsible. Please explain whether employees at the regional processing offices would be personally sending letters to beneficiaries, what types of letters they would be sending, and how frequently they would be expected to send those types of letters after the long-term solution is in place.

Response. The LTS will not impact the number or frequency of letters sent to students. VA receives an average of three enrollments and one change of enrollment annually from each student, requiring the RPOs to mail an average of 3.3 award letters to each student. The award letters inform the student of the action taken on their claim. In addition, development letters are sent by the RPOs to acquire additional information needed from the student to process the claim.

OFFICE OF THE SECRETARY

Question. In response to question 2, VA noted that a 28% increase in the travel budget for the Office of the Secretary is "related to the Secretary's initiatives to transform VA." How many trips would that level of funding support and what is the expected cost per trip? What method of travel is anticipated for these trips (such as commercial airlines or military air)?

Response. VA notes that the 28% increase in the travel budget for the Office of the Secretary (OSVA) is based on a two-year period. The FY 2011 travel budget reflects anticipated costs based on previous travel experience with adjustments based on anticipated conferences and visits necessary for existing and new initiatives. Given the great disparity in distance, duration and travel staff size that can occur with each visit, a notional expected cost per trip would be impractical for any use. For example, a two-person one-day site visit to Boston would be equated with a four-person three-day conference in Seattle. VA notes OSVA includes not only the immediate senior VA leadership and support staff, but a number of other staff offices and Centers that report to the Office of the Secretary. Government travel regulations address the allowable modes of travel for reimbursement purposes, but the predominant method of travel has and will continue to be commercial airlines.

OFFICE OF HUMAN RESOURCES & ADMINISTRATION

Question 1. Question 2(A) asked how many trips would be supported by the \$16.8 million this office now projects to spend during fiscal year 2010 on travel and how many employees are expected to travel. VA's response indicates that "[o]ver 150,000 'training instances' are projected using various modalities" but does not provide information about the number of employees expected to travel or the number of trips expected to be funded. During fiscal year 2010, how many employees are expected to travel using the \$16.8 million, how many trips are expected to be funded, and what is the expected cost per employee per trip?

Response. During fiscal year 2010, we expected that \$16.8 million would fund the travel of 8,400 trips at one trip per employee at an expected cost of \$2,000 per employee per trip. The Human Capital Investment Plan (HCIP) is an investment in the VA workforce to recruit, train, develop and retain the right people with the right skills.

Question 2. Question 2(B) asked what accounts for the over \$14 million increase between the amount of travel funds requested for fiscal year 2010 (\$2.4 million) and the amount now expected to be spent on travel during fiscal year 2010. VA's response refers to the answer to question 2(A), which mentions that "[t]he travel increase is allocated for travel associated with training programs sponsored by the HCIP" but does not address why there is a \$14 million difference between the amount requested for fiscal year 2010 and the amount now expected to be expended during fiscal year 2010. Please provide such an explanation.

Response. The Human Capital Investment Plan (HCIP) was developed subsequent to the submission of the FY 2010 President's Budget. The HCIP is an investment in the VA workforce to recruit, train, develop and retain the right people with the right skills. Under VA's new corporate level training program, all travel and training are managed, obligated and reported by the HCIP at the corporate level. Costs that previously may have been obligated and reported at the field level are now reported at the corporate level under HCIP.

Question 3. Question 2(c) asked how many trips would be supported by the \$17.6 million requested for travel during fiscal year 2011 and how many employees are

expected to travel. VA's response refers to the response to question 2(A), which indicates that "[o]ver 150,000 'training instances' are projected using various modalities" during an unspecified period of time. The response does not provide information about the number of employees expected to travel or the number of trips expected to be funded. During fiscal year 2011, how many employees are expected to travel using the \$17.6 million, how many trips are expected to be funded and what is the expected cost per employee per trip?

Response. During fiscal year 2011, we expect that \$17.6 million will fund the travel of 8,800 trips at one trip per employee at an average expected cost of \$2,000 per employee per trip.

Question 4. Question 2(D) asked what accounts for the increase in travel funds from fiscal year 2010 to fiscal year 2011. VA's response refers to the response to question 2(A), which does not explain why there is an increase in travel funds between fiscal years 2010 and 2011. Please provide such an explanation.

Response. The HCIP was implemented during the course of fiscal year 2010. FY 2011 will be the first full year of operations for HCIP training events. We anticipate more employees will avail themselves of training opportunities requiring HCIP travel funding in fiscal year 2011.

Question 5. Question 2(E) asked whether VA's goals could be accomplished without the need for extensive travel. VA's response refers to the question 2(A), which does not explain whether VA's training goals could be accomplished without extensive travel. Please provide such an explanation.

Response. Training is being conducted through various modalities, including on-line training, video conferencing, training hubs/clusters in the field, and at various existing training facilities (such as the VA Acquisition Academy, IT Training Academy, Office of Personnel Management, etc.) HCIP travel dollars are being used to pay for employee travel to field hub sites and to classes requiring a traditional instructor-led classroom setting. This is only 6.5 percent of the 135,000 training opportunities being offered by the HCIP in fiscal year 2010.

Question 6. Question 4(A) asked for an itemized list of how \$7.6 million would be spent with regard to a "Corporate Senior Executive Management Office." VA's response indicates that the office would have 24 FTE and payroll costs of \$4,996,000 and that \$2.2 million would be spent on contracts. What is the expected average salary of those 24 FTE? What is the purpose of those contracts and what metrics would be used to gauge whether those funds are used effectively?

Response. The Corporate Senior Executive Management Office continues to hire staff this fiscal year. In July, the CSEMO office had 22 employees with an average salary and benefit cost of \$120,881.

Contracts funded in fiscal year 2010 include:

SES Performance Management: Contract used to train members of the SES on the new requirements of the Performance Management System. This contract provided assistance in developing and implementing effective SES performance plans with quantifiable measures that align with VA's strategic goals and objectives and also provided subject matter expertise to ensure recertification of VA's SES appraisal system with the Office of Management and Budget and the Office of Personnel management.

SES Forums: Contract funds were used to host four SES Forum/Training Sessions where CSEMO implemented a new SES Orientation Program and conducted the training sessions. In 2010 all VA SES attended a mandatory SES Forum; there were four held with about 100 executives in attendance at each session. The Secretary and the Deputy presented their transformation vision for VA and VA Principals, to include Under Secretaries, addressed each group to talk about leadership challenges. This was the first time in VA history that VA's entire leadership cadre was called together to share challenges and network across functional and organizational lines. The Forums were highly effective—executives responded very positively and appreciated the opportunity to hear and understand critical leadership issues and concerns. This was a strong start to the Secretary's goal to break silos and work across functional lines in order to deliver outstanding service to the Nation's Veterans.

SES Collaborative Management Tool: Interactive web application to facilitate exchange of information between VA SES members across program areas. New technology will address senior management communication and leadership challenges around VA transformation initiatives. This will include a central repository of knowledge capable of providing ongoing resources to enhance performance and assist with VA transformation efforts.

SES Talent Management System: Contract to develop a streamlined and automated process for operational oversight of executive talent requirements, devel-

opment and assignments. The contract will include analysis of existing workflow processes, practices and tools to identify system capabilities and development necessary to deploy an executive dashboard, rosters, profiles and biographies, competency assessments and performance data.

Metrics used to gauge effective use of funds include number of orientations/training conducted for SES personnel, assessment of VA's SES performance management process, number of forms standardized, number of procedures standardized, and completion of Talent Management System.

Question 7. Question 5(A) asked for an itemized list of how \$83.7 million would be expended with regard to a "Development and Certification of Leaders" initiative. VA's response indicates that over \$83 million would be spent on contracts described as follows: Leadership Assessments, Leadership Development, Supervisory Training, Transformational Leadership, Competency Mapping, and other Leadership Training. Please provide an explanation of the purpose of each of these contracts and what metrics would be used to gauge whether those funds are used effectively.

Response. The budget request included descriptions of the Human Capital Investment Plan initiatives along with the 2010 resource requirements (beginning on page 5F-8 of Volume 3). As previously noted, the chart below provides a breakdown of the budgeted contract cost for the Development and Certification of Leaders initiative.

Development and Certification of Leaders
(\$000)

Contracts:	FY 2010 Resources
Leadership Assessments	\$10,000
Leadership Development	\$12,000
Supervisory Training	\$23,389
Transformational Leadership	\$23,000
Competency Mapping	\$5,200
Other Leadership Training	\$9,750
Total Obligation	\$83,339

During the fiscal year 2010 contracting process, the Development and Certification of Leaders initiative resulted in the advancement of the following programs:

Leadership Assessment/Competency: This contract is aimed at assessing and developing leaders across VA to ensure a continuously strong, capable leadership corps, and that VA leaders have the skills and proficiency to lead people and progress. The initiative will assess the leadership competencies of newly selected and current leaders in the Department, prescribe developmental activities designed to build on identified strengths and improve identified weaknesses, and create a valid and reliable certification program for qualified leaders within VA.

The effectiveness of the Leadership Assessment and Certification Program shall be evaluated in parallel with its development and implementation. The program evaluation will complement organizational leadership evaluation and assessment performed by the National Center for Organizational Development. Evaluation activities will include a review and acceptance of the proposed certification and standards by VA and OPM general counsel and other key reviewers within OPM and VA that ensure all potential employee management issues are resolved; demonstrated reduction of skill gaps and increase in key leadership skills in the targeted population; and positive student and facilitator assessment of processes.

Leadership Infusion: The purpose of this project is to procure up to, but not limited to 2,236 seats in pre-designed and custom leadership and management training programs through the U.S. Office of Personnel Management (OPM) Center for Leadership Capacity Services (CLCS). These seats shall be in a variety of pre-designed training programs that result in increased proficiency in each competency and enable optimization of performance for leaders at the supervisor, manager, and executive levels of leadership from across the Department. Given the anticipated need to quickly satisfy critical learning and development gaps, VA is seeking to place participants in program offerings with predetermined dates, as well as customized offerings for targeted cohort groups.

Performance assessment will include an assessment of the training program curriculum that teaches content that is compliant with relevant lesson or course objectives; positive assessment of the application of skills learned to the operational environment and retention of those skills over time; demonstrated re-

duction of skill gaps in the targeted population; and availability and positive student and facilitator assessment of highly qualified instructors.

Basic/Advanced Supervisory Management Training: VA has implemented an enterprise-wide, corporate university approach to supervisory and management training. All supervisory and management training will be aligned to competency models, implemented on an enterprise-wide basis, and tracked using the VA Learning Management System. This initiative includes development of all aspects of competency-based basic and advanced supervisory and management training programs, development and delivery of training using multiple modalities and production of documents and materials needed to conduct instructor-based training, and analysis, design, and development support to VA production staff to produce video, VA knowledge network satellite, graphics, and eLearning materials. In addition, the project will include the testing of training materials and implementation of training programs and evaluations.

Performance effectiveness will be assessed based on the training approach, methods and modalities used to close the gap between performance requirements and current performance levels through conduct of formative and summative evaluations to monitor the outcomes of training. Assessment will determine the level of knowledge transfer and the individual application of training to measure the quality of a learner's knowledge and performance as compared to training objectives.

Transformational Leadership: The Transformational Leadership Training Task Force was a multi-disciplinary VA team created to address learning needs that flow from the VA Strategic Plan and are integral to achieving the Department's transformation. Through focused workgroups, the team developed the concepts and competencies that were further refined by a smaller design team, resulting in a comprehensive Transformational Leadership Training strategy. This contract will enable design, development, and delivery of training programs that result in increased proficiency in each competency and enable optimization of performance for leaders at the supervisor, manager, and executive levels of leadership. The proposal reflects five major facets of work: (a) development of a Transformational Leadership Competency Model, (b) a framework for senior leader training identified as the Senior Leadership Academy, (c) options for manager and supervisor training, (d) objectives for program related assessment and evaluation through engagement with the National Center for Organizational Development and (e) linkages with the VA Transformation Communication Strategy.

Effectiveness of this program will be assessed based on the training approach, methods and modalities used to close the gap between performance requirements and current performance levels through conduct of formative and summative evaluations to monitor the outcomes of training. Assessment will determine the level of knowledge transfer and the individual application of training to measure the quality of a learner's knowledge and performance as compared to training objectives.

Executive Coaching: This contract provides for the design and implementation of coaching interventions for selected VA executives across the country. Executive Coaching opportunities will focus on career SES and Title 38 equivalents who have demonstrated outstanding leadership for the Department. This experience is for those individuals within selected program cohorts such as The Executive Fellow Program as well as for those individual SES or Title 38 equivalents not aligned with a specific executive development program. Individual supervisors will nominate executives or executives within a particular program and the VALU Dean and Associate Dean will oversee the nomination and selection process to ensure a strong business case is made for executives wishing to access the coaching experience.

Evaluations of individual coaching intervention effectiveness shall be conducted at two intervals during the 12 month performance period, to include a mid-term and summary evaluation at end of the 12 month period. The evaluations shall include, but may not be limited to the following:

- Availability and willingness of executives to participate in coaching;
- Development of meaningful coaching relationships that are assisting executives in meeting the objectives of his/her Professional Development Plan (PDP);
- PDP is conceptualized and in development by completion of the fifth hour of the Executive's coaching program;
- Usefulness of assessment instruments utilized;
- Review of coaching schedule/summary coaching hours utilized to date and remaining hours; and

- Recommendations for future action.

Question 8. Question 6(A) asked for an itemized list of how \$98.5 million would be expended with regard to “Mission Critical Training” initiative. VA’s response indicates that over \$83 million would be expended on contracts described as follow: IT Training, Project Management Training, Customer Service, H.R. Academy, and Other Mission Critical. Please provide an explanation of the purpose of each of those contracts and what metrics would be used to gauge whether those funds are used effectively.

Response. During fiscal year 2010, the Mission Critical Training Initiative focused on the following contracts and agreements:

National Center for Organizational Development (NCOD): NCOD will expand the VHA All Employee Survey (AES) to encompass all VA employees once per year and will provide the necessary coordinator training, organizational mapping, marketing activities, administration coordination, data analysis and presentation, and support for action plan development. Also, NCOD will implement the Civility, Respect, and Engagement in the Workforce (CREW) initiative across all of VA to include site selection, pre- and post-organizational assessments, train the trainer activities, CREW tool development, and ongoing, dedicated support for each site by an NCOD companion. NCOD will conduct onsite Organizational Assessments for identified VA Organizations to assess specific areas of focus (e.g., Information Technology, Human Resources). Results from the assessments will guide and support training development to ensure that curriculum meets identified gaps. These assessment efforts will in turn support the evaluation of training provided.

The effectiveness of the HCIP training initiatives will be monitored by NCOD. NCOD will evaluate the human capital investment activities to develop supervisors, managers, and mid and entry level leaders through the analyses of self-report of candidates, progress on closing gaps on their 360 degree assessments pre-, during, and post-training, and through analysis of organizational performance metrics effected by the candidates. NCOD will conduct assessments utilizing multiple measures (surveys, focus groups, interviews, etc.) to objectively evaluate organizations within VA, including employees and leadership.

Office of Information and Technology (OI&T) Workforce Training Program: Contractor support is needed to both maintain VA’s OI&T Supervisor competency model and implement it for CIOs and application software developers. The scope of the required role-specific professional development activities covers the following primary tasks:

- Provide administrative support for the establishment of a program office to establish processes and provide administrative support for program review, development of program milestones, resource allocation, and monitor milestone progress;
- Provide operations and maintenance support for the Information Security Officer (ISO) Competency Model and develop courseware to fill gaps in the supervisor curriculum;
- Implement the CIO Professional Development Program;
- Initiate and implement Application Software Developers Professional Development Program;
- Provide operations and maintenance support for the OI&T Supervisory Program and develop courseware to fill gaps in the Supervisory Training Program curriculum;
- Develop and implement an On-Boarding Program to orient and integrate new employees into the Office of Information and Technology;
- Develop and implement an intern program to begin building bench strength and a labor pool in newer technologies; and
- Develop and implement a vendor-supplied certification and voucher program that includes IT-related technical and professional development certification.

Effectiveness may be determined by delivery of training courses, progress on closing gaps based on the CIO competency model, number of CIO certifications, and roll out of CIO Community Portal. Assessment will determine the level of knowledge transfer and the individual application of training for ISOs, application software developers, supervisors, and participants in the IT certification program. OI&T will use a new employee satisfaction survey focusing on each component of the hiring and on-boarding process to analyze return on investment data.

HR Academy: The H.R. Academy will support the more than 3,800 VA H.R. professionals ranging from GS-7 to GS-15 in their career development, skills, and abilities. A gap analysis of 22 core competencies and specialized skills de-

terminated several areas in need of improvement. By closing the known gaps through a standardized, organized H.R. Academy and associated curricula, VA H.R. professionals will gain the ability to advance their proficiencies in order to provide improved service to clients and customers. Academy plans call for the implementation of certification programs as well the creation of a cadre of exemplary H.R. professionals who can provide consultation and operational service at the highest levels of industry standards. The H.R. Academy will be a virtual "Academy" that provides course curricula at three levels of practice: Practitioner, Expert Practitioner, and Advanced/Leader. The curricula will consist of online and classroom training programs that are easily available through a variety of vendors and modalities, cost-effective, and demonstrably able to close proficiency gaps.

The success and effectiveness of the H.R. Academy shall be evaluated by analyzing pre/post end of course assessment scores; end of curriculum evaluation; longitudinal self and supervisor evaluations of learning and the Academy experience; and increased scores on the Hiring Managers Survey, over time.

VA Acquisition Academy: Specifically mandated by the Office of Federal Procurement Policy, is the requirement to establish Federal Acquisition Certification-Program/Project Managers (FAC-P/PM) as a structured career development program for P/PMs throughout Federal civilian agencies. This project will enable VA's FAC-P/PM Program to train the Acquisition and Information Technology workforce and other employees requiring project and program management training and/or certification to meet the FAC-P/PM competencies. In addition, the project will acquire commercial or government training in support of Supply Chain Management (SCM) and other acquisitions and logistics management curricula, provide training for employees requiring Contracting Officer's Technical Representative (COTR), and support the formation of the VA Facilities Management Academy program.

Effectiveness determination may include the number of FAC-P/PM certifications as well as the number of training experiences and verification of total program completion by the participants. Assessments will determine the level of knowledge transfer and the individual application of training to measure the quality of a learner's knowledge and performance as compared to training objectives and full delivery of courses to close FAC-P/PM competency gaps.

Question 9. Question 7(a) asked for an itemized list of how \$31.8 million would be expended with regard to "Program Based training" initiative. VA's response indicates that over \$30 million would be expended on "Contracts". Please provide a more detailed explanation of how those funds would be expended and the purpose of any such contracts.

Response. During fiscal year 2010, the Program Based Training Initiative focused on two primary contracts as described below.

Program Based Training: The purpose of this project is to design, develop, and implement program based training for cross-cutting career fields not previously identified for action. Examples of career fields include all VA Staff Offices and new groups set up to implement the 13 major initiatives, which represent the Department's highest priorities and include Management Analysts, Program Analysts, Budget Analysts, Accountants, Auditors, Executive and Staff Assistants, Human Resources Liaisons, Paralegals and Legal Assistants, Project Managers, and Contracting Officers Technical Representatives. Training programs will meet the immediate needs of about 40,000 professionals in critical and core functional career fields. Examples of topics appropriate to these immediate needs include Decision making and supporting analysis tools, organizational analytics, problem-solving, security and emergency preparedness, procedures, standards and requirements for various professional fields, and legal limitations and ramifications. These training programs shall be offered in a wide variety of training methodologies including e-Learning, facilitated and instructor-led group events, and independent study.

In addition, Executive Order 13522 established a cooperative and productive form of labor-management relations and requires implementation of Labor-Management Forums throughout the executive branch. This contract will train VA managers and supervisors, senior officials, labor relations specialists and union officials throughout the agency on how to establish and maintain effective labor management forums, and how to work in collaboration with the unions. This contract will provide instructor-based training interventions regarding the EO and all required instructional equipment and materials for the training sessions. Web-based versions of all instructor-based training materials shall also be created. The selected contractor shall also develop and deliver train-the-

trainer training sessions in Washington, DC to 400 students. Union representatives shall comprise 200 of the 400 students while VA labor relations specialists will comprise the remaining 200. These 400 students along with appropriate numbers of contractor instructors shall deliver joint training on EO 13522 to 26,000 VA managers and supervisors and approximately 10,000 union officials.

Career Mapping: The overarching goal is to ensure that all VA employees have access to the functional training and education necessary to enhance their job performance and their development as leaders. There are existing programs within the VA that identify education, training and development requirements and administer them. Our goal is to have a system of recruitment, training, education and development which will support the right person for each job. This includes the ability for those whose positions are phased-out to be re-trained for another position. The initial focus is on mission-critical positions that target approximately 44,000 VA employees. This contract will survey, collect and analyze data to assess VA workforce (non-clinical) and collect and analyze existing career development programs to develop the “as-is” and “to-be” model for the VA Career Mapping and Development Program; develop a framework and model for the Career Mapping and Development Program that will build capacity for VA management and create a centralized talent pool; develop and define broad career groups that promote the growth of multifunctional employees and leaders across the VA; and career mapping to create the cross link from career groups to the competency models.

Question 10. Question 9(A) asked for an itemized list of how \$6.5 million would be expended with regard to an “Enhancement of VA’s Learning Management System” initiative. VA’s response indicates that over \$5.5 million would be expended on “Contracts.” Please provide a more detailed explanation of how those funds would be expended and the purpose of any such contracts.

Response. Enhancement of VA’s Learning Management System (LMS) will not be implemented in fiscal year 2010 using funding provided through the General Operating Expenses appropriation. In FY 2011, the Office of Information and Technology has budgeted \$433,000 for development of a system upgrade (version 6.2), almost \$2.7 million for development and sustainment costs of Individual Development Plan/360 Assessment Installation, and \$4.1 million for development and sustainment costs for annual maintenance, LMS hosting, I-content and custom courses, LCMS Learning and OPM support. These enhancements will strengthen the existing system and develop further capabilities to meet OPM’s requirements for agency competency management. VA LMS is a web-based tool that provides a single point of access for managing learning activities and sharing learning resources across the entire Department.

Question 11. Question 10(A) asked for an itemized list of how \$14.5 million would be expended with regard to “the Evaluation initiative.” VA’s response indicates that \$14 million would be expended on contracts described as follows: Evaluation design/Development and Evaluation Reporting. Please provide an explanation of the purpose of those contracts and what metrics would be used to gauge whether those funds were used effectively.

Response. The Evaluation initiative will not be implemented in fiscal year 2010 using funds provided in the General Operating Expenses appropriations. However, in FY 2011, the Office of Information and Technology has budgeted \$14.4 million to develop, stand up and integrate with the VA LMS an enterprise evaluation system to quantify the effectiveness and return on investment of department training initiatives. These funds will be used to develop a rating system for LMS courses and enable electronic course evaluations and employee feedback to compare the quality of one course over another course. Effective use of funds will be determined through development of a fully functioning system able to collect data necessary to quantify training effectiveness. Real-time and transparent ratings of courses will assist employees to select courses appropriate to their needs and over time develop a library of recommended courses.

Question 12. Question 11(A) asked for an itemized list of how \$23.5 million would be expended with regard to a “Workforce Planning” initiative. VA’s response indicates that over \$2.8 million would be expended on 20 FTE and \$18 million would be expended on “Contracts.” What is the average salary of those 20 FTE? With respect to funds for contracts, please provide a more detailed explanation of how those funds would be expended and the purpose of any such contracts.

Response. The average annual salary with personnel benefits for the Workforce Planning staff was estimated to be \$107,776. The contract will create a workforce planning program that will centrally coordinate and roll up a workforce plan for the entire Department, allowing for corporate analysis, organizational learning, and the

ability for VA continuously to meet the demands of its critical missions using expertise “on the ground” and high-level information. This program will allow VA to effectively plan for its future workforce by determining the exact skill-mix necessary to meet the future needs of the organization. The workforce planning system shall at a minimum:

- Identify VA workforce competency/skill needs;
- Provide focus for workforce demographics, retirement projections, and succession planning;
- Provide a clear rationale and strategy for linking compensation for recruitment, training, employee development, retention, and other human resource programs to the organization’s long-term goals and objectives;
- Provide managers with tools to address changes in program direction that impacts and changes the type of work being performed;
- Assist managers in creating a high quality workforce capable of continually growing and changing in response to evolving challenges and requirements; and
- Assist managers in identifying partnering, outsourcing, delivering, and reorganizing opportunities.

Question 13. Question 12(A) asked of an itemized list of how \$3 million would be expended with regard to a “Health and Wellness” initiative. VA’s response indicates that \$3 million would be expended on “Contracts.” Please provide a more detailed explanation of how those funds would be expended and the purpose of any such contracts.

Response. This Health and Wellness initiative is a contract implemented through an interagency agreement between VA and the Department of Health and Human Service, Federal Occupational Health (FOH). The objective of the Wellness/Fitness program is to promote positive life-style changes, promote health and fitness and where possible, prevent illness. This service will provide VA the ability to encourage employees to engage in healthier lifestyles, resulting in higher rates of recruitment and retention. The FOH Wellness/Fitness Program includes access for all VA employees to an on-line health information program offering: a comprehensive lifestyle management center, on-line health risk assessment, tracking programs, personal improvement programs, and an online health encyclopedia. Also, FOH offers educational seminars and the availability of coaching provided by Wellness/Fitness Specialists.

Question 14. Question 13(A) asked for an itemized list of how \$2.7 million would be expended with regard to an initiative to “focus on labor-management partnership.” VA’s response indicates that \$2 million would be expended on “Contracts.” Please provide a more detailed explanation of how those funds would be expended and the purpose of any such contracts.

Response. This contract was combined with the Program Based Training contract. Executive Order 13522 established a cooperative and productive form of labor-management relations and requires implementation of Labor-Management Forums throughout the executive branch. This contract will train VA managers and supervisors, senior officials, labor relations specialists and union officials throughout the agency on how to establish and maintain effective labor management forums, and how to work in collaboration with the unions. This contract will provide instructor-based training interventions regarding the EO and all required instructional equipment and materials for the training sessions. Web-based versions of all instructor-based training materials shall also be created. The selected contractor shall also develop and deliver train-the-trainer training sessions in Washington, DC to 400 students. Union representatives shall comprise 200 of the 400 students while VA labor relations specialists will comprise the remaining 200. These 400 students along with appropriate numbers of contractor instructors shall deliver joint training on EO 13522 to 26,000 VA managers and supervisors and approximately 10,000 union officials.

OFFICE OF ACQUISITION, LOGISTICS, AND CONSTRUCTION

Question 1. Question 3(A) requested an itemized list of how \$23.6 million would be expended with regard to an “Acquisition Improvement Initiative.” VA’s response provides an explanation of how the funds would be used but does not include a list of specific expected expenditures. Please provide a list of the types of expenditures that would be made with the \$23.6 million and the amounts that would be spent on each type of expenditure.

Response. The following list provides the types of expenditures VA plans for the \$23.6 million and their respective amounts.

- Wounded Warrior Program\$3,913K

- Non-resident Intern Program\$4,825K
- Improve VA Acquisition Academy Training Model:
 - Contracting Professional School\$4,888K
 - Program Management School\$1,748K
- Tuition Reimbursement for VA Professionals\$2,080K
- Funding assistance for Logistics Transformation for the VHA Medical/surgical Prosthetics Advanced Supply Chain Capability Project\$6,148K

GENERAL MEDICAL CARE/MEDICAL CONSTRUCTION/INFORMATION TECHNOLOGY

Question 1. In response to question 3 you assert it is a rational assumption to assume no carryover of funds despite VA's past history. The definition of "obligation" according to the Office of Management and Budget is "a binding agreement that will result in outlays, immediately or in the future." Therefore, if VA's budget submission assumes that all obligations will be incurred in a given fiscal year, i.e., there will be no unobligated balances, and that does not happen (as it regularly does not * * * in considerable amounts), is it not true that VA has more resources than it budgeted for available for obligation to meet medical care needs in the subsequent fiscal year? Further, since you raised the issue in your answer, why shouldn't appropriations be adjusted should it be the case that VA carries money over that it didn't expect to? Is this kind of accounting common in other Federal agency budget submissions, i.e., the assumption that there will be no unobligated balances carried over into a subsequent fiscal year?

Response. Our response to question 3 does not mention obligations. It refers only to demands and requirements. The fact is we do not reflect any carryover into the budget year and we also do not reflect any carryover out of the budget year. If we were to reflect both the start of the year carry-in and the end of the year carry-out, the effect would be the same as the current practice of not recognizing any carryover unless the amounts were dramatically different. Yes, VA's budget assumes that no medical care funds will be carried over from fiscal year (FY) 2010 to FY 2011. This is because the budget request for FY 2011 represents VA's estimate of the resources needed to meet the actuarially projected demands of health care services for Veterans in that year.

Question 2. In response to question 9 you assert that the estimate I asked about is "not far off the mark." Please reference page 1C-15 of Volume 2 of the VA Budget Submission. You will see the FY 2010 Budget Estimate for the Average Daily Census for Home & Community Based Care at 90,654 and the Current FY 2010 Estimate of 38,240, a significant downward re-estimation. Please clarify your response to question 9 in light of this information.

Response. The Home and Community-Based Care line on page 1C-15 is a misprint and should have read as follows:

Description	2009 Actual	2010		2011 Estimate	2012 Advance Approp.	2010 - 2011 Increase/ Decrease	2011 - 2012 Increase/ Decrease
		Budget Estimate	Current Estimate				
Home and Community Based Care	72,315	90,654	93,935	111,484	116,198	17,549	4,714

This line is reflective of the actual/estimates found for Home and Community-Based Care in the Long-Term Care section of Selected Program Highlight, page 1K-15.

Question 3. In response to question 12 it appears you have provided information based on years I was not asking about. The question relates to the information provided on page 1C-14 of Volume 2 of the Budget Submission. Under unique veteran users (not total users) the FY 2009 actual is 5,221,583 and the original FY 2010 Budget Estimate is 5,535,755, 6% estimated growth. With the current estimate in FY 2010 at 5,392,896, the estimated growth is now slightly over 3%. Again, please explain the upward revision of FY 2010 outpatient visits and inpatients treated in light of the downward revision of unique veteran users.

Response. The faster growth in outpatient visits and inpatients treated over the slowing growth of Veteran unique patients is reflective of the medical services associated with an aging Veteran population that is demonstrating increasing utilization of health care services.

Question 4. In response to questions 19 and 20 it appears your estimates for FY 2010, FY 2011, and FY 2012 for the items specified in those questions are based on 4-year averages of actual data from FY 2005 to FY 2009. Is this the methodology VA has always used to budget for these items? Wouldn't an abnormally high, one-time expenditure skew the picture of what the actual budgetary need is for these items?

Response. In the past, estimates were based on the percent change reflected in latest actual obligation data. This methodology was revised to a 4-year average to take into consideration highs and lows which may occur from one year to the next. In order to keep from skewing results, abnormally high or abnormally low one-time expenditures are excluded.

Question 5. In response to question 21 you attribute the large increase in medical support and compliance “outpatient care” obligations to a 58% increase in contract services. Please explain the justification for the large increase in contract services.

Response. We have not identified a discernable cause for this increase. We only know that budget object class 2580 (non-medical contracts and agreements with institutions and organizations) increased by 58%. This object class includes contractual services with public or another Federal agency. Examples include contracted security guards; transcription services contracts; advertising expenses; licensing for bus drivers; and court reporter contracts for EEO cases. To obtain the granularity necessary to determine exactly where the increase occurred we will have to send a inquiry to each field location.

Question 6. Your responses to questions 18, 22, and 26 with regard to employee travel focuses on the methodology used in arriving at the estimates, but do not discuss the justification for these substantial increases. What kinds of expenditures are categorized as “employee travel” under these accounts? Notwithstanding the methodology used, are the significant increases in this kind of spending plausible? If so, please explain.

Response. The increase in Employee Travel and Transportation of Persons in Medical Services from FY 2008 to FY 2009 was 60% and was driven in most part by a 69% increase in beneficiary travel (patient travel) which reflected the increase in the beneficiary travel mileage reimbursement rate from 28.5 cents to 41.5 cents per mile, a 46% increase. The subsequent increase in FY 2010 through FY 2012 takes into consideration the increase in beneficiary travel mileage reimbursement rate from 28.5 cents to 41.5 cents per mile and anticipated usage by Veterans. Increases found under Medical Support and Compliance and Medical Facilities are based on a 4-year average. Employee travel may consist of training for employees, travel of witnesses for Congressional hearings, permanent duty travel and administrative reasons. Estimates are based on the best information available at the time of the submission. Projections for FY 2011 and FY 2012 will be reviewed again pending completion of the FY 2012 submission.

Question 7. Your responses to questions 23 and 27 with regard to communication expenditures focuses on the methodology used in arriving at the estimates, but do not discuss the justification for these substantial increases. What kinds of expenditures are categorized as “communications” under these accounts? Notwithstanding the methodology used, are the significant increases in this kind of spending plausible? If so, please explain.

Response. The Communications line item consists of telephone and wireless services and regular and express mail services. The 12 percent increase is based on historical trends from FY 2005 through FY 2009. The majority of the obligations are for mail services, which reflects the continued increase in postal rates. Projections for FY 2011 and FY 2012 will be reviewed again pending submission of the FY 2012 President’s Budget.

Question 8. In your response to question 28 you indicate you have found new uses for money appropriated in prior fiscal years. You “release” this money by simply notifying Congress that you are using it for a different purpose, consistent with the requirements of the FY 2010 Consolidated Appropriations Act. Section 221 of the Act states that transfers may occur “between projects” after notification, but it appears you have instead created entirely new projects with transferred money. Is it VA’s legal opinion that VA can transfer previously appropriated money to newly invented projects that didn’t exist when the money was appropriated in the first place? Was any money spent on these new projects prior to the Congressional notification? What projects received “decreased” spending so that these new projects could be funded?

Response. (1) The Consolidated Appropriations Act, 2010, Public Law 111–117 authorized the Department of Veterans Affairs (VA) \$3.307 billion plus reimbursements for necessary expenses for information technology systems and telecommunications support, including developmental information systems and operational information systems; for pay and associated costs; and for the capital asset acquisition of information technology systems, including management and related contractual costs of said acquisitions, including contractual costs associated with operations authorized by section 3109 of title 5, United States Code.

The appropriation language provides VA with the authority to move funds after Congressional notification to meet the priorities of the Department. Specifically, the following proviso contained in the appropriations act grants VA this authority:

Provided further,

That not later than 30 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress a reprogramming base letter which sets forth, by project, the operations and maintenance costs, with salary expenses separately designated, and development costs to be carried out utilizing amounts made available under this heading.

(2) No. Funds were not spent on any new projects prior to Congressional notification.

(3) In February 2010, we provided the Fiscal Year (FY) 2010 reprogramming base-line plan in accordance with the Consolidated Appropriations Act, 2010, Public Law 111-117. This plan set forth VA's projects and initiatives to be executed in FY 2010. It also provided notification of those VA projects to be accomplished with FY 2009 carryover funds.

Question 9. In response to question 29B you assert that the Department is "well positioned" to execute projects once funding is available. However, as I outlined in the question, the administration's requests (and Congress's historical trend of funding for major construction), makes timely execution unlikely because funding in the amounts required will likely not be available. Given this reality, what is the plan to address the needs expressed in the 5-year capital plan going forward?

Response. The Department is currently implementing a Strategic Capital Planning (SCIP) process by adopting a future-oriented view of capital assets. Beginning with the FY 2012 budget submission, the process will be the basis for VA's budget request. The 10-year SCIP Plan will replace the 5-Year Capital Plan which is submitted along with the Departments annual budget submission.

The SCIP plan will ensure VA's capital programs and related resources (major construction, minor construction, non-recurring maintenance, and leasing) are prioritized and integrated in a manner which provides the optimum benefit to Veterans. The SCIP process and plan will improve the quality, access, and cost of providing care and benefit services. It will also be updated annually to fully reflect changes to the Veteran demographics, medical and non-medical technology, and health care and benefit service delivery.

Regarding your concern about the ability to execute construction projects, VA requested an increase of resident engineers in FY 2011. These additional FTEE will help VA perform the timely execution of appropriated funds.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. JON TESTER TO HON.
ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

EDUCATION LIAISON REPRESENTATIVE FOR MONTANA

Question 1. Secretary Shinseki, you stated that one of your strategic goals that you've established in your plan is to "increase Veteran-Client satisfaction with health, education, training, counseling, financial and burial benefits and services." I strongly support you in this effort. However, as we discussed in my office, I am not convinced that veterans in Montana are getting that satisfaction when it comes to pursuing their GI Bill benefits. One part of the problem is that when Montana veterans call their Veteran's Education Liaison Representative, they get someone based out of Denver. That person comes to Montana one time a year, which means they have no opportunity to help schools build the expertise they need to efficiently handle education claims. For example, none of the schools on Indian reservations are trained to use the VA database for education claims processing.

We need folks in Montana serving Montana veterans. If you haven't been there and you don't understand the distances and the frontier nature of the state, it's really hard to understand the unique needs facing our veterans. I understand that the ELR for Montana is retiring soon. Will you look at putting that person's replacement in Helena?

Response. The St. Louis Regional Processing Office (RPO) has an Education Liaison Representative (ELR) that is responsible for Montana. While the ELR is physically located in Denver, she is dedicated to assisting Veterans and schools in Montana. Montana currently has 30 active institutions of higher learning and 16 non-college degree programs. The ELR coverage for Montana is comparable to other states.

The ELR is available on a daily basis by telephone and email, and she is required to make annual visits to ensure school compliance and fulfill liaison activities. In addition to services provided by the ELR, VA contracts with the State of Montana to approve programs for Veterans in Montana. As part of the contracted services, the State Approving Agency provides outreach services for Veterans and schools.

Management from the St. Louis RPO also meet annually with the State Approving Agency for Montana to address any concerns. As an additional method of communication, VA has monthly calls with the school certifying official (SCO) from Montana State University Bozeman, one of the largest universities in the area. This SCO represents all of Montana's SCOs during the meeting and provides information on any Veterans' issues. VA also disseminates information to the other SCOs in Montana. This outreach effort has been in effect for several years and successfully keeps lines of communication open between VA and schools.

Montana's ELR will retire in the near future. The St. Louis RPO will find a replacement for the Montana ELR as soon as possible. The new ELR will continue to work to strengthen communications with Veterans, educational institutions, and other stakeholders.

YELLOWSTONE COUNTY, MONTANA, CEMETERY

Question 2. I appreciate your plan to reduce the required population density for national cemetery construction. You and I discussed briefly the Yellowstone County Veterans Cemetery in my office. What stage is the VA at in conducting the study required by the FY 10 appropriations bill to evaluate the feasibility of siting a new national VA cemetery in the northern tier?

Response. The National Cemetery Administration (NCA) was asked to address the lack of any open VA national cemeteries in North Dakota, Montana, Idaho, Wyoming and Eastern Washington and to examine the feasibility of increasing access to a national cemetery burial option in this area by establishing a new national cemetery with consideration given to the current Yellowstone County Veterans Cemetery in Laurel, Montana. VA's current policy is to establish new national cemeteries in areas of the country in which 170,000 or more unserved veterans live within 75 miles of a proposed cemetery. The FY 2011 budget submission includes new burial policies that lower the population threshold to 80,000. Veterans who live within 75 miles of a national or State Veterans cemetery that has unoccupied gravesites for either casketed or cremated remains are considered to have reasonable access to a burial option.

NCA applied the current and proposed policies in assessing service to Veterans in the above referenced area. NCA's analysis showed that 16,400 Veterans are estimated to live within 75 miles of the Yellowstone County Veterans Cemetery located in Yellowstone, Montana as of the end of fiscal year 2010, well short of the 170,000 or 80,000 veteran population thresholds for establishing a new national cemetery.

Since 1987, VA has contracted four independent studies to determine areas of the country that are most in need of a new national cemetery. The 1987 and 1994 studies provided the 10 areas with the largest number of unserved Veterans (as of the years 1990 and 1996, respectively). No locations in the northwestern U.S. areas of North Dakota, Montana, Wyoming, Idaho, or Eastern Washington were identified in these reports. In 2000, VA contracted for an independent study that provided a list of all areas of the country with projected unserved Veteran populations of at least 70,000 within a 75-mile service area between the fiscal years 2005–2020. In this report, only Spokane, WA with an estimated FY 2005 Veteran population of approximately 74,000 was identified. No locations in North Dakota, Montana, Wyoming, or Idaho were identified in this study. In 2008, VA contracted for a study to determine the top 10 unserved Veteran populations as of the fiscal years 2010–2030 in 5-year increments. In this study, the Spokane area in Eastern Washington, with an estimated FY 2010 Veteran population of 83,600, was identified. As with the 2000 study, no locations in North Dakota, Montana, Wyoming, or Idaho were identified.

VA currently serves Veterans in North Dakota, Montana, Wyoming, and Idaho through several state owned and operated Veterans cemeteries that have received funding through VA's State Cemetery Grants Program (SCGP). Montana currently operates three State Veterans cemeteries supported by the SCGP. North Dakota, Idaho, and Wyoming each operate one State Veterans cemetery that has received SCGP funding. At present, construction is under way on a new State Veterans cemetery supported by the SCGP in Medical Lake, WA that will serve Veterans in eastern Washington (Spokane). The Medical Lake State Veterans Cemetery is expected to begin interments in late FY 2010. VA is also processing applications for two new State Veterans cemeteries in Idaho in Kootenai and Benewah Counties and an ap-

plication to develop additional gravesites that will extend the service life of the State Veterans cemetery in Evansville, WY.

The table that follows illustrates the scope of burial access in the states referenced:

LOCATION	VETERAN POPULATION (as of 9/30/2010)
Idaho State Cemetery	57,700*
State of Idaho	136,600
Eastern Montana Veterans State Cemetery	2,400*
Montana State Veterans Cemetery	24,800*
Western Montana State Veterans Cemetery	20,200*
Yellowstone County Veterans Cemetery (no VA grant funds)	16,400*
State of Montana	102,000
North Dakota Veterans Cemetery	12,200*
State of North Dakota	56,300
Washington State Veterans Cemetery	63,100*
State of Washington	632,200
Oregon Trail Veterans Cemetery	7,700*
State of Wyoming	55,900

* Number of veterans who reside within 75 miles of the cemetery

VA works closely with states to help ensure that State Veterans cemeteries adopt the same high operational and maintenance standards that NCA uses to maintain VA national cemeteries as national shrines. VA also provides funding through the SCGP for gravesite expansion and improvement projects at State Veterans cemeteries to ensure that Veterans continue to be served by these cemeteries for years to come. As such, VA considers State Veterans cemeteries to be an effective complement to VA's network of national cemeteries to ensure that the burial needs of Veterans and their eligible family members are met.

INFORMATION TECHNOLOGY

Question 3. If I have one area of serious concern with this budget request, it is in the area of information technology. I know that the VA is working with DOD and private partners on the lifetime electronic records initiative. At the same time, I understand that there are other ongoing IT initiatives at the VA covering everything from GI Bill implementation to paperless benefit claims. This Committee also recently approved the inclusion of amendment that would direct the VA to create an automatic enrollment program.

How will flat-funding the IT budget affect these critically important initiatives? I know that IT is not as flashy as some other aspects of the VA, but after looking at the reams of paper required for disability claims and the belated emphasis on DOD/VA interaction, I firmly believe that this is one of the most critical ways that the VA can achieve long-term cost savings.

Response. Within the \$3.307 billion budget request, funding for maintenance and operations costs will be sustained to keep the systems at current capability and acceptable performance level. Within this funding level VA will also develop several new initiatives highlighted below.

Project Management Accountability System (PMAS) with an incremental development and fiscally responsible approach, will slow down development spending and ensure early identification and correction of failing IT programs.

- By halting programs that fail to meet their delivery milestones, VA will prevent wasteful spending and manage with accountability in delivering technologies to help transform the VA.

Our Major Investments will continue to increase above the FY 2010 level to meet the on-going demands for our Veterans and transforming VA:

Veterans Benefits Management System (VBMS) with \$145.3 million request, is an 104% increase of above 2010, will be designed to transition from paper-intensive claims processing to a paperless environment.

The Post-9/11 GI Bill (Chapter 33) with \$44 million request, a 28% increase above 2010, will provide the long term solution to deliver an end-to-end solution to support the delivery of tuition, university fee payments, housing allowance and yearly books and supply stipend.

Financial and Logistics Integrated Technology Enterprise (FLITE) with \$120 million request, a 52% increase above 2010, will effectively integrate and standardize financial/asset management data and processes across the VA.

Virtual Lifetime Electronic Record (VLER) with \$52 million request, a 23.42% increase above 2010, will have the capability for VA and DOD to electronically access and manage the health, personnel, benefits, and administrative information needed to efficiently deliver seamless health care, services, and benefits to Servicemembers and Veterans.

Tele-health and Home Care Model with \$48.6 million request, will enable VA to become a national leader in transforming primary care services to a medical home model of health care delivery with a new generation of communication tools that can be used to disseminate and collect information related to health, benefits and other services.

QUALITY VERSUS QUANTITY FOR DISABILITY CLAIMS

Question 4. Given the Inspector General's recent assessment of more than 200,000 disability claims being incorrectly decided. Properly adjudicating claims certainly plays a role in your main priorities such as Eliminating Veteran Homelessness and it directly ties into your strategic goals of improving quality and accessibility to health care, benefits and client satisfaction.

I'm interested in hearing how you are going to address quality and not just quantity, when it comes to claims processing. Additionally, we recently held a hearing on the benefits appeals process. As you explore the ideas of process simplification, are you considering whether the appeals process can be simplified as well? Obviously, any changes must preserve the rights of veterans to challenge VA rulings, but I also know that these cases get tied up for—routinely—anywhere from 2 to 5 years, and that furthers the perception that the VA is being antagonistic to the veteran or, as one guy told me at a town hall meeting, that the VA is trying to “outlive” him.

Response. VBA will continue to require quality performance metrics in the performance plans of all employees, including decisionmakers as well as managers from the Director level down. Appeals targets are included in the performance measurements for each regional office. VBA has also established two Appeals Resource Centers to expedite the processing of appeals claims. VBA believes that improvements that will be made to the claims process in general will simplify the appeals process as well. For example, calling the Veteran to expedite the receipt of evidence needed to make a decision in his/her claim is a strategy that will work both in the claims process and in the appeals process.

RESPONSE TO POST-HEARING QUESTIONS SUBMITTED BY HON. MARK BEGICH TO HON. ERIC K. SHINSEKI, SECRETARY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Question 1. How is the Veterans' Affairs Regional offices preparing for the surge of Veterans returning in 2010 and 2011?

Response. VA projects the volume of incoming disability claims to continue to dramatically increase. This volume of new claims will require VA to employ innovative measures to be successful in meeting Veterans' needs. VBA has aggressively hired across the Nation, adding nearly 4,200 new permanent employees between January 2007 and September 2009. Additionally, VBA hired 2,000 employees under the American Recovery and Reinvestment Act of 2009, many on temporary appointments. The increased staffing has led to increased organizational productivity. In FY 2009, VBA completed 977,219 ratings claims, an 18 percent increase in productivity over the 824,844 claims completed in 2007. We recognize that hiring more employees alone will not be sufficient to address the continued growth in claims workload. We are actively exploring process and policy simplification, short-term technology enablers, as well as the traditional approach of hiring additional employees to address this demand.

Question 2. The unemployment rate of new veterans is increasing. I have heard from some veterans that employers are wary of hiring members of the National Guard and Reserves who have been mobilized at unprecedented rates. What can we do in Congress to counter the stigma associated with hiring this cohort and help veterans find more gainful employment?

Response. Congress has authorized the Work Opportunity Tax Credit (WOTC) program to help individuals who qualify as members target groups to get a job, and to help employers who hire qualified individuals by giving them a credit on their Federal taxes. The tax credit includes Veterans who are members of a family that is receiving or has recently received food stamps and certain qualified disabled Vet-

erans participating in or completing vocational rehabilitation programs. Continued support should be provided to programs that target disabled and disadvantaged Veterans, including the WOTC program, VA Vocational Rehabilitation and Employment services for disabled Guard and Reserve members, and the DOL VETS employment services. In addition, Congress may consider expanding WOTC and eligibility for employment assistance from VA and DOL programs to include members of the guard and reserve, regardless of disability conditions. The tax incentive would be expected to serve as a motivator for employers to hire and retain Guard and Reserve members and broader availability of employment services would allow VA and DOL to work with the employment community to increase job opportunities for qualified Guard and Reservists.

Question 3. I understand the Departments of Defense, Labor and Veterans Affairs recently launched a new and improved National Resource Directory, which is designed to serve a broad base of users including wounded warriors, servicemembers, Veterans, their families and caregivers by providing a useful tool for supporting service providers, such as Recovery Care Coordinators, Federal Recovery Coordinators, health care providers and case managers at Veterans Service Organizations. Can you tell us a little more about this National Resource Directory?

Response. The National Resource Directory (www.nationalresourcedirectory.gov) is an online tool for wounded, ill and injured Service Members, Veterans, their families, and those who support them. It provides access to more than 11,000 services and resources at the national, state and local levels to support recovery, rehabilitation and community reintegration.

The National Resource Directory (NRD) is a collaborative partnership among the Departments of Defense, Labor and Veterans Affairs. The information contained within the NRD is from Federal, state and local governmental agencies; Veterans service and benefit organizations; non-profit and community-based organizations; academic institutions and professional associations that provide assistance to wounded warriors and their families.

The NRD was created to support the needs identified by wounded, ill and injured Service Members, Veterans, and their families by providing a comprehensive online tool of available resources. The new features allow the Military and Veteran community to identify and stay informed about the thousands of resources that are available to them as well as browse for information they may not have known about in the past. Additionally, a faster, more accurate search engine provides the tools to sort results by subject area, audience and government or non-government resources to ensure users locate exactly what they want, without having to sort through thousands of links themselves.

For more than a year, the National Resource Directory has provided Wounded Warriors, transitioning Service Members and Veterans, and those who support them, with quick and easy access to resources they need. Resources on the National Resource Directory are vetted and must meet the participation policy standards before being added. This ensures that all the posted resources are relevant and from reputable sources.

The new National Resource Directory is simple, easy-to-navigate and even more relevant to the needs of the Wounded Warrior, Veteran and caregiver communities. It also contains "In the News" and "Spotlight" features to highlight important news and updates. To tell friends and family about the new National Resource Directory, use the "Bookmark and Share" function to post updates on more than 200 social media networks such as Facebook or Twitter.

The NRD is part of a larger effort to improve wounded warrior care coordination and access to information on services and resources, key goals identified by both the President's Commission on Care for America's Returning Wounded Warriors (Dole-Shalala Commission) and Title XVI, "Wounded Warrior Matters," of the 2008 National Defense Authorization Act.

The National Resource Directory offers information on the following:

- Benefits & Compensation
- Education & Training
- Employment
- Family & Caregiver Support
- Health
- Homeless & Housing
- Transportation
- Other Services & Resources
- Key Contact Information

Question 4. VA claims processing continues to be a challenge across the board. I understand the Department of Veterans Affairs recently selected 10 winners in a

competition that solicited ideas from VA employees and co-located Veterans service organizations to improve claims processing and provide greater transparency to Veterans. What is the next step for these solicited ideas? What can we do in Congress to assist in implementing some of these ideas to improve the claims process?

Response. More than 3,000 ideas from VA employees and co-located Veterans service organizations were submitted to the competition. The finalists were selected by Admiral Patrick W. Dunne, former VA Under Secretary for Benefits; Craig Newmark, the founder of craigslist.com and a well-known technology visionary; Dr. Peter Levin, Senior Advisor to the Secretary and VA Chief Technology Officer; and Garry Augustine, Deputy National Service Director for Disabled American Veterans.

The Innovation Initiative winners are the Atlanta, Pittsburgh, and Togus regional offices. We are working with these regional offices to refine costs, timelines, and resource requirements. Plans for implementation of these proposals are being developed.

Additional winners are the St. Louis Records Management Center, VA Central Office/St. Paul Pension Management Center, and the Phoenix and San Diego regional offices. Their ideas are identified for future implementation.

VA has identified dedicated resources for the implementation of these innovation initiatives within the base request.

Question 5. We understand your budget request for FY 11 has an increase in both discretionary resources and mandatory funding. I believe the discretionary budget request represents a 7.6 percent increase from the 2010 enacted level. In your opinion, where are you assuming risk in your funding request?

Response. The 2011 budget request clearly reflects the President's commitment to Veterans. It is the second year of large increases in VA's discretionary budget. With this budget, total discretionary funding will increase almost 20 percent between 2009 and 2011.

The 2011 budget distributes risk in order to maintain an appropriate balance of resources for Departmental priorities. Large funding increases received in 2010 for some programs, such as minor construction and information technology, were taken into account in developing the 2011 budget estimates. This allows VA to focus increased effort in other critical programs, including the disability compensation program. The 2011 budget includes an unprecedented increase in funding for the Veterans Benefits Administration of 27 percent.

The estimate for medical care costs in FY 2011 related to the new presumptions for Agent Orange exposure and Amyotrophic Lateral Sclerosis (ALS) is \$205 million. To the extent that this is too low, we are assuming risk. The current backlog of Facility Condition Assessment (FAC) deficiencies is \$9.4 billion. To the extent that this backlog continues to exist, we are assuming risk.

Question 6. I know in our meeting on yesterday you discussed four pilots that are currently underway that focuses on improving VA care and systems. Can you tell us a little more about those pilot programs?

Response. The Veterans Benefits Administration (VBA) has established pilot initiatives to improve claims processing and service to Veterans at the Little Rock, Providence, Pittsburgh, and Baltimore regional offices (ROs).

In July 2009, VBA began a pilot in the Little Rock RO to test changes to claims processing, leveraging lean process improvement methods. Employees have been reorganized into teams that cover the end-to-end claims process. This team structure and the process changes tested help establish a basis for future business process, organization, and technology requirements. The Little Rock claims processing pilot is an integral component of VBA's business process transformation and transition to paperless processing. The pilot concluded in May 2010.

Best practices and lessons learned from the Little Rock pilot are being exported to the Providence RO, which has been designated as VBA's Business Transformation Lab (BTL). VBA is developing the capacity to store veterans' information, benefits applications and supporting documents electronically, supported by information systems that enable VBA employees to process, evaluate, and pay benefits without the use of paper-based forms. The BTL is serving as a testing ground of paperless processes in a live environment, including automated processing of incoming mail, evaluation of technological changes on performance metrics, and documentation and standardization of best practices for VA-wide implementation.

In January 2010, the Pittsburgh RO began a Case-Managed Development Pilot. This pilot is identifying opportunities to improve service delivery to Veterans by reducing the time required to gather the evidence needed to support Veterans' claims. The pilot enhances the evidence-gathering process through proactive and individualized communications with Veterans via telephone, e-mail, and face-to-face meetings. The Pittsburgh RO anticipates a significant reduction in development time, result-

ing in more timely benefits delivery to Veterans and enhancing Veterans' confidence and trust in the Agency.

The Virtual Regional Office (VRO) was co-located with the Baltimore and involved subject matter experts from around the country who provided input into the development of a new user interface. The VRO was active from January 6, 2010 until May 5, 2010, at which time VA received the documented business requirements and system specifications from the software vendor. These documents are then incorporated into a larger document, which will be used to develop the paperless production system, the Veterans Benefits Management System (VBMS). The larger business requirements document incorporates not only the system specifications, but also business requirements based upon lessons learned at the Business Transformation Lab in Providence, Rhode Island.

Question 7. Alaska's Veterans need additional mental health services. The Alaska VA system's participation in the Alaska Psychiatry Residency would improve access to mental health care for Alaska's Veterans. What financial and political support is necessary for the Alaska VA system to be able to participate in the Alaska Psychiatry Residency?

Response. VA is eager to enhance mental health services for all Veterans, including those in Alaska. Clinical education programs have been shown to be an important source for producing a pipeline of health care professionals in a particular geographic area, and should be encouraged in under-served areas.

The Alaska VA Healthcare System (HCS) is actively exploring the possibility of participating in a psychiatry residency program. In general, the requirements for such participation are as follows:

- An Accreditation Council for Graduate Medical Education (ACGME) accredited psychiatry residency program is willing to associate with the Alaska HCS.
- The Alaska HCS is found to be a good learning site with experienced psychiatrists who are willing to teach.
- Educational resources for trainees are available; these include space, technology, and information resources to support the training program.

The Office of Academic Affiliations could support trainees in a psychiatry training providing the above minimum standards are met. The financial considerations should not be considered a major barrier in this endeavor.

Recently, VA opened a Psychology Internship Program at the Alaska VA HCS. This is currently the only psychology internship program in Alaska, and is also a potential program for expansion to meet the mental health needs of the Alaskan veterans.

Question 8. Rural Veterans are a major concern in my state and across the country. What are your plans to coordinate with the IHS and Community Health Centers in rural areas to provide "seamless" services for rural vets? For example, the vet should be able to go to the clinic in their village and not have to worry about paperwork or denials or to travel over 500 miles for an appointment.

Response. Since the signing of a Memorandum of Understanding (MOU) between VA and Indian Health Service (IHS) in 2003, there have been and continue to be a number of cooperative arrangements and agreements. For example, tele-psychiatry clinical demonstration pilots are currently serving Native Americans on rural reservations in 8 sites covering 13 tribes in 4 western states. In Alaska, a similar initiative is located at the Yukon-Kuskokwim Regional Hospital in Bethel. The same initiative is under negotiation at the Kotzebue Regional Medical Center. The Care Coordination Store and Forward (CCSF) project, in Kenai, Alaska includes tele-retinal imaging to screen for diabetic retinopathy, tele-dermatology and tele-pathology. The Veterans Health Administration (VHA) has also initiated a project to expand fee-based authority for primary and mental health care serving Native Alaskans in the highly rural areas, a project with potential national implications.

VA and IHS are partnering to allow IHS staff to view (read-only) VA's electronic medical record on the Rosebud Reservation in South Dakota. A project at the VA Outreach Clinic in Saipan, Commonwealth of the Northern Marianas Islands includes the use of contracted part-time providers, with on-island tele-health capability, negating the need for Veterans to travel to more distant locations for routine examinations. In collaboration with VA, IHS has developed a patch for Bar Code Medication Administration, which has been tested at Fort Defiance, AZ and connectivity has been established with the Tucson VA Centralized Mail Out Pharmacy (CMOP).

In addition to supporting one another in the shared delivery of care to rural Veterans who are located on Native lands, the VA and IHS have embarked on an ambitious cooperative educational program. In FY 2009, VA provided 133 training episodes to Tribal health care and IHS providers. In the first quarter of FY 2010, VA

has already provided 80 training programs. These educational sessions are conducted through satellite, video teleconferencing and web-based technologies strengthening our shared use of technology, and are highly valued by both Tribal and IHS providers.

In closing, the Under Secretary for Health and the Chief Medical Officer for IHS agreed in January 2010 to update the 2003 MOU between VA and IHS.

REGARDING FACILITIES/CONSTRUCTION

Question 9. Please provide a list of unfunded new construction priorities (location, amount, etc.) through FY 2015.

Response. Below is a list of unfunded, new construction requirements, in priority order, that were considered for inclusion in the FY 2011 budget. Each year this list is reviewed and re-prioritized to allow for the inclusion of newly identified deficiencies, updates to safety and security standards, or facilities impacts of emerging health issues, such as the H1N1 virus and avian flu. Once Congress appropriates funds for a project, it no longer competes in the Department's construction prioritization process.

Project Location—Description	Priority #	Total Estimated Cost (\$000)	FY 2011 Request (\$000)
FY 2011 Scored Projects ¹			
Alameda Point, CA—Outpatient Clinic and Columbarium ²	1	210,600	17,332
Omaha, NE—Replacement Facility	2	560,000	56,000
Lexington, KY—Leestown Campus Realignment	3	304,130	0
Lebanon, PA—Replacement Facility	4	421,000	0
Reno, NV—Seismic & Life Safety Corrections B1	5	58,650	0
West Los Angeles, CA—New Tower/B500 Seismic Correction	6	795,000	0
Columbia, SC—Specialty Care Renovation	7	59,930	0
Northport, NY—Mental Health	8	58,490	0
Asheville, NC—Seismic Corrections/Outpatient Expansion	9	80,000	0
Wichita, KS—Healthcare Transformation	10	61,000	0
San Francisco, CA—Seismic Bldgs 1, 6, 8, and 12	11	128,370	0
Hines, IL—Acute Inpatient Care Center	12	210,610	0
Hampton, VA—Outpatient Care Addition	13	66,000	0
West Los Angeles, CA—New Research Bldg	14	198,000	0
Long Beach, CA—Building Demolition & Admin Consolidations	15	50,000	0
Castle Point, NY—Psych & NHCU Integration	16	92,000	0
Providence, RI—Specialties Addition & Main Hospital Repair	17	186,000	0
Coatesville, PA—Replacement Facility	18	321,780	0
Columbia, MO—Ambulatory Care Addition	19	39,000	0
Washington, DC—Outpatient Clinic Expansion	20	287,000	0
Kansas City, MO—Ambulatory Care Addition	21	80,000	0
Philadelphia, PA—Behavioral Health Bldg	22	34,000	0
Brockton, MA—Mental Health	23	182,000	0
Portland, OR—Seismic Corrections Buildings 100 & 101	24	130,700	0
South Bend, IN—Multi-specialty Health Care Center	25	72,780	0
Miami, FL—Clinical Add/Ren	26	161,870	0
Tampa, FL—Prim Care & Mental Health	27	168,110	0
Bay Pines, FL—Hurricane & Homeland Security Deficiencies	28	91,200	0
Waco, TX—Consolidate Outpatient Services	29	100,170	0
Boston, MA—Clinical Addition at West Roxbury	30	471,000	0
Salt Lake City, UT—B1/B12 Patient Complex Expansion/ Renovation	31	40,360	0
Jackson, MS—New SCI/D Center	32	50,000	0
Baltimore, MD—Consolidation of Outpatient, Benefits and Research	33	110,520	0
Ft. Wayne, IN—Multi-specialty Care HCC	34	139,570	0
Buffalo, NY—Clinical Addition	35	28,000	0
Fargo, ND—Specialty Care Clinic Addition	36	20,000	0

Project Location—Description	Priority #	Total Estimated Cost (\$000)	FY 2011 Request (\$000)
Hampton, VA—Extended Care Rehab Care Ren/Add	37	45,000	0
Waco, TX—Mental Health & Rehab Center	38	81,000	0
Waco, TX—Support Services and Education	39	41,000	0
San Francisco, CA—Mental Health/Research Bldg	40	139,930	0
West Haven, CT—Clinical Ward Tower	41	126,020	0
El Paso, TX—Joint DOD Amb Care	42	549,700	0
Boise, ID—Clinical Building	43	73,000	0
Phoenix, AZ—Outpatient Ren/Exp	44	32,000	0
Atlanta, GA—Mental Health, Spec Care & Parking	45	41,190	0
Chattanooga, TN—HCC	46	54,300	0
Albuquerque, NM—Outpatient and Clinical Building	47	49,000	0
San Diego, CA—OR Renovation 5E	48	32,000	0
Temple, TX—Clinical Replacement	49	130,000	0
Beckley, WV—NHCU	50	46,550	0
Charleston, SC—Naval Hosp Seismic	51	210,790	0
Mesa, AZ—OPC and VISN 18 Offices	52	55,000	0
St. Albans, NY—New Facility	53	355,000	0
Loma Linda, CA—Behavioral Medicine Center	54	46,290	0
Jacksonville, FL—Replacement OPC	55	99,830	0
Tucson, AZ—ICU, Spec Care, Imaging & Diagnostic Bldg	56	44,000	0
Waco, TX—Enhance/Consolidate Long Term Care	57	39,000	0
Ft. Harrison, MT—Billings HCC	58	23,000	0
Charleston, SC—Hurricane Mitigation—Chiller Plant	59	19,000	0
San Francisco, CA—ADA and Parking	60	63,890	0
Seattle, WA—BRAC FLARC Purchase/Transfer	61	18,200	0

¹ Total estimated cost may be revised based on completed design of the project.

² Non-construction costs of \$2,000,000 for niche covers are included in the Compensation & Pensions appropriation.

Question 10. Please provide a list/monetary amount of unfunded (deferred) maintenance, sustainment, modernization and restoration requirements through FY 2015.

Response. On a rotating basis over a three year period, VA performs a Facility Condition Assessment (FCA) of all its facilities. Based on these assessments, VA estimates the “backlog” cost of addressing all the deficiencies rated as “D” (Poor Condition) and “F” (Critical Condition). This FCA backlog is the best measure we have available of future requirements for maintenance and restoration of VA facilities as it covers items in need of maintenance or items that have reached the end of useful life and require modernization or restoration. These restorations and maintenance items are primarily funded using the Non-Recurring Maintenance program, but also can be addressed through the major and minor construction programs. As of February 2010, VA had 34,313 “D” deficiencies, with a remaining cost of \$8.1 billion, and 3,432 “F” deficiencies, with a remaining cost of \$1.4 billion, for a total remaining backlog cost of \$9.5 billion. These totals exclude deficiencies being addressed by already funded projects.

Admin	MSN	Total Remaining D's Cost	Total Remaining # D's	Total Remaining F's Cost	Total Remaining # F's	Grand Total Remaining Costs	Grand Total Remaining # Deficiencies
VHA	1	\$566,180,373	2,757	\$166,620,650	234	\$734,801,022	2,991
VHA	2	\$445,716,099	1,290	\$35,608,316	86	\$481,324,416	1,376
VHA	3	\$753,023,700	1,778	\$61,202,804	187	\$814,226,504	1,965
VHA	4	\$334,249,910	1,857	\$14,440,488	43	\$348,690,398	1,900
VHA	5	\$214,640,478	1,015	\$10,673,519	89	\$225,313,997	1,104
VHA	6	\$436,056,198	2,883	\$46,083,040	237	\$482,139,238	3,120
VHA	7	\$342,169,424	1,293	\$143,614,223	805	\$485,783,647	2,098
VHA	8	\$462,193,442	735	\$63,811,450	8	\$526,004,892	743
VHA	9	\$223,886,097	1,315	\$34,559,630	263	\$258,445,727	1,578
VHA	10	\$426,572,756	2,324	\$10,305,166	103	\$436,877,922	2,427
VHA	11	\$176,426,080	1,789	\$45,526,589	207	\$221,952,669	1,996
VHA	12	\$584,287,368	1,584	\$12,165,805	74	\$596,453,173	1,658
VHA	15	\$440,753,311	1,350	\$5,172,325	84	\$445,925,636	1,434
VHA	16	\$522,988,513	1,886	\$68,997,356	175	\$591,985,869	2,161
VHA	17	\$145,070,635	1,009	\$24,636,931	52	\$169,707,566	1,061
VHA	18	\$251,439,758	1,407	\$2,100,661	46	\$253,540,419	1,453
VHA	19	\$153,190,265	1,428	\$53,387,394	113	\$206,577,659	1,541
VHA	20	\$769,930,643	2,385	\$111,388,620	133	\$881,319,262	2,518
VHA	21	\$113,535,894	639	\$133,074,327	191	\$246,610,221	830
VHA	22	\$432,911,757	1,507	\$300,810,483	147	\$733,722,240	1,654
VHA	23	\$335,927,053	1,982	\$64,370,996	155	\$400,298,049	2,137
Total		\$8,136,149,755	34,313	\$1,408,550,773	3,432	\$9,543,700,528	37,745

Question 11. Does the VA have the authority to issue bonds for maintenance (my guess is no so I would suggest dropping a bill or putting in the jobs bill as an approps measure).

Response. VA does not have authority to issue bonds for capital improvements.

Chairman AKAKA. Thank you very much, Secretary Shinseki.

At the outset I am delighted to see an increase in staffing for regional offices. However, we need to be vigilant that the quality of decisions will not suffer. Committee oversight has identified errors which appear to be caused by the emphasis on production rather than the product. For example, critical evidence from Government records is simply not obtained or evidence in the file is not properly addressed in the decision.

I am also concerned that the addition of new claims personnel faced with thousands of new Agent Orange claims could make the situation worse.

My question to you is: What steps can the Department take to avoid errors while training a new workforce of claims processors?

Secretary SHINSEKI. Mr. Chairman, thank you for that question. Let me ask Secretary Walcoff to begin answering on the training piece since that is something he works with closely, and then I will try to address the broader issues you posed.

Chairman AKAKA. Thank you.

Secretary Walcoff?

Mr. WALCOFF. Thank you, Mr. Chairman. We share your concern that, in adding a lot of inexperienced claims examiners, this would have a negative impact on the quality of the work that is being produced. It is certainly something that we are very aware of and very concerned about. There are several things that we do to try to make sure that this does not happen.

First of all, we require every new employee who is going into a decisionmaking position to go to a centralized training course where they learn the fundamentals of adjudicating a claim the same way so that we do not have it where they are learning it differently in 57 places. We feel that is a very important part because that foundation is what everything is built on.

Second, when they go back to their regional offices, we make sure that the rest of their training is done with a standardized curriculum that is developed in Washington by the C&P service. That way it does not vary because of the individual instructing them at their particular regional office so that we do not have different people learning different things just because of the place where they happened to be. Everybody is learning from the same book, so to speak.

Third, before any adjudicator would be able to work a case without any review, we make sure that we have had an experienced adjudicator reviewing every case that is produced by the new employee, and that is not changed until the supervisor is convinced that the work of this new employee has reached the level where certain types of actions can be done on single signature. But that is not an automatic thing, and it is something that we keep a very close eye on.

And, fourth, in the past, we have not expanded our quality assurance program—the overall review of quality done in Nashville by our STAR group—as much as we have increased the number of new employees. We are committed to making a significant increase in that quality assurance program to make sure that we are identifying trends in the work where maybe that consolidated training, that foundation that we talked about, is not enough in terms of making sure that the work is done correctly. So, that STAR group will be increased, and they will increase the oversight of the work done by the new employees and then have a feedback to the original offices to make sure that these issues are addressed.

Secretary SHINSEKI. Mr. Chairman, may I just add to this, since this sort of touches a little bit on the question that was posed by Senator Burr. So, if I might, let me just try to touch on both of these because they in part touch on the chart as well. And then if there are other follow-ups, I will be happy to address them.

This is an interesting chart, and, you know, I always look at charts like this, as they are instructive. They are instructive to where we are. [Pointing at the chart:] This is a projection. It goes out—we are not done with 2010. It is projecting my effectiveness in 2011, and I would just ask the Senator to give me 2010 and 2011 to at least challenge the chart by performance, and I will do that.

When you go back to 2005, the high productivity here—101 claims—I think part of what I learned in the last year is you can push a lot of claims through. In some cases—and not to be pejorative about our workforce, but if we have got a stack of work and we have got to get it out, we also have to look at quality. I find that there are a lot of cases that have been recirculated over time because they were pushed so quickly to meet a time standard, to get an answer out, yet it did not serve the veteran. So, I want to be sure that as we work this process, both for the Chairman and the Ranking Member, that I can explain to you what we are doing with the increased workload.

Inside the VA, we have two anomalies. One, in the Health Administration, we have the country's—I will say that—and maybe the world's best electronic health record, but in our Benefits Administration, we are paperbound.

Now, it is difficult for me to explain why resourcing was not equally distributed so that the benefits processing to get people through that gate was also automated at the same time to provide them access to health care. Something happened. I cannot go back and revisit it. And so right now, without electronic tools, we are sort of a brute force exercise, and that involves hiring more people.

If you want to go faster at quality, you have to hire more people and train them. And I think Senator Burr's suggestion—there is a time investment needed to get people to the point where you are comfortable about their ability to hit the quality marks we are looking for. I accept that.

What we do not want is to artificially suppress the workforce to get claims out but not meet that quality. We are trying to find the balance here, Senator.

Four other things we are doing. As I have mentioned, a hugely complex process which I spent a year looking at. I am convinced this is complex—not to use the term pejoratively, but also convoluted in some ways. What we have done is pulled the processing of claims apart and created four pilots to go after the pieces. We want to refine what we are doing in each of those pieces and then put them back together again.

I will not go into detail, but as Members know, one, there is a pilot in Pittsburgh intending to build the best high-quality claim possible, to win an argument on behalf of the veteran. And in this case, the claim is ours. We work with the veteran, with the VSOs, to put together this claim that we submit and expect a high outcome—for a single pass through the system—high potential good on behalf of the veteran.

Two, business process re-engineering in Little Rock; and three, automated tools being worked on in Providence. We can talk more about what those tools are intended to do. And then, finally, in Baltimore, the fourth pilot: how do we bring all of this together to create the new virtual regional office of the future that has fully automated tools—electronic tools; a new relationship with veterans; and re-engineered business processes which also allow us to do what Secretary Walcoff is describing—manage the quality across the entire VA disability benefits spectrum.

We have 57 regional offices, and I can tell you there is a number 1, there is a 57. What we want to do is have all 57 sort of massed around 29–30, so that we have a standard across VA. A typical case being adjudicated in San Diego getting the same outcome—and we can see it, we can manage it because we have the tools to do that—the same outcome in Charleston, WV. We need these tools to go after increasing productivity while not slipping on quality.

Chairman AKAKA. Thank you very much, Mr. Secretary. Let me now pass it on to our Ranking Member for his questions.

Senator BURR. Thank you, Mr. Chairman, and thank you for that explanation, Mr. Secretary. I would say for the record that the numbers used in the chart were, in fact, reflective of the estimates provided in the VA budget submission. So I plead with your budget staff as well to provide you the ability to prove them wrong, too.

Secretary SHINSEKI. I am going to prove them wrong.

Senator BURR. I hope you would agree with me that if you were in theater and you saw a trend line that alarmed you, it would be

something you would take very seriously. I think you see that trend line on productivity. I know it alarms you that you want to figure out how to drive that in the opposite direction. So I think we share the same end goal.

A couple of questions, if I could, Mr. Secretary. Staying on the claims topic, the American Recovery and Reinvestment Act added 1,800 temporary employees. The budget proposes additional claims staff of 2,000. Again, in the past few years we have seen a trend line on productivity that is alarming. In fact, a recent IG report found that the VA expects Recovery Act employees to adjudicate four claims per adjudicator in 2010.

Are you expecting the claims in individual or overall productivity with this massive hiring in 2011? Or do you think that the IG's trend estimate—I heard the comments from Mr. Walcoff of what we have to go through, and I agree with your sentiments on accuracy. What should we expect?

Secretary SHINSEKI. I will go back and look at what the IG's estimates are based on. The increase in budget—a 27-percent increase to VBA—is intended to fix some longstanding issues, and right now if I want to increase productivity, it is people I need because I still do not have the tools. They are coming.

Part of the anticipated increased workload is the Agent Orange decision that was made last October. I am not sure whether the IG was able to calculate that into their figures, but I will go check.

We expect there are going to be roughly 200,000 additional cases—and that is an estimate—that will come in with Agent Orange: something on the order of 185,000 in year one; and then perhaps 40,000 to 50,000 in year two. So, we see a huge surge. We need to get ready to take that on and then adjust ourselves as that plays out.

We are trying to fast-track Agent Orange, as I explained, and not let that compound the complex work we are doing with the claims that already exist—fast-track in the sense that we need to validate the veteran was in Vietnam, has a disease, and the extent to which the disease is advanced, which is one of the critical bits of information to make decisions and be able to extend benefits to veterans who have been waiting for a long time.

So, part of the estimate for the budget in 2001, the increase, 27 percent, is factoring in Agent Orange as well.

Senator BURR. Well, let me say you covered in depth with me personally what you intend to do to expedite the Agent Orange claims, and I agree with the strategy that you have undertaken. These individuals should have some type of expedited process.

Mr. Secretary, in 2008, Congress passed a law that directed the Secretary of Veterans Affairs to submit a report to Congress regarding the compensation of veterans for the loss of earning capacity—quality-of-life—as a result of service-connected disabilities and on long-term transition payments to veterans undergoing rehabilitation due to such disabilities. The law gave the VA 210 days, until May 2009, to submit their plan and the compensation table to Congress. VA submitted a study, but the study did not include any recommendations or proposed compensation table. The recommendations are way overdue. In September of last year, I asked Admiral Dunn about it in a hearing and he said that the VA needed to fur-

ther study it and would get back to me. He did not get back to me. No one has provided a satisfactory answer.

I would just like to read something to you. This is verbatim from a letter that I received from the American Legion Post Commander in one of my North Carolina posts. He states, and I quote, "This lack of response should not be acceptable to the Veterans' Affairs Committee. I am sure it is not. Why isn't other action taken to resolve the issue, such as requiring the VA Secretary to appear with answers? Why can't the VA Secretary be held in contempt of Congress for not following the law of 210 days?"

How should I answer him?

Secretary SHINSEKI. Well, Senator Burr, in your earlier remarks you had some concerns about some of the growth that is occurring in my office, the Office of Legislative Liaison Affairs. I will tell you, when I arrived a year ago, people, some on this Committee, described to me some of the challenges that they had with responsiveness—getting complete reports on time. I would say there is no good reason why that suspense date was not met fully. I will assure you I will get on it today. But I will also tell you that is part of the reason why you see the growth in my headquarters: to address some of these longstanding issues; to take care of being responsive, not just to Members of this Committee, but other Members of Congress and to the VSOs when they ask questions of us.

I would just tell you last year we were called upon to participate in 107 congressional hearings; 293 briefings, 80 visits with staff to various locations; and, frankly, we did not have enough staff to cover all of that and do it well. And here is another example of a dropped ball. Right now we are scheduled for 120 hearings this year.

So we will do better, and on this particular issue I will have you an answer next week as to where we are.

Senator BURR. I appreciate that, and I will work with my friend next to me to make sure that we do not overtask your folks coming up here. I think we can do a much better job of consolidating and not requiring your leadership team to spend more time on The Hill than they spend in the office trying to solve veterans' issues. And I think that goes across the full scope of the agencies. It is not limited just to the VA.

Secretary SHINSEKI. This was not a complaint about this Committee. This is just a fact of life.

Senator BURR. My time is almost up, but I have got to ask this question. The budget request includes a \$13.4 billion supplemental appropriations, again, 2010, for the disability benefits of three new Agent Orange-related presumptions. And I understand what you have told me yesterday and what you have said about that today, and I understand the unknown factor of how many we are facing.

But in 2009, there were significant carryover funds that were used for personal staff, and I guess I would have to ask: Did you ever consider, with the imminent need of Agent Orange presumptions, that the carryover funds might go to that so that we minimized the size of the emergency supplemental?

Secretary SHINSEKI. Senator Burr, I assure you I look at these things very hard. I cannot tell you I sat down and looked at carryover and compared Agent Orange versus personal staff. And they

are not personal staff. They work in the Office of the Secretary, and they answer to a lot of requirements.

I would just tell you what I have learned is that the VA is the second largest Federal department, usually described as about 300,000 people who come to work every day. VA is also second only to the Department of Education in funding provided for education programs—\$9 billion a year. We underwrite \$1.3 trillion in insurance for 7.2 million clients, and we have a 96 percent satisfaction rating amongst those clients. Most of those clients are active-duty military personnel.

We hold \$175 billion in guaranteed mortgages for veterans and servicemembers. We have the lowest foreclosure rate of any financial institution in the country. We run the largest cemetery system—131 cemeteries. And, frankly, to make sure we got this right, to get the best value of the dollar that taxpayers provide us turned in ways that veterans benefit, I just thought this was the right set of circumstances to deal with at this time. A year from now, if you were to ask me that same question, I might have a slightly different answer, and I will be happy to answer it then.

Senator BURR. Well, my time has run out. I thank you for reminding us of the things we are not typically focused on up here which VA does day in and day out and does it pretty damn well.

Secretary SHINSEKI. Thank you, sir.

Senator BURR. Thank you, Mr. Chairman.

Chairman AKAKA. Thank you very much, Senator Burr.

Now I would call on Senator Begich for your questions.

Senator BEGICH. Thank you very much. Mr. Secretary, thank you again for your team to be here and working through the process of your second budget. I have a few questions. I just want to kind of follow up on our conversation yesterday when we talked about rural health care and the opportunities—especially in Alaska—and how difficult it is, in some cases, to get services or notification of services in a variety of ways.

I was just glancing at another memo here that I received, and it actually was very good. It was from someone within our State on the Post-9/11 GI Bill and all the great benefits that provides.

One thing that we learned in the field hearings as we talked about employment was regarding access to VA in rural Alaska. I am guessing this may be a similar thing in other rural States. I think we had a similar conversation about this, and I guess I would like you to expand, if you could, on what efforts you see in the long term as well as in the medium term of how veterans access services where they are starting to live more and more, and that is in rural America. In Alaska, it is extreme rural. As you know, in some cases we can only get in by plane, and only weather permitting in some cases.

Could you give me a little bit of your thoughts? Then I have some very specific questions relating to our conversation yesterday.

Secretary SHINSEKI. Thank you, Senator. I would just say this has always been the challenge. If you go back 15 years, some very bright people who were running things in VA began to change VA's attitude about delivering health care. We used to be 153 large medical centers, and the approach was, "Here we are. Come see us."

We began to change that when we realized that serving the veteran was not quite what it needed to be, and so we created community-based—or outpatient clinics and then outreach clinics and then mobile clinics. All of that works if you have roads, and what you are describing is a place where there are no roads.

Senator BEGICH. Right.

Secretary SHINSEKI. And so we need to find better ways of partnering, and I look forward to working with other great organizations that have health care concerns—the Indian Health Service for one, and there are others—in which we can partner our resources and maybe satellite with them as we go out to do this work and arrange a way to do that.

Telehealth is a huge investment for us. We see this as the next step in the delivery of health care in VA, even the country. And so our ability to link specialists located at medical centers with these remote sites is something that we are interested in. We already have 40,000 veterans, chronically ill veterans, who are living at home and being monitored in their own homes through telehealth back to the medical centers.

I will defer now to Dr. Petzel and let him provide any other insights he might have.

Senator BEGICH. Thank you very much, Doctor?

Dr. PETZEL. Thank you very much, Senator Begich. The Secretary covered this topic very well, just to add a couple of things.

In a place like Alaska, which, as you mentioned, is probably the most extremely remote area that we are responsible for, such things as telemedicine and tele-home health and outreach clinics where you bring the providers into the community on a limited basis—that is, they come in, they do a clinic, and they leave—are probably the ways that we are going to have to be looking at delivering care.

Tele-home health allows a chronically ill patient to basically be cared for in their home. The monitoring devices provide information back to the physicians. There is a video connection to the provider, and it is really, I think, going to be the method that we deal with, the most important method that we deal with, with the extensive ruralness. We are seeing 40,000 patients on average per day involved in that program, and I am expecting to see this grow exponentially over the next several years.

We also have, as you know, through the generosity of Congress, been granted about \$250 million a year in rural health money, and much of this is being spent in developing our telehealth and tele-home health capabilities.

I do also, as the Secretary said, look forward to working with you to explore innovative and new ways that we can treat these extremely remote patients.

Secretary SHINSEKI. Senator, let me just put some numbers here: \$42 million in telehealth is the investment right now, and fee basis, which is another option, where we have competent, qualified capability, medical capability in communities, we are increasing fee basis between 2009 and 2010 by 20 percent. So this will go up.

Senator BEGICH. If I can follow up and again extend on our conversation we had yesterday and both of your conversations now, and that is, as we talked about Indian Health Services as well as—

oddly enough, later that afternoon, Mr. Secretary, I met with our community health clinic organization. They were primary care clinics which are federally chartered—very high quality—throughout all of Alaska, and I will give you the scenario that we talked about just for the record here. It is the individual who lives in a village who has to get on a plane to go to the hub—in this case Kotzebue, as an example; that is where we did one of the hearings—spends \$230 for a one-way ticket just to get to the hub. And then they have got to go from Kotzebue to Anchorage to get their assessment done. That whole plane trip, by the time they are done, is about \$1,000. A sizable amount may come out of their pocket because of the way the reimbursement rates work. All for an assessment.

Now, in the village, they had a clinic right there that probably could have done the assessment because they are certified clinics that have to go through the rigorous testing of the Indian Health Services; or if they are a community health clinic, through the other methods of the Federal Government. Both are very high-quality clinics. But what is also very interesting is they have knowledge of all the services that are available, which I know we talked a little bit about that. In my campaign I called it the “Heroes Health Card”—which I know some veterans organizations get nervous about that, thinking, you know, it’s about privatizing the VA. That is not what this is about. It is the case where a veteran cannot get access to a facility and it is not economical for the VA to go build a brand-new hospital. For example, the Indian Health Services will build a hospital starting this March using stimulus money. Employing hundreds of people to build it, hundreds of people will get work. It will be a state-of-the-art facility in Nome, Alaska. Maybe I am just new and naive about this, but it seems like there must be a way that we can have that veteran walk through the IHS door. And I know there are a couple of pilot programs, but to be honest with you, we have talked little about it. They have not really—they are just not there. So, it seems like there must be a way to allow that veteran to take a card, walk in there, and get their services. Then all of us figure out how to make those bills go back and forth and pay for it.

I know you showed some interest in that, Mr. Secretary; and, Doctor, like you, I think there is a way to do it—to deliver efficiently, and use this massive Federal system between the Indian Health Services, community health clinics, and the VA—to really network and deliver what I consider high-quality, first-stage care. Some people call it primary care, though I call it first-stage care because it may be a little more extensive using telemedicine and other systems.

Any additional comment on that?

Secretary SHINSEKI. Just to close out, Senator, I agree with you. We ought to look for every opportunity to get this thing right for veterans. I usually find when there are contending views about why you can or cannot do something, if you focus on the mission, which is care for the veteran, all the rest of it gets sorted out.

Senator BEGICH. Right. Absolutely.

Secretary SHINSEKI. If you can focus on that and provide what that veteran needs, which is right across the street—as opposed to having to incur a \$1,000 travel fee to go to the VA medical center—

we need to find a way to do this. And we will go to work and see if we can find the right arrangement here with the Indian Health Service for one, and there may be others. This is part of the fee process.

Senator BEGICH. Right. I did not think of it when we talked yesterday—community health clinics—because they are federally chartered and they have some great relationships I think between Indian Health Services and VA—they do now—that we could figure it out here. So I really appreciate that.

I had some other questions, but I will submit those for the record. It was timely because we just held our field hearings, and this was something that really popped up pretty high in Alaska.

Thank you very much.

Secretary SHINSEKI. Thank you, Senator.

Chairman AKAKA. Thank you, Senator Begich.

Now, Senator Johanns, your questions.

Senator JOHANNNS. Thank you, Mr. Chairman.

Let me, if I might, just start by adding words of support for what Senator Begich is trying to get to. Even though our States are very different in some respects, in some respects we are kind of the same. We have very large rural areas, and although there are roads in Nebraska and it is easier than what the Senator is talking about, we still have that challenge—and many States do—of how to get services to the far reaches of a State like Nebraska or Montana or whatever. So, I think you are on the right track there, and I am more than willing to try to help facilitate that.

I also appreciate the whole idea that there is great concern that we do not want this to evolve into a situation where we are offloading all of our services onto somebody else. We have got a good system. We do not want to lose that. But there really are some issues here where, if you put the needs of that veteran as the paramount issue, then there is no reason why that community health care center cannot provide those services. Again, I hope we can continue to work in that area, and I want to help.

Let me, if I might, though, return to the backlog question—well, before that, I had something I wanted to ask, and maybe this is a question that really sets some context here. This is not a question to try to cast blame on anybody. It is a question to try to get some context.

It just occurs to me as I think about the terrific changes our country has gone through since 9/11—with Afghanistan and Iraq and the needs of those veterans—and then I think about the existing veterans that were in the system before that; one of the things that we are trying to do, and maybe play a little bit of catch-up here, is the system was not quite ready for all we have had to face.

When I look at the decision to go to war or to engage in Iraq or Afghanistan, for me I look at the whole system. Do we have the right equipment and the right technology to help the men and women in uniform that are on the ground? Are we able to meet their needs when they are injured? When they come back home, can we deal with their mental health issues? Can we deal with their injuries? Do we have the system in place to deal with that?

I would like to hear your thoughts on that. Is part of what we are trying to do with this budget—and probably some budgets for

the foreseeable future—just trying to get the system up to a level where we can meet what turned out to be some pretty significant needs just because of the size and scope of what we are dealing with in terms of terrorism?

Secretary SHINSEKI. Well, Senator, that is really a very insightful question. I would offer to you that we probably have always had a longstanding challenge on this level of synchronization. As I say, very little of what we deal with in VA originates in VA; therefore, we work very hard to collaborate and coordinate with DOD to make sure that we understand what is going on. Then we can begin to anticipate things and find ways to work together whenever we think there is a medical problem that is going to have downstream issues; that we begin the dialog early so we are not ending up 40 years after Agent Orange was used wrestling with how to care for veterans, or Gulf War illness, the same kind of thing, or, as Senator Burr brought up, Camp Lejeune issues. This requires both DOD and VA to be well joined on these discussions.

To the degree that we may or may not have done this very well in the past, we are now trying to make sure that we invest in the ways that change this for the future, and that is what transformation is intended to do. My argument always is that DOD and VA are joined in caring for one thing—the youngster who wears the uniform today—is the veteran. If we focus on what is right for that individual, we will come at this properly.

Senator JOHANNNS. My hope is that as we think about not just this budget but the future and where we are going from here that relationship becomes more seamless. Like I said, it is one thing to make a decision—let us go to war. It is quite another thing to recognize whether the system is ready for that decision across the board from the day that person wears the uniform to the day of their discharge to what happens next. And it occurs to me that as we think about the future that seamlessness is critical, terribly important, or you are going to have fraying around the edges everywhere in terms of meeting the needs of the veteran.

Secretary SHINSEKI. I share your concern here, Senator. If I could just interrupt before you go to your next question. Secretary Gates and I agreed a year ago that we were going to put our heads together to work on this seamless transition. And I use the term with a little caution because we do not have the tools to make that happen. Seamless transition is an electronic medium that we are both working to bring together, both DOD and VA. We have been mandated by the President to create something called the Virtual Lifetime Electronic Record which will do this seamlessly. So, just to assure you, we are working on that.

Senator JOHANNNS. Yes. Now getting to the backlog issue—the additional people and the effort to try to get to that, and the pilot projects—all of those things, as I have said, are just things I think you have got to do to try to deal with these numbers. They are just incredible.

But let me ask you a question about bottlenecks. If we do that, but we have another bottleneck in the system that we cannot force any more through, then we are not going to have much success here.

Talk to me about the court of appeals—and maybe it is not just the court of appeals that I should be focused on. Are there other areas in this system where even doubling the number of people is not going to solve the problem because you just run right into that bottleneck where it is just going to back up?

Secretary SHINSEKI. Again, a good point. When we talk about looking fundamentally and comprehensively at the way we process claims inside VA, we have a Board of Veterans Appeals, and that is what is in my jurisdiction. So it is not just talking about the Veterans Benefits Administration that Mr. Walcott is the head of. It is also talking about the Board of Veterans Appeals. They are linked in this discussion about how do we improve the process, because it does not do any good to process things in one portion and have them hit that wall.

When you get to the court, it is a little bit outside my jurisdiction, and I will assure you that I will work with the court—in fact, I am going to go give a speech here shortly. Maybe this will be a good topic to raise during that presentation. But you are right, we need to have a full-spectrum look—again, focusing on the veteran—at how that veteran is treated from the moment the claim is submitted until it runs the life cycle.

Senator JOHANNIS. I see I am running out of time here, but here is what I want to get to with your request and the additional personnel and all of the other things. The worst thing that would happen is if we get 18 months down the road and the veterans' groups are coming to us saying the backlog has not improved.

Now, I appreciate Agent Orange. I think we all do. We understand the additional folks that will come in. But, you know, it is going to be no solace to them that I said, well, my goodness, we approved a big budget increase, we have hired additional people, and they are saying nothing is working right yet.

So, my hope is that you can help us identify that. I do not know if there is a way of charting that or analyzing it so in a kind of quick review the Chairman or I or the Ranking Member or whoever can look at that and say, look, this now is starting to move through the system to a conclusion for the veteran. That is the key issue for me. It will not help if we bring you back a year from now, and you say, well, we have got all these people, and they are moving paper. We have got to get the veteran to a point where they get finality in that decisionmaking process. Does that make sense?

Secretary SHINSEKI. It does. I can tell you, as I have said elsewhere, that 2010 is focused on the backlog for me—the pilots, automating that process—and I am happy if you have questions about what the automation efforts are; what we need to get done this year.

I am heartened by one thing. We got off to a slow start on the Post-9/11 GI Bill. I will just use that as an example, though it is a separate topic. We started out in August with no students enrolled, and we finished the semester with 173,000 students enrolled, with no automation tools. But what it forced us to do is to go back and challenge the things we were requiring in that justification on the part of the student to receive VA funds. It forced us to refine that process. The automated tools are coming this year—one April, one July, November, and December. We will be

fully automated, but we have gone through challenging the process and getting the bugs out of it, getting it to be a high-level performer. We intend to do the same thing with the backlog this year. I think that we need to provide—be able to see ourselves—a simple metric like the one that Senator Burr had up that showed productivity. But in it we have to have that quality factor as well. Where quality is missing is where you generally see the appeals going through, and that is why we have to address this.

Senator JOHANNIS. Thank you.

Thank you, Mr. Chairman.

Chairman AKAKA. Thank you very much, Senator Johannis.

I am going to do a second round of questions. I am going to limit myself to two questions, and then submit many of the questions for the record.

Mr. Secretary, for the first time we have before us a budget containing funding for future VA health care spending. That said, I want to be candid about the fact that the fiscal year 2012 budget may need to be enhanced.

Mr. Secretary, would you be willing to ask for more for fiscal year 2012 if the demand and other needs demonstrate that more is necessary?

Secretary SHINSEKI. Senator, to answer your question, I have two strong budgets in 2010 and 2011. We are off to a good set of priorities, achievable priorities. I think here after a couple years, you should expect me to provide return on investment on those two budgets.

I am not concerned at this point on the 5 percent in 2012. I know if you look at it individually, it grabs your attention. But if you look at 2010, 2011, and 2012 together that 3-year period is a 25 percent increase above the 2009 budget. So, I am suggesting that I am taking the view over that period, and I expect that I am going to provide results.

Having said that, 5 percent in 2012 is a start point for the deliberation—the dialog that goes on in building the 2012 budget. And to answer your question, if it is not sufficient, I will provide the compelling arguments that it needs to be adjusted.

Chairman AKAKA. Thank you, Mr. Secretary.

Now, what is your strategic vision regarding the future of VA construction projects? How do you plan on balancing large inpatient facilities, a long backlog of projects currently underway, and smaller clinics as well?

Secretary SHINSEKI. Part of the piece that I did not add in there when I was explaining to Senator Burr the span of responsibilities that go along with the VA was: the 153 hospitals, something in the neighborhood of 780 outpatient clinics, 232 Vet Centers, and 50 mobile vans, totaling 1,400 points of care. The average age of our facilities is 60 years. The design is generally about 50 years. That is a design. There are lots of Government buildings that are older than their design. My responsibility is to ensure that we are properly footprinted, that we are where veterans are, and we are providing the care and services that veterans need.

So, we are going to have a strategic look at our infrastructure. We have some infrastructure that is not fully utilized today, and we need to understand whether they can be used for other pur-

poses, things like homeless programs, things like long-term care for those veterans who have given so much, and we are going to have to care for them for a long time.

We have got to be looking at ways we recycle our facilities, and when we do that, then we need to bring them up, not to adequacy but to the high standard that those veterans deserve.

Having said that, this major construction request in 2011 is not much different than the request in 2010. In 2010, we requested and were granted \$1.19 billion. The 2011 request is \$1.15 billion. So, a small decrease, but it funds three ongoing medical facility projects, two new projects for design (medical facilities), and three cemetery expansions.

The minor construction budget, if you look at 2010 and 2011, you could criticize the 2011 budget for being a 30-percent decrease. I would just offer that the 2010 budget was such a huge plus-up, it was the President's first budget. It was scored at \$600 million. And while the 2011 minor construction budget is 30 percent smaller, it is still at \$468 million. It is the second largest minor construction budget requested. And so taking those 2 years together, we have done well.

The 2011 non-recurring maintenance request is \$1.1 billion to get after the things that you are concerned about, which is the facility and the footprint and the upkeep. Between 2000 and 2008, the average non-recurring maintenance budget submission was about \$555 million. So at \$1.1 billion, we have put a lot of energy into restoring our house, bringing it back to order. It is the largest request by a President for non-recurring maintenance for VA facilities.

I say that and I also tell you that we have about \$9 billion of backlog non-recurring maintenance. It has been there for years. If I am able to put—if we are able to put \$1 billion to it every year, it's still a long-term investment. So, we need to find ways to go after this, and I am hopeful that VA might be a candidate for the jobs bill.

Chairman AKAKA. Thank you, very much, Mr. Secretary. I will submit my questions for the record.

Senator BURR. do you have any comments or questions?

Senator BURR. Mr. Chairman, I want to thank you. I am going to submit all my further questions for the record. I want to thank the Secretary and his leadership staff for being here.

Mr. Chairman, I want to take this opportunity to tell the second panel that I am sorry I cannot be here for their testimony. As the Chairman knows, this hearing was rescheduled because of the weather, and, unfortunately, I could reschedule part of my day, but I have got to return to North Carolina, and I have got a 5-minute window to work with. I would also say to the second panel that I may submit questions to you for the record and look very forward to the input you can give.

Senator BURR. Thank you, Mr. Secretary.

Secretary SHINSEKI. Thank you, Senator.

Chairman AKAKA. Thank you very much, Senator Burr, and I wish you a safe trip. Thank you.

Senator Begich, any comments or questions?

Senator BEGICH. No additional questions. I do have some for the record I will submit. Again, I want to thank the panel, the Secretary, and the doctor. Thank you all for being here, and I look forward to working with you on the rural issues of health care.

Senator JOHANNIS, thank you very much for your interest, too. I know we have commonality on rural issues, and it seems between this Committee, Commerce, and others, we are finding some joint efforts. So, again, thank you for your comments and thank you all for being here today.

Chairman AKAKA. Thank you very much, Senator Begich.

Senator JOHANNIS?

Senator JOHANNIS. I will wrap up here, too. Again, I want to express my appreciation for what you are doing for veterans. That really is the bottom line. We dig into these things, and they concern all of us. But at the end of the day, I have never doubted, Mr. Secretary, that your team and this Committee are really trying to figure out how to solve these problems. And some of them are just—we work on them from a constituent standpoint. Lost records, they are such a huge issue for the veteran. You know, Agent Orange is a perfect example. We have veterans who came back from Vietnam, tried go on with their lives, then all of a sudden they have health problem after health problem after health problem. I think, finally, we have an opportunity to make some success there. But that is just an example of what we deal with out there and what you deal with.

I appreciate your commitment. There is a lot of work to do, and I get a sense that we have a pretty good start. Thanks.

Thank you, Mr. Chairman.

Chairman AKAKA. Thank you very much, Senator JOHANNIS.

Mr. Secretary, I want to say mahalo, thank you and your staff so much for your testimony and what you are looking forward to doing for our veterans across the country. I look upon your goals of increasing access and reducing the claims backlog, as well as taking care of the homeless in 5 years, as huge goals to meet. And I want you to know we want to work together with you in trying to accomplish that. With the increased funding that we are expecting as well as increased FTEs or employees that you will be taking on and training, we look forward to this working out so that, without question, this will benefit every veteran that comes forward and asks for service from our country. Without question, we owe our veterans so much, and what we are doing—really the bottom line is to help every veteran who needs that service. So, that is where we focus. I am glad we are all together, and we will continue to focus there as we move on.

We have done—I would tell you, unexpectedly—pretty well as far as fundings are concerned and with our advanced funding program, and what you are doing for it I think we are moving really well. And we want to see that it goes all the way down to the veterans as quickly as we can.

Thank you very much. If you have any final comments, Mr. Secretary, we will hear them and then excuse the panel.

Secretary SHINSEKI. Mr. Chairman, just to say thank you again for the opportunity for the VA team to appear before the Com-

mittee. I thank all the Committee Members, collectively and individually, for tremendous support to veterans. Thank you.

Chairman AKAKA. Thank you very much. Thank you, panel.

Let me call a 5-minute recess at this time.

[Recess.]

Chairman AKAKA. This hearing will again come to order. I want to welcome our second panel. First, I welcome the witnesses who are here on behalf of the *Independent Budget*: Carl Blake, the National Legislative Director of the Paralyzed Veterans of America; John Wilson, Assistant National Legislative Director for the Disabled American Veterans; Raymond Kelley, the National Legislative Director of AMVETS; and Eric Hilleman, the National Legislative Director for Veterans of Foreign Wars.

I also welcome Steve Robertson, Director for the National Legislative Commission of the American Legion; and Rick Weidman, Director of Government Relations of the Vietnam Veterans of America.

A very warm welcome and aloha to each of you. Mr. Blake, will you begin, then we will move down the table in order. The *Independent Budget* witnesses will have 20 minutes total to make their presentation. The American Legion and Vietnam Veterans of America will be recognized for 5 minutes each. Your prepared remarks will, of course, be made a part of the record.

Mr. Blake, will you please begin?

**STATEMENT OF CARL BLAKE, NATIONAL LEGISLATIVE
DIRECTOR, PARALYZED VETERANS OF AMERICA**

Mr. BLAKE. Thank you, Mr. Chairman.

Chairman Akaka, Senator Begich, on behalf of the co-authors of *The Independent Budget* and Paralyzed Veterans of America, I am pleased to be here today to present our views regarding the funding for the Department of Veterans Affairs health care system for fiscal year 2011.

Despite the fact that Congress has already provided advance appropriations for fiscal year 2011, the *Independent Budget* has chosen to still present budget recommendations for the medical care accounts specifically for fiscal year 2011. Included in Public Law 111–117 was advance appropriations for fiscal year 2011. Congress provided approximately \$48.2 billion in discretionary funding for VA medical care. When combined with the \$3.3 billion administration projection for medical care collections in 2010, the total available operating budget provided by the appropriations bill is approximately \$51.5 billion. Accordingly for fiscal year 2011, the *Independent Budget* recommends approximately \$52 billion for total medical care, an increase of \$4.5 billion over the fiscal year 2010 operating budget level established by Public Law 111–117. We believe that this estimation validates the advance projections that the administration developed last year and has carried forward into this year. Furthermore, we remain confident that the administration is headed in a positive direction that will ultimately benefit the veterans who rely on the VA health care system to receive their care.

For fiscal year 2011, the *Independent Budget* recommends approximately \$40.9 billion for Medical Services. Our Medical Services recommendation includes approximately \$39 billion to maintain current services; \$1.3 billion to address our projected increase in patient workload; \$275 million to address the significant increase in prosthetics expenditures; and, last, a \$375 million initiative to restore the VA's long-term care average daily census to the level mandated by Public Law 106-117, the Veterans Millennium Health Care Act.

Finally, for Medical Support and Compliance, the *Independent Budget* recommends approximately \$5.3 billion, and for Medical Facilities, we recommend approximately \$5.7 billion.

The *Independent Budget* recommendation also includes a significant increase in funding for Information Technology. For fiscal year 2011, we recommend that the VA IT account be funded at approximately \$3.55 billion. This amount includes approximately \$130 million for an Information Systems Initiative to be carried out by the Veterans Benefits Administration. We are concerned that the administration is shortchanging this account for fiscal year 2011 in a budget in which the VA and the Department of Defense are called on to jointly implement the Virtual Lifetime Electronic Record, and in which the administration proposes to automate claims processing to improve the accuracy and timeliness of veterans' benefits, particularly disability compensation and the new Post-9/11 GI Bill.

Public Law 111-81 required the President's budget submission to include estimates of appropriations for the medical care accounts for fiscal year 2012 and the VA Secretary to provide detailed estimates of the funds necessary for these medical care accounts in his budget documents submitted to Congress. Consistent with the advocacy by the *Independent Budget*, the law also requires a thorough analysis and public report of the administration's advance appropriations projections by the Government Accountability Office to determine if that information is sound and accurately reflects expected demand and costs to be incurred in fiscal year 2012 and in subsequent years.

We are pleased to see that the administration has followed through on its responsibility to provide an estimate for the Medical Care accounts of the VA for fiscal year 2012. It is important to note that this is the first year the budget documents have included such advance appropriations estimates. The *Independent Budget* looks forward to examining all of this new information and incorporating it into future budget estimates.

Last, Mr. Chairman, I would just like to say thanks to you and your staff, as well as to Senator Burr's staff, for allowing us the opportunity, as in years past, to get together what is now a month ago to discuss *The Independent Budget* prior to the administration's budget coming out. It is a useful opportunity that we take advantage of, and we look forward to the opportunity every year.

So, again, Mr. Chairman, I would like to thank you, and I would be happy to answer any questions that you might have.

[The prepared statement of Mr. Blake follows:]

PREPARED STATEMENT OF CARL BLAKE, NATIONAL LEGISLATIVE DIRECTOR,
PARALYZED VETERANS OF AMERICA

Chairman Akaka, Ranking Member Burr, and Members of the Committee, as one of the four co-authors of *The Independent Budget (IB)*, Paralyzed Veterans of America (PVA) is pleased to present the views of the *Independent Budget* regarding the funding requirements for the Department of Veterans Affairs (VA) health care system for FY 2011.

When looking back on 2009, it is fair to say that the 111th Congress took an historic step toward providing sufficient, timely, and predictable funding, and yet it still failed to complete its appropriations work prior to the start of the new fiscal year on October 1. The actions of Congress last year generally reflected a commitment to maintain a viable VA health care system. More important, Congress showed real interest in reforming the budget process to ensure that the VA knows exactly how much funding it will receive in advance of the start of the new fiscal year.

As you know, for more than a decade, the Partnership for Veterans Health Care Budget Reform (hereinafter "Partnership"), made up of nine veterans service organizations, including the four co-authors of *The Independent Budget*, advocated for reform in the VA health care budget formulation process. By working with the leadership of the House and Senate Committees on Veterans' Affairs, the Military Construction and Veterans Affairs Appropriations Subcommittees, and key members of both parties, we were able to move advance appropriations legislation forward. Congress ultimately approved and the President signed into law Public Law 111-81, the "Veterans Health Care Budget Reform and Transparency Act." A review of recent budget cycles made it evident that even when there was strong support for providing sufficient funding for veterans medical care programs, the systemic flaws in the budget and appropriations process continued to hamper access to and threaten the quality of the VA health care system. Now, with enactment of advance appropriations the VA can properly plan to meet the health care needs of the men and women who have served this Nation in uniform.

In February 2009, the President released a preliminary budget submission for the Department of Veterans Affairs for FY 2010. This submission only projected funding levels for the overall VA budget. The Administration recommended an overall funding authority of \$55.9 billion for the VA, approximately \$5.8 billion above the FY 2009 appropriated level and nearly \$1.3 billion more than the *Independent Budget* had recommended.

In May, the Administration released its detailed budget blueprint that included approximately \$47.4 billion for medical care programs, an increase of \$4.4 billion over the FY 2009 appropriated level and approximately \$800 million more than the recommendations of the *Independent Budget*. The budget also included \$580 million in funding for Medical and Prosthetic Research, an increase of \$70 million over the FY 2009 appropriated level. By the end of the year, Congress enacted Public Law 111-117, the "Consolidated Appropriations Act for FY 2010," that provided funding for the VA to virtually match the recommendations of the Administration. While the importance of these historic funding levels coupled with the enactment of advance appropriations legislation cannot be overstated, it is important for Congress and the Administration to continue this commitment to the men and women who have served and sacrificed for this country.

FUNDING FOR FY 2011

Despite the fact that Congress has already provided advance appropriations for FY 2011, the *Independent Budget* has chosen to still present budget recommendations for the medical care accounts specifically for FY 2011. Included in P.L. 111-117 was advance appropriations for FY 2011. Congress provided approximately \$48.2 billion in discretionary funding for VA medical care. When combined with the \$3.3 billion Administration projection for medical care collections in 2010, the total available operating budget provided by the appropriations bill is approximately \$51.5 billion. Accordingly for FY 2011, the *Independent Budget* recommends approximately \$52.0 billion for total medical care, an increase of \$4.5 billion over the FY 2010 operating budget level established by Public Law 111-117, the "Consolidated Appropriations Act for FY 2010." We believe that this estimation validates the advance projections that the Administration developed last year and has carried forward into this year. Furthermore, we remain confident that the Administration is headed in a positive direction that will ultimately benefit the veterans who rely on the VA health care system to receive their care.

The medical care appropriation includes three separate accounts—Medical Services, Medical Support and Compliance, and Medical Facilities—that comprise the total VA health care funding level. For FY 2011, the *Independent Budget* rec-

ommends approximately \$40.9 billion for Medical Services. Our Medical Services recommendation includes the following recommendations:

Current Services Estimate	\$38,988,080,000
Increase in Patient Workload	\$1,302,874,000
Policy Initiatives	\$650,000,000
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Total FY 2011 Medical Services	\$40,940,954,000
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Our growth in patient workload is based on a projected increase of approximately 117,000 new unique patients—Priority Group 1–8 veterans and covered non-veterans. We estimate the cost of these new unique patients to be approximately \$926 million. The increase in patient workload also includes a projected increase of 75,000 new Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans at a cost of approximately \$252 million.

Finally, our increase in workload includes the projected enrollment of new Priority Group 8 veterans who will use the VA health care system as a result of the Administration's plan to incrementally increase the enrollment of Priority Group 8 veterans by 500,000 enrollments by FY 2013. We estimate that as a result of this policy decision, the number of new Priority Group 8 veterans who will enroll in the VA will increase by 125,000 in each of the next four years. Based on the Priority Group 8 empirical utilization rate of 25 percent, we estimate that approximately 31,250 of these new enrollees will become users of the system. This translates to a cost of approximately \$125 million.

As we have emphasized in the past, the VA must have a clear plan for incrementally increasing this enrollment. Otherwise, the VA risks being overwhelmed by significant new workload. The *Independent Budget* is committed to working with the VA and Congress to implement a workable solution to allow all eligible Priority Group 8 veterans who desire to do so to begin enrolling in the system.

Our policy initiatives have been streamlined to include immediately actionable items with direct funding needs. Specifically, we have limited our policy initiatives recommendations to restoring long-term care capacity (for which a reasonable cost estimate can be determined based on the actual capacity shortfall of the VA) and centralized prosthetics funding (based on actual expenditures and projections from the VA's prosthetics service). In order to restore the VA's long-term care average daily census (ADC) to the level mandated by Public Law 106–117, the "Veterans Millennium Health Care Act," we recommend \$375 million. Finally, to meet the increase in demand for prosthetics, the *IB* recommends an additional \$275 million. This increase in prosthetics funding reflects the significant increase in expenditures from FY 2009 to FY 2010 (explained in the section on Centralized Prosthetics Funding) and the expected continued growth in expenditures for FY 2011. The funding for prosthetics is particularly important because it reflects current services and represents a demonstrated need now; whereas, our funding recommendations for long-term care reflect our desire to see this capacity expanded beyond the current services level.

For Medical Support and Compliance, the *Independent Budget* recommends approximately \$5.3 billion. Finally, for Medical Facilities, the *Independent Budget* recommends approximately \$5.7 billion. Our recommendation once again includes an additional \$250 million for non-recurring maintenance (NRM) provided under the Medical Facilities account. This would bring our overall NRM recommendation to approximately \$1.26 billion for FY 2011. While we appreciate the significant increases in the NRM baseline over the last couple of years, total NRM funding still lags behind the recommended two to four percent of plant replacement value. Based on that logic, the VA should actually be receiving at least \$1.7 billion annually for NRM (Refer to Construction section article "Increase Spending on Nonrecurring Maintenance).

For Medical and Prosthetic Research, the *Independent Budget* recommends \$700 million. This represents a \$119 million increase over the FY 2010 appropriated level, and approximately \$110 million above the Administration's request. We are particularly pleased that Congress has recognized the critical need for funding in the Medical and Prosthetic Research account in the last couple of years. Research is a vital part of veterans' health care, and an essential mission for our national health care system. We are extremely disappointed in the Administration's decision to virtually flat line the research budget. VA research has been grossly underfunded in contrast to the growth rate of other Federal research initiatives. At a time of war, the government should be investing more, not less, in veterans' biomedical research programs.

The *Independent Budget* recommendation also includes a significant increase in funding for Information Technology (IT). For FY 2011, we recommend that the VA IT account be funded at approximately \$3.553 billion. This amount includes approximately \$130 million for an Information Systems Initiative to be carried out by the Veterans Benefits Administration. This initiative is explained in greater detail in the policy portion of *The Independent Budget*. This represents an increase of \$246 million over the FY 2010 appropriated level as well as the Administrations request. We are greatly concerned that the Administration is shortchanging this account in a budget in which the VA and the Department of Defense are called on to jointly implement the Virtual Lifetime Electronic Record, and in which the Administration proposes to automate claims processing to improve the accuracy and timeliness of veterans' benefits, particularly disability compensation and the new Post-9/11 GI Bill.

As explained in *The Independent Budget*, there is a significant backlog of major and minor construction projects awaiting action by the VA and funding from Congress. We have been disappointed that there has been inadequate follow-through on issues identified by the Capital Asset Realignment for Enhanced Services (CARES) process. In fact, we believe it may be time to revisit the CARES process all together. For FY 2011, the *Independent Budget* recommends approximately \$1.295 billion for Major Construction and \$785 million for Minor Construction. The Major Construction recommendation includes approximately \$100 million for research infrastructure and the Minor Construction recommendation includes approximately \$200 million for research facility construction needs.

We note that the Budget Request reduces funding for Major Construction and slashes funding for Minor Construction. Despite additional funding that has been provided in recent years to address the construction backlog and maintenance needs facing VA, a great deal remains to be done. We cannot comprehend what policy decisions could justify such a steep decrease in funding for Minor Construction.

ADVANCE APPROPRIATIONS FOR FY 2012

Public Law 111-81 required the President's budget submission to include estimates of appropriations for the medical care accounts for FY 2012 and the VA Secretary to provide detailed estimates of the funds necessary for these medical care accounts in his budget documents submitted to Congress. Consistent with advocacy by the *Independent Budget*, the law also requires a thorough analysis and public report of the Administration's advance appropriations projections by the Government Accountability Office (GAO) to determine if that information is sound and accurately reflects expected demand and costs to be incurred in FY 2012 and subsequent years.

We are pleased to see that the Administration has followed through on its responsibility to provide an estimate for the Medical Care accounts of the VA for FY 2012. It is important to note that this is the first year the budget documents have included advance appropriations estimates. This will also be the first time that the GAO examines the budget submission to analyze its consistency with VA's Enrollee Health Care Projection Model, and what recommendations or other information the GAO report will include. The *Independent Budget* looks forward to examining all of this new information and incorporating it into future budget estimates.

In the end, it is easy to forget, that the people who are ultimately affected by wrangling over the budget are the men and women who have served and sacrificed so much for this Nation. We hope that you will consider these men and women when you develop your budget views and estimates, and we ask that you join us in adopting the recommendations of the *Independent Budget*.

This concludes my testimony. I will be happy to answer any questions you may have.

Chairman AKAKA. Thank you very much, Mr. Blake.
Mr. John Wilson.

STATEMENT OF JOHN WILSON, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. WILSON. Thank you, sir. Mr. Chairman and Senator Begich, my testimony addresses a variety of VA benefits programs today in *The Independent Budget*. This Committee has acted favorably on many of our recommendations to improve services to veterans and their families. We ask that you give our recommendations serious consideration again this year.

My oral testimony today will focus on: one, concurrent receipt of compensation and military longevity retired pay; two, the Survivor Benefit Plan to Dependency and Indemnity Compensation offset; three, automobile grants; and, four, the disability claims process.

One, concurrent receipt. Current law still provides that service-connected veterans rated less than 50 percent who retire from the Armed Forces on length of service will not receive both the VA disability compensation and full military retired pay. The IBVSOs recommend Congress enact legislation to repeal this inequitable requirement.

Two, the offset of SBP compensation to DIC benefits. Under current law, a recipient's SBP income is reduced by an amount equal to any DIC for which they are otherwise eligible. This offset is inequitable because no duplication of benefits is involved. It penalizes survivors of military retired veterans whose deaths are under circumstances warranting indemnification from the Government which must be separate from the annuity funded by premiums paid by veterans from retired pay. It is the recommendation of the IBVSOs that Congress repeal the offset between DIC and SBP.

Three, automobile grants. The current \$11,000 automobile grant is only 39 percent of the average cost of a new automobile. To restore equity between the cost of an automobile and an allowance based on 80 percent of today's average new vehicle cost, the allowance should be \$22,800. It is the recommendation of the IBVSOs that Congress enact legislation to increase the automobile allowance to 80 percent of the average cost of a new automobile.

Fourth, and last, the disability claims process—certainly not least. To illustrate, let me recount this story about the disability claims process.

Between August 25 and September 2 of last, the Roanoke VA Regional Office was visited by the VA's Office of Inspector General. Inspectors looked at 118 of the 901 claims filed between January and March 2009 and found 29 of those 118 claims contained errors. That is a 25 percent error rate. That is unacceptable.

But it is worse. Not only that, they found nearly 11,000 folders sitting on top of full file cabinets. An engineer stated that the load on floors 10, 11, and 12 of this 14-story building is double what is considered safe and heavy enough to cause a potential collapse. This story provides a timely illustration of the need to reform the veterans benefits approval system before the very weight of it destroys the structural integrity of the system and it collapses in upon itself.

In March 2009, VA's Office of Inspector General reported on the overall benefits approval system and found that 22 percent of all veterans' claims for disability compensation were decided incorrectly in the 12-month period they reviewed. Over 200,000 received inaccurate disability compensation decisions. The chart attached to the end of my written testimony portrays the results of the last six VA Office of Inspector General visits.

Today, too many disabled veterans and their survivors must wait too long for disability compensation and pension ratings that are too often wrong or inaccurate. VBA must develop a work culture that emphasizes quality at all steps of the process. It must begin with the development of a management culture that measures and

rewards the quality of results not just the quantity and which provides sufficient training of both management and the workforce in order to achieve proper outcomes. We would much prefer to see a claim done right the first time rather than done quickly three times.

VBA must modernize its IT infrastructure and optimize its business processes. The current paper-heavy system must be replaced with a secure and accessible paperless system that rapidly moves and organizes information necessary to rating specialists for them to reach their correct decisions. The new system must optimize both the work flow and the business processes.

Finally, VBA must implement a simpler and more transparent benefits application and approval process. There should be a universal and simple application, not the 28-page document that we have now, and procedures to manage this process more effectively so veterans can see where their claim is it moves through the process.

A renewed commitment to and investment in training and quality control will help to ensure that benefits decisions are done right the first time. VA must take action to do it right the first time to save time.

It has been a pleasure to appear before you. I look forward to your questions.

[The prepared statement of Mr. Wilson follows:]

PREPARED STATEMENT OF JOHN WILSON, ASSISTANT NATIONAL LEGISLATIVE
DIRECTOR, DISABLED AMERICAN VETERANS

Mr. Chairman and Members of the Committee: I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans (DAV), one of four national veterans' organizations that create the annual *Independent Budget (IB)* for veterans programs, to summarize our recommendations for fiscal year (FY) 2011.

As you know Mr. Chairman, the *IB* is a budget and policy document that sets forth the collective views of DAV, AMVETS, Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars of the United States (VFW). Each organization accepts principal responsibility for production of a major component of our *IB*—a budget and policy document on which we all agree. Reflecting that division of responsibility, my testimony focuses primarily on the variety of Department of Veterans Affairs (VA) benefits programs available to veterans.

In preparing this 24th *IB*, the *IB* Veterans Service Organizations (IBVSOs) draw upon our extensive experience with veterans' programs, our firsthand knowledge of the needs of America's veterans, and the information gained from continuous monitoring of workloads and demands upon, as well as the performance of, the veterans benefits and services system. This Committee has acted favorably on many of our recommendations to improve services to veterans and their families. We ask that you give our recommendations serious consideration again this year. My testimony today will focus on three areas: Benefits; General Operating Expenses; and Judicial Review.

Within the Benefits arena, the first area to address is concurrent receipt of compensation and military longevity retired pay. It has been and continues to be the perspective of the IBVSOs that all military retirees should be permitted to receive military longevity retired pay and VA disability compensation concurrently, regardless of the level of their disability rating.

Many veterans, retired from the Armed Forces based on longevity of service, must forfeit a portion of their retired pay earned through faithful performance of military service before they receive VA compensation for service-connected disabilities. This is inequitable. Military retired pay is earned by virtue of a veteran's career of service on behalf of the Nation, careers of no less than 20 years.

Entitlement to disability compensation, on the other hand, is paid solely because of disabilities resulting from military service, regardless of the length of service. Most nondisabled military retirees pursue second careers after serving in order to

supplement their income, thereby justly enjoying a full reward for completion of a military career with the added reward of full civilian employment income. In contrast, service-connected disabled military longevity retirees do not enjoy the same full earning potential. Instead, their earning potential is reduced commensurate with the degree of service-connected disability.

While Congress has made progress in recent years in correcting this injustice, current law still provides that service-connected veterans rated less than 50% who retire from the Armed Forces on length of service will not receive both their VA disability compensation and full military retired pay.

The IBVSOs recommend Congress enact legislation to repeal the inequitable requirement that veterans' military retired pay be offset by an amount equal to their rightfully earned VA disability compensation.

The next area to address is repeal of the current requirement that the amount of an annuity under the Survivor Benefit Plan (SBP) be reduced on account of and by an amount equal to Dependency and Indemnity Compensation (DIC).

Career members of the Armed Forces earn entitlement to retired pay after 20 or more years' service. Unlike many retirement plans in the private sector, survivors have no entitlement to any portion of the member's retired pay after his or her death. Under the SBP, deductions are made from the member's retired pay to purchase a survivors' annuity. Upon the veteran's death, the annuity is paid monthly to eligible beneficiaries under the plan. If the veteran died of other than service-connected causes or was not totally disabled by service-connected disability for the required time preceding death, beneficiaries receive full SBP payments. However, if the veteran's death was due to service or followed from the requisite period of total service-connected disability, the SBP annuity is reduced by an amount equal to the DIC payment. If the monthly DIC rate is equal to or greater than the monthly SBP annuity, then beneficiaries lose all entitlement to the SBP annuity.

This offset is inequitable because no duplication of benefits is involved. The offset penalizes survivors of military retired veterans whose deaths are under circumstances warranting indemnification from the government separate from the annuity funded by premiums paid by the veteran from his or her retired pay.

It is the recommendation of the IBVSOs that Congress repeal the offset between DIC and SBP.

The last area to address within the Benefits section of the *IB* is the topic of automobile grants and adaptive equipment. The automobile and adaptive equipment grants need to be increased and automatically adjusted annually to cover increases in costs.

The VA provides certain severely disabled veterans and servicemembers' grants for the purchase of automobiles or other conveyances. VA also provides grants for adaptive equipment necessary for the safe operation of these vehicles. Veterans suffering from service-connected ankylosis of one or both knees or hips are eligible for the adaptive equipment only. This program also authorizes replacement or repair of adaptive equipment.

Congress initially fixed the amount of the automobile grant to cover the full cost of the automobile. However, because sporadic adjustments have not kept pace with increasing costs, over the past 53 years the value of the automobile allowance has been substantially eroded. In 1946, the \$1,600 allowance represented 85 percent of the average retail cost and was sufficient to pay the full cost of automobiles in the "low-price field."

The Federal Trade Commission cites National Automobile Dealers Association data that indicate that the average price of a new car in 2009 was \$28,400. The current \$11,000 automobile allowance represents 62 percent of the 1946 benefit when adjusted for inflation by the CPI; however, it is only 39 percent of the average cost of a new automobile. To restore equity between the cost of an automobile and the allowance, the allowance, based on 80 percent of the average new vehicle cost, would be \$22,800.

It is the recommendation of the IBVSOs that Congress enact legislation to increase the automobile allowance to 80 percent of the average cost of a new automobile in 2009 and then provide for automatic annual adjustments based on the rise in the cost of living. Congress should also consider increasing the automobile allowance to cover 100 percent of the average cost of a new vehicle and provide for automatic annual adjustments based on the actual cost of a new vehicle, not the CPI.

Within the General Operating Expenses arena, the IBVSOs offer Congress and the Administration many opportunities for improvement. The first topic of consider-

ation has to do with the Veterans Benefits Administration (VBA) disability claims process.

While simultaneously enhancing training and increasing individual and managerial accountability, Congress and the VA must take definitive steps to reduce delays in the disability claims process caused by policies and practices that were developed in a disjointed and haphazard manner.

The adjudication of compensation claims is complex and time consuming. Failure to develop evidence correctly requires serial redevelopment, which delays claims resolution and increases opportunities for mistakes. Further, inadequately trained employees may fail to recognize when claims development is inadequate for rating purposes. The lack of effective on-the-job training, as well as the failure to involve program expertise of senior Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) earlier in the process are critical failures. As a consequence, VA routinely continues to develop many claims rather than making timely rating decisions.

Processing policy should be changed to get claims into the hands of experienced technicians (Journey-level VSRs/RVSRs) earlier in the process. This way, issues with sufficient evidence can be evaluated, while development of other outstanding issues continues as directed by those more experienced technicians.

It is understandable that VA wants to be deliberative as it determines the next best course of action to address how to improve the claims process. After all, the VA estimates it will manage as many as 946,000 total claims this fiscal year and provide more than \$30 billion in compensation and pension benefits. The IBVSOs recognize that VA has a responsibility to administer these programs according to the law.

There is virtually no in-process quality control that could detect errors before they create undue delays, and provide real-time feedback to technicians. The claims process is a series of steps VA goes through to identify necessary evidence, obtain that evidence, and then make decisions based on the law and the evidence gathered. What fails here is the execution. While the rules are fairly clear, it is the overwhelming quantity of the work, inadequate training, lack of adequate accountability, and pressure to cut corners to produce numbers that result in an 18 percent substantive error rate (by VA's own admission). It is difficult to maintain quality control when individual performance reviews are limited to 5 cases per month, and when there is virtually no oversight on the propriety of end product closures.

There is ample room to improve the law in a manner that would bring noticeable efficiency to VA's claims process, such as when VA issues a Veterans Claims Assistance Act (VCAA) notice letter. These notice letters, in their current form, do not inform the claimant of what elements render private medical opinions adequate for VA rating purposes.

In FY 2007, the Board of Veterans' Appeals (BVA) remanded more than 12,000 cases to obtain a medical opinion. In 2008, that number climbed to more than 16,000. In the view of the IBVSOs, many of these remands could have been avoided if VA had accepted sufficient medical opinions already provided by veterans. While recent court decisions have indicated that VA should accept private medical opinions that are credible and acceptable for rating purposes, we have seen no evident reduction in remands to obtain medical opinions.

To correct this deficiency, we recommend that when VA issues proposed regulations to implement the recent amendment of title 38, United States Code, §5103, its proposed regulations contain a provision that will require it to inform a claimant, in a VCAA notice letter, of the basic elements that make medical opinions adequate for rating purposes.

Congress should also consider amending title 38, United States Code, §5103A(d)(1), to provide that when a claimant submits private medical evidence, including a private medical opinion, that is competent, credible, probative, and otherwise adequate for rating purposes, the Secretary shall not request such evidence from a VA health care facility. The language we suggest adding to section 5103A(d)(1), would not, however, require VA to accept private medical evidence if, for example, VA finds that the evidence is not credible and therefore not adequate for VA rating purposes.

Modifying regional office jurisdiction regarding supplemental statements of the case (SSOCs) will improve the timeliness of the appeals process. This proposal is addressed in H.R. 4121, which seeks to amend title 38, United States Code, to improve the appeals process of the VA and was introduced by Representative John Hall on November 19, 2009.

In the current process, when an appeal is not resolved, the VA regional office will issue a statement of the case (SOC) along with a VA Form 9, to the claimant, who concludes, based on the title of the Form 9 (Appeal to the BVA) that the case is

now going to the VA. Consequently, the veteran may feel compelled to submit additional or repetitive evidence in the mistaken belief that his or her appeal will be reviewed immediately by BVA. But the VARO issues another SSOC each time new evidence is submitted. This continues until VA finally issues a VAF-8, Certification of Appeal, which actually transfers the case to the BVA.

H.R. 4121 would amend this process so that evidence submitted after the appeal has been certified to the BVA will be forwarded directly to the BVA and not considered by the regional office unless the appellant or his or her representative elects to have additional evidence considered by the regional office. This opt-out clause merely reverses the standard process without removing any rights from an appellant. The IBVSOs believe this change should result in reduced appellant lengths, much less appellant confusion, and nearly 100,000 reduced VA work hours by eliminating in many cases the requirement to issue SSOCs.

It is the IBVSOs' recommendation that:

Congress should modify current "duty to assist" requirements that VA undertake independent development of the case, including gathering new medical evidence, when VA determines the claim already includes sufficient evidence to award all benefits sought by the veteran.

Congress should allow the BVA to directly hear new evidence in cases certified to it, rather than require VA's regional offices to hear the evidence and submit SSOCs.

Congress pass H.R. 4121 to amend the process so that evidence submitted after the appeal and certified to the BVA be forwarded directly to the BVA and not considered by the regional office unless the appellant or his or her representative elects to have additional evidence considered by the regional office.

The next area to address is VBA training. Although the VA has improved its training programs to some extent, more needs to be done to ensure decisionmakers and adjudicators are held accountable to training standards.

The IBVSOs have consistently maintained that VA must invest more in training adjudicators in order to hold them accountable for accuracy. VA has made improvements to its training programs in the past few years; nonetheless, much more improvement is required in order to meet quality standards that disabled veterans and their families deserve.

Training, informal instruction as well as on-the-job training, has not been a high enough priority in VA. The IBVSOs have consistently asserted that proper training leads to better quality decisions, and that quality is the key to timeliness of VA decisionmaking. VA will achieve such quality only if it devotes adequate resources to perform comprehensive and ongoing training and imposes and enforces quality standards through effective quality assurance methods and accountability mechanisms. The Administration and Congress should require mandatory and comprehensive testing designed to hold trainees accountable. This requirement should be the first priority in any plan to improve training. VA should not advance trainees to subsequent stages of training until they have successfully demonstrated that they have mastered the material.

One of the most essential resources is experienced and knowledgeable personnel devoted to training. More management devotion to training and quality requires a break from the status quo of production goals above all else. In a 2005 report from the VA Office of Inspector General, VBA employees were quoted as stating: "Although management wants to meet quality goals, they are much more concerned with quantity. An RVSR is much more likely to be disciplined for failure to meet production standards than for failing to meet quality standards," and "there is a lot of pressure to make your production standard. In fact, your performance standard centers around production and a lot of awards are based on it. Those who don't produce could miss out on individual bonuses, etc."¹ Little if anything has changed since the Inspector General issued this report.² VBA employees continue to report that they receive minimal time for training, whether it is self-study, training broadcasts, or classroom training. They report that management remains focused on production over quality.

The Veterans' Benefits Improvement Act of 2008 mandated some testing for claims processors and VBA managers, which is an improvement; however, it does not mandate the type of testing during the training process as explained herein.

¹Department of Veterans Affairs Office of Inspector General, Rep. No. 05-00765-137, Review of State Variances in VA Disability Compensation Payments 61 (May 19, 2005).

²A survey conducted by the Center for Naval Analysis Corporation for the Veterans' Disability Benefits Commission found that "some raters felt that they were not adequately trained or that they lacked enough experience." Veterans' Disability Benefits Commission, October 2007, Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century. p. 12.

Measurable improvement in the quality of and accountability for training will not occur until such mandates exist.

Training will only be effective if the VBA training board, or a more robust oversight entity, can ensure communication and coordination between the Office of Employee Development and Training, Technical Training and Evaluation, Veterans Benefits Academy and the five business lines. Feedback should be collected from ROs to assess the effectiveness of their training, which can be incorporated into revised lesson plans as necessary. Communication and close, continued coordination by each of these offices is essential to the establishment of a comprehensive, responsive training program.

For a culture of quality to thrive in the VBA, VA leaders must be the change agents to achieve this important goal. Training is an essential component to transforming the organization from a production-at-all-costs focus to one of decisions based on quality products which are delivered in a timely manner.

It is the IBVSOs' recommendation that:

VA should undertake an extensive training program to educate its adjudicators on how to weigh and evaluate medical evidence and require mandatory and comprehensive testing of the claims process and appellate staff. To the extent that VA fails to provide adequate training and testing, Congress should require mandatory and comprehensive testing, under which VA will hold trainees accountable.

VA should hold managers accountable to ensure that the necessary training and time is provided to ensure all personnel are adequately trained. Feedback should be collected from ROs on the effectiveness of the training. The Office of Employee Development and Training, Technical Training and Evaluation, Veterans Benefits Academy and the five business lines should incorporate any emerging trends into revised training plans.

The next topic of consideration is VBA's current accountability and quality mechanisms. It is the IBVSOs' position that VBA must overhaul these outdated and ineffective mechanisms.

This can be accomplished through the development and deployment of a robust new electronic document management system, capable of converting all claims-related paperwork into secure, official electronic documentation that is easily accessible and searchable by all official personnel involved in the process and has built in accountability and quality management process management tools.

"60 Minutes" ran a story on January 3, 2010, entitled "Delay, Deny and Hope I Die," which addressed the issue of the VA's claims backlog and veterans' frustrations. The VA Deputy Under Secretary for Benefits, Michael Walcoff, was interviewed for the story. When asked if VA had a focus on quantity over quality, he stated, "I don't believe that they're being pressured to produce claims at the expense of quality. We stress over and over again to our employees that quality is our number one indicator, that that's absolutely a requirement for successful performance."

While he and others in leadership positions may stress quality, what employees are compensated for is quantity based on a work credit system.

In March 2009, the VA's Inspector General discovered that the VA was making more mistakes than it reported. The internal investigation found that nearly one out of four files had errors. That is 200,000 claims that "may be incorrect."

The need for improvement in quality is evident when reviewing the table depicting the VA Office of Inspector General's (VA OIG) results from their last six VA Regional Office visits at the end of my testimony.

Although quality may be emphasized and measured in limited ways, as it currently stands, almost everything in the VBA is production driven. Employees naturally will work toward those things that enhance compensation and currently that is production. Performance awards are based on production alone. They should also be based on demonstrated quality. However, in order for this to occur, the VBA must implement stronger accountability quality assurance measures.

What does VBA do to assess the quality of the product it delivers? The quality assurance tool used by the VA for compensation and pension claims is the Systematic Technical Accuracy Review (STAR) program. Under the STAR program, VA reviews a sampling of decisions from regional offices and bases its national accuracy measures on the percentage with errors that affect entitlement, benefit amount, and effective date. However, samples as small as 20 cases per month per office are inadequate to determine individual quality.

With STAR samples far too small to allow any conclusions concerning individual quality, rating team coaches who are charged with reviewing a sample of ratings for each RVSR each month. This review, if conducted properly, should identify those employees with the greatest success as well as those with problems. In practice,

however, most rating team coaches have insufficient time to review what could be 100 or more cases each month. As a result, individual quality is often underevaluated and employees performing successfully may not receive the recognition they deserve and those employees in need of extra training and individualized mentoring may not get the attention they need to become more effective.

The problems related to the quality of decisions, the timeliness of decisions, workload management, and safeguarding case files can be significantly improved by incorporating a robust IT solution. VA should establish systems that rapidly and securely convert paper documents into electronic formats, and establish new electronic information delivery systems that provide universal searchability and connectivity. This would increase the ability of veterans who have the means and familiarity with digital approaches to file electronic claims using VONAPP (Veterans On Line Application) or other future digital claims filing options. Lost or incorrectly destroyed records must become a problem of the past, as should the need to transfer thousands of case files from one location to the next.

The Veterans' Benefits Improvement Act of 2008 (section 226) required VA to conduct a study on the effectiveness of the current employee work-credit system and work-management system. In carrying out the study, VA is required to consider, among other things:

- (1) Measures to improve the accountability, quality, and accuracy for processing claims for compensation and pension benefits;
- (2) Accountability for claims adjudication outcomes; and
- (3) The quality of claims adjudicated. The legislation requires VA to submit the report to Congress, which must include the components required to implement the updated system for evaluating VBA employees, no later than October 31, 2009. This report was not delivered on time.

This study is a historic opportunity for VA to implement a new methodology—a new philosophy—by developing a new system with a primary focus of quality through accountability. Properly undertaken, the outcome would result in a new institutional mind-set across the VBA—one that focuses on the achievement of excellence—and change a mind-set focused mostly on quantity-for-quantity's sake to a focus of quality and excellence. Those who produce quality work are rewarded and those who do not are finally held accountable.

It is the recommendation of the IBVSOs that:

The VA Secretary's upcoming report focus on how the Department will establish a quality assurance and accountability program that will detect, track, and hold responsible those VA employees who commit errors while simultaneously providing employee motivation for the achievement of excellence.

VA should generate the report in consultation with veterans service organizations most experienced in the claims process.

The performance management system for claims processors should be adjusted to allow managers greater flexibility and enhanced tools to acknowledge and reward staff for higher levels of performance.

The IBVSOs urge VA to identify new funding for the purposes enumerated in this section and to ensure that new VBA personnel are properly supported with necessary IT resources. With restored investments in these initiatives, the VBA could complement staffing adjustments for increased workloads with a supportive infrastructure to improve operational effectiveness. The VBA could resume an adequate pace in its development and deployment of IT solutions, as well as to upgrade and enhance training systems for staff to improve operations and service delivery to veterans. It is vital to the VBA that many of their unique needs are met in a timely manner, including the following: expansion of web-based technology and deliverables, such as a web portal and Training and Performance Support System (TPSS); "Virtual VA" paperless processing; enhanced veteran self-service access to benefit application, status, and delivery; data integration across business lines; use of the corporate database; information exchange; quality assurance programs and controls; and employee skills certification and training.

It is imperative that TEES and WINRS develop common architecture designs that maximize data sharing between the new GI Bill and the Vocational Rehabilitation programs. These programs share common information about programs of education, school approvals, tuition & fees, and other similar data which their processing systems should share more effectively. TEES provides for electronic transmission of applications and enrollment documentation along with automated expert processing.

Also, the IBVSOs believe the VBA should continue to develop and enhance data-centric benefits integration with "Virtual VA" and modification of The Imaging Management System (TIMS). All these systems serve to replace paper-based records with electronic files for acquiring, storing, and processing claims data.

Virtual VA supports pension maintenance activities at three VBA pension maintenance centers. Further enhancement would allow for the entire claims and award process to be accomplished electronically. TIMS is the Education Service system for electronic education claims files, storage of imaged documents, and workflow management. The current VBA initiative is to modify and enhance TIMS to make it fully interactive and allow for fully automated claims and award processing by the Education Service and VR&E nationwide.

VA's TPSS is a multimedia, multimethod training tool that applies the instructional systems development methodology to train and support employee performance of job tasks. These TPSS applications require technical updating to incorporate changes in laws, regulations, procedures, and benefit programs. In addition to regular software upgrades, a help desk for users is needed to make TPSS work effectively.

VBA initiated its skills certification instrument in 2004. This tool helps the VBA assess the knowledge base of veterans' service representatives. VBA intends to develop additional skills certification modules to test rating veteran service representatives, decision review officers, field examiners, pension maintenance center employees, and veterans' claims examiners in the Education Service.

By providing veterans regionalized telephone contact access from multiple offices within specified geographic locations, VA could achieve greater efficiency and improved customer service. Accelerated deployment of virtual information centers will more timely accomplish this beneficial effect.

It is the IBVSOs' recommendation that:

VA complete the replacement of the antiquated and inadequate Benefits Delivery Network (BDN) with the Veterans Service Network (VETSNET), or a successor system, that creates a comprehensive nationwide information system for claims development, adjudication, and payment administration.

VA enhance the Education Expert System (TEES) for the Education Service to support the new GI Bill recently enacted by Congress in Public Law 110-181.

VA update the corporate WINRS (CWINRS) to support programs of the Vocational Rehabilitation and Employment (VR&E) Service. CWINRS is a case management and information system allowing for more efficient award processing and sharing of information nationwide.

Congress provide VBA adequate funding for its information technology initiatives to improve multiple information and information-processing systems and to advance ongoing, approved, and planned initiatives such as those enumerated in this section. These IT programs should be increased annually by a minimum of 5 percent or more.

VBA revise its training programs to stay abreast of IT program changes and modern business practices.

VA ensure that recent funding specifically designated by Congress to support the IT needs of the VBA, and of new VBA staff authorized in FY 2009, are provided to VBA as intended, and on an expedited basis.

The Chief Information Officer and Under Secretary for Benefits should give high priority to the review and report required by Public Law 110-389 and redouble their efforts to ensure these ongoing VBA initiatives are fully funded and accomplish their stated intentions.

The VA Secretary examine the impact of the current level of IT centralization under the chief information officer on these key VBA programs and, if warranted, shift appropriate responsibility for their management, planning, and budgeting from the chief information officer to the Under Secretary for Benefits.

Congress require the Secretary to establish a quality assurance and accountability program that will detect, track, correct and prevent future errors and, by creating a work environment that properly aligns incentives with goals, holds both VBA employees and management accountable for their performance.

The next topic to address in the area of General Operating Expenses is staffing. It is the IBVSOs' position that recent staffing increases in the VBA may now be sufficient to reduce the backlog of pending claims, once new hires complete training. However, any move by Congress to reduce VBA staffing in the foreseeable future will guarantee a return to unacceptably high backlogs.

VA began making some progress in reducing pending rating claims in FY 2008. At the end of FY 2009, over 940,000 claims had been processed, well above the 940,000 that had been projected. Over 388,000 compensation claims were pending rating decisions, which is above the 386,000 of FY 2008.³

³Monday Morning Workload Report, October 3, 2009, pg. 1.

During FY 2008, VA hired nearly 2,000 staff authorized by Congress. The total number of new hires since 2007 now stands at over 4,200. Historically, it takes at least two years for new nonrating claims processors to acquire sufficient knowledge and experience to be able to work independently with both speed and quality. Those selected to make rating decisions require a separate period of at least two years of training before they have the skills to accurately complete most rating claims.

It would be interesting to know the attrition rate of these 4,200 new hires. How many have successfully completed training? How many current employees have retired or terminated employment in comparison? Answers to these questions and other questions would be useful in discussions on the adequacy of the number of new hires and their current and future ability to substantially affect the claims backlog.

Once everyone is fully trained and reductions in the backlog are seriously under way, it would be a mistake of monumental proportions if Congress were to allow staffing levels to decline. The IBVSOs do not suggest that VBA staffing remain off limits to Congressional budget considerations. What we believe, however, is that staffing reductions should occur only after the VBA has demonstrated, through technological innovation and major management and leadership reforms, that it has the right people and the right tools in place to ensure that claims can be processed both timely and correctly. As with backlog reductions, these changes will also not occur overnight. Congressional oversight, therefore, is critical to buttress any real improvements in claims processing and quality decisions.

It is the recommendation of the IBVSOs that:

Congress require the VA to report the attrition rate the 4,200 new hires; how many successfully completed training; how many current employees have retired or terminated employment in comparison.

Congress continue to monitor current staffing levels and ensure that they remain in place until such time as the backlog is eliminated.

Once the backlog is eliminated, Congress consider staffing reductions in the VBA but only after ensuring that quality problems are fully and adequately addressed.

Congress ensure through oversight that management and leadership reforms in the VBA are completed and permanent.

The next topic of consideration is Vocational Rehabilitation and Employment, a program that continues to provide critical resources to service-connected disabled veterans despite inadequate staffing levels. To meet its ongoing workload demands and to implement new initiatives recommended by the Secretary's Vocational Rehabilitation and Employment (VR&E) Task Force, VR&E needs to increase its staffing.

The cornerstone among several new initiatives is VR&E's Five-Track Employment Process, which aims to advance employment opportunities for disabled veterans. Integral to attaining and maintaining employment through this process, the employment specialist position was changed to employment coordinator and was expanded to incorporate employment readiness, marketing, and placement responsibilities. In addition, increasing numbers of severely disabled veterans from Operations Enduring and Iraqi Freedom (OEF/OIF) benefit from VR&E's Independent Living Program, which empowers such veterans to live independently in the community to the maximum extent possible. Independent living specialists provide the services required for the success of severely disabled veterans participating in this program. VR&E needs approximately 200 additional full-time employees (FTEs) to offer these services nationally.

Given its increased reliance on contract services, VR&E needs approximately 50 additional FTEs dedicated to management and oversight of contract counselors and rehabilitation and employment service providers. As a part of its strategy to enhance accountability and efficiency, the VA VR&E Task Force recommended creation and training of new staff positions for this purpose. Other new initiatives recommended by the task force also require an investment of personnel resources.

Finally, VA has a pilot program at the University of Southern Florida entitled "Veteran Success on Campus" that places a qualified Vocational Rehabilitation Counselor on the campus to assist veterans in Vocational Rehabilitation as well as veterans enrolled in the Post-9/11 or other VA educational programs. The pilot has garnered high praise from the University, the American Council on Education, and the press. VA should be authorized to expand the program significantly in the next fiscal year.

In FY 2009, VR&E was authorized 1,105 FTEs. The IBVSOs have been informed that this number has been "frozen" due to the unknown impact the implementation of chapter 33 benefits will have on the VR&E program. Last year, we recommended that total staffing be increased to manage the current and anticipated workload as

stated in the Secretary's VR&E Task Force. We believe that this increase is still warranted. VA currently has approximately 106,000 enrollees in Chapter 31. The IBVSOs believe that a ratio of 1:96 (which includes administrative support) is inadequate to provide the level of counseling and support that our wounded and disabled veterans need to achieve success in their employment goals.

It is the recommendation of the IBVSOs that Congress should authorize 1,375 total FTEs for the Vocational Rehabilitation and Employment Service for FY 2010.

The last area of the *IB* that I wish to address is Judicial Review. From its creation in 1930, decisions of the Veterans Administration, now the Department of Veterans Affairs, could not be appealed outside VA except on rare Constitutional grounds. This was thought to be in the best interests of veterans, in that their claims for benefits would be decided solely by an agency established to administer veteran-friendly laws in a paternalistic and sympathetic manner. At the time, Congress also recognized that litigation could be very costly and sought to protect veterans from such expense.

For the most part, VA worked well. Over the course of the next 50 years, VA made benefit decisions in millions of claims, providing monetary benefits and medical care to millions of veterans. Most veterans received the benefits to which they were entitled.

Congress eventually came to realize that without judicial review, the only remedy available to correct VA's misinterpretation of laws, or the misapplication of laws to veterans claims, was through the unwieldy hammer of new legislation.

In 1988, Congress thus enacted legislation to authorize judicial review and created the United States Court of Appeals for Veterans Claims (CAVC) to hear appeals from BVA.

Today, the VA's decisions on claims are subject to judicial review in much the same way as a trial court's decisions are subject to review on appeal. This review process allows an individual to challenge not only the application of law and regulations to an individual claim, but more importantly, contest whether VA regulations accurately reflect the meaning and intent of the law. When Congress established the CAVC, it added another beneficial element to appellate review by creating oversight of VA decisionmaking by an independent, impartial tribunal from a different branch of government. Veterans are no longer without a remedy for erroneous BVA decisions.

Judicial review of VA decisions has, in large part, lived up to the positive expectations of its proponents. Nevertheless, based on past recommendations in the *IB*, Congress has made some important adjustments to the judicial review process based on lessons learned over time. More precise adjustments are still needed to conform judicial review to Congressional intent. Accordingly, IBVSOs make the following recommendations to improve the processes of judicial review in veterans' benefits matters.

In the area of scope of review, the IBVSOs believe that to achieve the law's intent that the CAVC enforce the benefit-of-the-doubt rule on appellate review, Congress must enact more precise and effective amendments to the statute setting forth the Court's scope of review.

Title 38, United States Code, section 5107(b) grants VA claimants a statutory right to the "benefit of the doubt" with respect to any benefit under laws administered by the Secretary of Veterans Affairs when there is an approximate balance of positive and negative evidence regarding any issue material to the determination of a matter. Yet, the CAVC has affirmed many BVA findings of fact when the record contains only minimal evidence necessary to show a "plausible basis" for such finding. The CAVC upholds VA findings of "material fact" unless they are clearly erroneous and has repeatedly held that when there is a "plausible basis" for the BVA factual finding, it is not clearly erroneous.

This makes a claimant's statutory right to the "benefit of the doubt" meaningless because claims can be denied and the denial upheld when supported by far less than a preponderance of evidence. These actions render Congressional intent under section 5107(b) meaningless.

To correct this situation, Congress amended the law with the enactment of the Veterans Benefits Improvement Act of 2008 to expressly require the CAVC to consider whether a finding of fact is consistent with the benefit-of-the-doubt rule; however this intended effect of section 401 of the Veterans Benefits Act of 2008 has not been used in subsequent Court decisions.

Prior to the Veterans Benefits Act, the Court's case law provided (1) that the Court was authorized to reverse a BVA finding of fact when the only permissible view of the evidence of record was contrary to that found by the BVA and (2) that a BVA finding of fact must be affirmed where there was a plausible basis in the record for the Board's determination.

As a result of Veterans Benefits Act section 401 amendments to section 7261(a)(4), the CAVC is now directed to “hold unlawful and set aside or reverse” any “finding of material fact adverse to the claimant * * * if the finding is clearly erroneous.”⁴ Furthermore, Congress added entirely new language to section 7261(b)(1) that mandates the CAVC to review the record of proceedings before the Secretary and the BVA pursuant to section 7252(b) of title 38 and “take due account of the Secretary’s application of section 5107(b) of this title * * *.”⁵

The Secretary’s obligation under section 5107(b), as referred to in section 7261(b)(1), is as follows:

(b) BENEFIT OF THE DOUBT.—The Secretary shall consider all information and lay and medical evidence of record in a case before the Secretary with respect to benefits under laws administered by the Secretary. When there is an approximate balance of positive and negative evidence regarding any issue material to the determination of a matter, the Secretary shall give the benefit of the doubt to the claimant.⁶

Congress wanted for the Court to take a more proactive and less deferential role in its BVA fact-finding review, as detailed in a joint explanatory statement of the compromise agreement contained in the legislation:⁷

[T]he Committees expect the Court to reverse clearly erroneous findings when appropriate, rather than remand the case. The new subsection (b) [of section 7261] would maintain language from the Senate bill that would require the Court to examine the record of proceedings before the Secretary and BVA and the special emphasis during the judicial process on the benefit-of-doubt provisions of section 5107(b) as it makes findings of fact in reviewing BVA decisions * * *. The combination of these changes is intended to provide for more searching appellate review of BVA decisions, and thus give full force to the “benefit-of-doubt” provision.⁸

With the foregoing statutory requirements, the Court should no longer uphold a factual finding by the Board solely because it has a plausible basis, inasmuch as that would clearly contradict the requirement that the CAVC’s decision must take due account whether the factual finding adheres to the benefit-of-the-doubt rule. Yet such CAVC decisions upholding BVA denials because of the “plausible bases” standard continue as if Congress never acted.

It is the IBVSOs’ recommendation that:

Congress clearly intended a less deferential standard of review of the Board’s application of the benefit-of-the-doubt rule when it amended title 38, United States Code, section 7261 in 2002, yet there has been no substantive change in the Court’s practices. Therefore, to clarify the less deferential level of review that the Court should employ, Congress should amend title 38, United States Code, section 7261(a) by adding a new section, (a)(5), that states: “(5) In conducting review of adverse findings under (a)(4), the Court must agree with adverse factual findings in order to affirm a decision.”

Congress should also require the Court to consider and expressly state its determinations with respect to the application of the benefit-of-the-doubt doctrine under title 38, United States Code, section 7261(b)(1), when applicable.

The next topic to address is the appointment of judges to the CAVC. The CAVC received well over 4,000 cases during FY 2008. According to the Court’s annual report, the average number of days it took to dispose of cases was nearly 450. This period has steadily increased each year over the past four years, despite the Court having recalled retired judges numerous times over the past two years specifically because of the backlog.

Veterans’ law is an extremely specialized area of the law that currently has fewer than 500 attorneys nationwide whose practices are primarily in veterans law. Significant knowledge and experience in this practice area would reduce the amount of time necessary to acclimate a new judge to the Court’s practice, procedures, and body of law.

A reduction in the time to acclimate would allow a new judge to begin a full caseload in a shorter period, thereby benefiting the veteran population. The Administra-

⁴ 38 U.S.C. § 7261(a)(4). See also 38 U.S.C. § 7261(b)(1).

⁵ 38 U.S.C. § 7261(b)(1).

⁶ 38 U.S.C. § 5107(b).

⁷ 148 *Congressional Record* S11337, H9007.

⁸ 148 *Congressional Record* S11337, H9003 (daily ed. November 18, 2002) (emphasis added). (Explanatory statement printed in *Congressional Record* as part of debate in each body immediately prior to final passage of compromise agreement.)

tion should therefore consider appointing new judges to the Court from the selection pool of current veterans law practitioners.

The IBVSOs urge the Administration to consider that any new judges appointed to the CAVC be selected from the knowledgeable pool of current veterans law practitioners.

The last topic to address in this area is in reference to Court facilities. During the 21 years since the CAVC was formed in accordance with legislation enacted in 1988, it has been housed in commercial office buildings. It is the only Article I court that does not have its own courthouse.

The "Veterans Court" should be accorded at least the same degree of respect enjoyed by other appellate courts of the United States. Congress has finally responded by allocating \$7 million in FY 2008 for preliminary work on site acquisition, site evaluation, preplanning for construction, architectural work, and associated other studies and evaluations. The issue of providing the proper court facility is now moving forward.

It is the recommendation of the IBVSOs that Congress should provide all funding as necessary to construct a courthouse and justice center in a location befitting the CAVC.

We hope the Committee will review these recommendations and give them consideration for inclusion in your legislative plans for FY 2011. Mr. Chairman, thank you for inviting the DAV and other member organizations of the *IB* to testify before you today.

VA OIG Reasonable Assurance of Compliance for Calendar Year 2009-2010						
VA Regional Offices	Nashville	Wilmington	Roanoke	Anchorage	San Juan	Baltimore
Claims Processing						
Haas	No	No	No	No		No
PTSD	No	No		No	No	No
TBI	No		No	No	No	No
Diabetes		No	No	No	No	No
Data Integrity						
Date of Claim	No	No		No		No
COVERS		No		No		No
Management Controls						
SAO				No	No	No
STAR	No			No	No	No
Date Stamp Accountability				No	No	No
CPI	No					
Information Security						
Mail Handling Procedures	No		No	No	No	No
Destruction of Documents	No	No	No	No	No	No
Public Contact						
IRIS	No		No	No	No	No
Congressional Inquiries		No		No		No
Fiduciary	No	No	n/a	No	No	No

Key:

Haas

Haas v. Nicholson references claims of veterans who served in waters off Vietnam and did not set foot in Vietnam and whether those veterans are entitled to the presumption of exposure to herbicide agents, including Agent Orange.

PTSD

Post-Traumatic Stress Disorder

TBI

Traumatic Brain Injury

COVERS

Control Of Veterans Records System

SAO

Systematic Analysis of Operations

STAR

Systematic Technical Accuracy Review

CPI

Claims Process

Improvement

IRIS

Inquiry Routing and Information System

Chairman AKAKA. Thank you. Thank you very much, Mr. Wilson. Now we will receive the statement of Raymond Kelley.

**STATEMENT OF RAYMOND C. KELLEY, NATIONAL
LEGISLATIVE DIRECTOR, AMVETS**

Mr. KELLEY. Thank you, Mr. Chairman, Senator Begich.

As a partner in the *Independent Budget*, AMVETS devotes a majority of our time with the concerns of the National Cemetery Administration, and I would like to speak directly to the issues and concerns surrounding NCA.

In fiscal year 2009, \$230 million was appropriated for the operations and maintenance of NCA, \$49 million over the administration's request. NCA awarded 49 of the 56 minor construction projects that were in the operating plan. The State Cemetery Grants Service awarded \$40 million in grants for ten projects. The *IB* partners also want to recognize and thank NCA for their foresight in reducing the population threshold for the establishment of new cemeteries, as well as understanding this policy needs to be flexible to take into account areas that do not easily fit the model due to urban or geographical phenomena.

The *Independent Budget* recommends an operating budget of \$274.5 million for the NCA for fiscal year 2011. The *Independent Budget* is encouraged that \$25 million was set aside for the National Shrine Commitment for 2007 and 2008. In 2006, only 67 percent of headstones and markers in national cemeteries were at the proper height and alignment. By 2009, proper height and alignment increased to 76 percent. NCA has also identified 153 historic monuments and memorials that need repair and/or restoration. With funding from the American Recovery and Reinvestment Act, NCA will make repairs to 32 percent of these monuments and memorials.

The *Independent Budget* supports the NCA's operational standards and measures outlined in the National Shrine Commitment, and in the past, the *Independent Budget* advocated for a 5-year, \$250 million National Shrine Initiative to assist NCA in achieving its performance goals. However, over the past few years, NCA has made marked improvements in the National Shrine Commitment by earmarking a portion of its operations and maintenance budget for the commitment. Therefore, the *Independent Budget* no longer believes it is necessary to implement the National Shrine Initiative program at \$50 million a year for 5 years but, rather, proposes an increase in the NCA's operations budget by \$25 million per year until the operational standards and measures goals are reached.

The State Cemeteries Grant Program faces the challenges of meeting the growing interest from States by providing burial services in areas that are not currently served by national cemeteries. Currently, there are 60 State and Tribal government cemetery construction pre-grant applications, 36 of which have the required State matching funds totaling \$121 million. The *Independent Budget* recommends that Congress appropriate \$51 million for the program in fiscal year 2011. This funding level would allow the program to establish 13 new State cemeteries.

Based on accessibility and the need to provide quality burial benefits, the *Independent Budget* recommends that VA separate burial

benefits into two categories: veterans who live inside the VA accessibility threshold model and those who live outside the threshold. For those veterans who live outside the threshold, the service-connected burial benefit should be increased to \$6,160, non-service-connected veterans' burial benefit should be increased to \$1,918, and the plot allowance should increase to \$1,150 to match the original value of the benefit. For veterans who live inside the threshold, the benefit for a service-connected burial should be \$2,793, the amount provided for a non-service-connected burial should be \$854, and the plot allowance should be \$1,150. This will provide a burial benefit at equal percentages, but based on the average cost for a VA funeral and not on the private funeral cost that will be provided for those veterans who do not have access to a State or national cemetery. This model will provide a meaningful benefit to those veterans whose access to State and national cemeteries is restricted as well as provide an improved benefit for eligible veterans who opt for private burial. Congress should also enact legislation to adjust these burial benefits for inflation annually.

This concludes my testimony, and I look forward to any questions you may have.

[The prepared statement of Mr. Kelley follows:]

PREPARED STATEMENT OF RAYMOND C. KELLEY,
NATIONAL LEGISLATIVE DIRECTOR, AMVETS

Chairman Akaka, Ranking Member Burr, and Members of the Committee: AMVETS is honored to join our fellow veterans' service organizations and partners at this important hearing on the Department of Veterans Affairs budget request for fiscal year 2011. My name is Raymond C. Kelley, National Legislative Director of AMVETS, and I am pleased to provide you with our best estimates on the resources necessary to carry out a responsible budget for VA.

AMVETS testifies before you as a co-author of *The Independent Budget*. This is the 24th year AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars have pooled our resources to produce a unique document, one that has stood the test of time.

In developing *The Independent Budget*, we believe in certain guiding principles. Veterans should not have to wait for benefits to which they are entitled. Veterans must be ensured access to high-quality medical care. Specialized care must remain the focus of VA. Veterans must be guaranteed timely access to the full continuum of health care services, including long-term care. And, veterans must be assured accessible burial in a state or national cemetery in every state.

The VA healthcare system is the best in the country and responsible for great advances in medical science. VHA is uniquely qualified to care for veterans' needs because of its highly specialized experience in treating service-connected ailments. The delivery care system provides a wide array of specialized services to veterans like those with spinal cord injuries, blindness, Traumatic Brain Injury, and Post Traumatic Stress Disorder.

As a partner of the *Independent Budget*, AMVETS devotes a majority of its time with the concerns of the National Cemetery Administration (NCA) and I would like to speak directly to the issues and concerns surrounding NCA.

THE NATIONAL CEMETERY ADMINISTRATION

The Department of Veterans Affairs National Cemetery Administration (NCA) currently maintains more than 2.9 million gravesites at 130 national cemeteries in 39 states and Puerto Rico. Of these cemeteries, 70 will be open to all interments; 20 will accept only cremated remains and family members of those already interred; and 40 will only perform interments of family members in the same gravesite as a previously deceased family member. NCA also maintains 33 soldiers' lots and monument sites. All told, NCA manages 19,000 acres, half of which are developed.

VA estimates that about 27 million veterans are alive today. They include veterans from World War I, World War II, the Korean War, the Vietnam War, the Gulf War, the conflicts in Afghanistan and Iraq, and the Global War on Terrorism, as

well as peacetime veterans. With the anticipated opening of the new national cemeteries, annual interments are projected to increase from approximately 111,000 in 2009 to 114,000 in 2010. Historically, 12 percent of veterans opt for burial in a state or national cemetery.

The most important obligation of the NCA is to honor the memory of America's brave men and women who served in the Armed Forces. Therefore, the purpose of these cemeteries as national shrines is one of the NCA's top priorities. Many of the individual cemeteries within the system are steeped in history, and the monuments, markers, grounds, and related memorial tributes represent the very foundation of the United States. With this understanding, the grounds, including monuments and individual sites of interment, represent a national treasure that deserves to be protected and cherished.

The *Independent Budget* veterans service organizations (IBVSOs) would like to acknowledge the dedication and commitment of the NCA staff who continue to provide the highest quality of service to veterans and their families. We call on the Administration and Congress to provide the resources needed to meet the changing and critical nature of NCA's mission and fulfill the Nation's commitment to all veterans who have served their country honorably and faithfully.

In FY 2009, \$230 million was appropriated for the operations and maintenance of NCA, \$49 million over the administration's request, with \$2.7 million in carry-over. NCA awarded 49 of the 56 minor construction projects that were in the operating plan. The State Cemetery Grants Service awarded \$40 million in grants for 10 projects.

NCA has done an exceptional job of providing burial options for 90 percent of all veterans who fall within the 170,000 veterans within a 75-mile radius threshold model. However, under this model, no new geographical area will become eligible for a National Cemetery until 2015. St. Louis, MO. will, at that time, meet the threshold due to the closing of Jefferson Barracks National Cemetery in 2017. Analysis shows that the five areas with the highest veteran population will not become eligible for a National Cemetery because they will not reach the 170,000 threshold.

NCA has spent years developing and maintaining a cemetery system based on a growing veteran population. In 2010 our veteran population will begin to decline. Because of this downward trend, a new threshold model must be developed to ensure more of our veterans will have reasonable access to their burial benefits. Reducing the mile radius to 65 miles would reduce the veteran population that is served from 90 percent to 82.4 percent, and reducing the radius to 55 miles would reduce the served population to 74.1 percent. Reducing the radius alone to 55 miles would only bring two geographical areas in to 170,000 population threshold in 2010, and only a few areas into this revised model by 2030.

Several geographical areas will remain unserved if the population threshold is not reduced. Lowering the population threshold to 100,000 veterans would immediately make several areas eligible for a National Cemetery regardless of any change to the mile radius threshold. A new threshold model must be implemented so more of our veterans will have access to this earned benefit.

NATIONAL CEMETERY ADMINISTRATION (NCA) ACCOUNTS

The *Independent Budget* recommends an operations budget of \$274.5 million for the NCA for fiscal year 2011 so it can meet the increasing demands of interments, gravesite maintenance, and related essential elements of cemetery operations.

The NCA is responsible for five primary missions: (1) to inter, upon request, the remains of eligible veterans and family members and to permanently maintain gravesites; (2) to mark graves of eligible persons in national, state, or private cemeteries upon appropriate application; (3) to administer the state grant program in the establishment, expansion, or improvement of state veterans cemeteries; (4) to award a Presidential certificate and furnish a United States flag to deceased veterans; and (5) to maintain national cemeteries as national shrines sacred to the honor and memory of those interred or memorialized.

The national cemetery system continues to be seriously challenged. Though there has been progress made over the years, the NCA is still struggling to remove decades of blemishes and scars from military burial grounds across the country. Visitors to many national cemeteries are likely to encounter sunken graves, misaligned and dirty grave markers, deteriorating roads, spotty turf and other patches of decay that have been accumulating for decades. If the NCA is to continue its commitment to ensure national cemeteries remain dignified and respectful settings that honor deceased veterans and give evidence of the Nation's gratitude for their military service, there must be a comprehensive effort to greatly improve the condition, function, and appearance of all our national cemeteries.

The IBVSOs is encouraged that \$25 million was set aside for the National Shrine Commitment for FY 2007 and 2008. The NCA has done an outstanding job thus far in improving the appearance of our national cemeteries, but we have a long way to go to get us where we need to be. In 2006 only 67 percent of headstones and markers in national cemeteries were at the proper height and alignment. By 2009 proper height and alignment increased to 76 percent. The NCA has also identified 153 historic monuments and memorials that need repair and/or restoration. With funding from The American Recovery and Reinvestment Act (ARRA), the NCA will make repairs on 32 percent of these monuments and memorials.

The IBVSOs support the NCA's operational standards and measures outlined in the National Shrine Commitment, and in the past the *Independent Budget* advocated for a five-year, \$250 million National Shrine Initiative to assist the NCA in achieving its performance goals. However, over the past few years, the NCA has made marked improvements in the National Shrine Commitment by earmarking a portion of its operations and maintenance budget for the commitment and pending receipt of funding from the ARRA. Therefore, the IBVSOs no longer believe it is necessary to implement the National Shrine Initiative program at \$50 million per year for five years but, rather, propose an increase in the NCA's operations and maintenance budget by \$25 million per year until the operational standards and measures goals are reached.

In addition to the management of national cemeteries, the NCA is responsible for the Memorial Program Service. The Memorial Program Service provides lasting memorials for the graves of eligible veterans and honors their service through Presidential Memorial Certificates. Public Laws 107-103 and 107-330 allow for a headstone or marker for the graves of veterans buried in private cemeteries who died on or after September 11, 2001. Prior to this change, the NCA could provide this service only to those buried in national or state cemeteries or to unmarked graves in private cemeteries. Public Law 110-157 gives VA authority to provide a medalion to be attached to the headstone or marker of veterans who are buried in a private cemetery. This benefit is available to veterans in lieu of a government-furnished headstone or marker. The IBVSOs call on the Administration and Congress to provide the resources required to meet the critical nature of the NCA mission and fulfill the Nation's commitment to all veterans who have served their country so honorably and faithfully.

THE STATE CEMETERY GRANTS PROGRAM

The State Cemeteries Grant Program faces the challenge of meeting a growing interest from states to provide burial services in areas that are not currently served. The intent of the SCGP is to develop a true complement to, not a replacement for, our Federal system of national cemeteries. With the enactment of the Veterans Benefits Improvements Act of 1998, the NCA has been able to strengthen its partnership with states and increase burial service to veterans, especially those living in less densely populated areas not currently served by a national cemetery. Currently there are 60 state and tribal government cemetery construction grant pre-applications, 36 of which have the required state matching funds necessary totaling \$121million.

The *Independent Budget* recommends that Congress appropriate \$51 million for SCGP for FY 2011. This funding level would allow SCGP to establish 13 new state cemeteries that will provide burial options for veterans who live in a region that currently has no reasonably accessible state or national cemetery.

BURIAL BENEFITS

In 1973 NCA established a burial allowance that provided partial reimbursements for eligible funeral and burial costs. The current payment is \$2,000 for burial expenses for service-connected (SC) death, \$300 for non-service-connected (NSC) deaths, and \$300 for plot allowance. At its inception, the payout covered 72 percent of the funeral cost for a service-connected death, 22 percent for a non-service-connected death, and 54 percent of the burial plot cost. In 2007 these benefits eroded to 23 percent, 4 percent, and 14 percent respectively. It is time to bring these benefits back to their original value.

Burial allowance was first introduced in 1917 to prevent veterans from being buried in potters' fields. In 1923 the allowance was modified. The benefit was determined by a means test, and then in 1936 the allowance was changed again, removing the means test. In its early history, the burial allowance was paid to all veterans, regardless of the service-connectivity of their death. In 1973 the allowance was modified to reflect the relationship of their death as service-connected or not.

The plot allowance was introduced in 1973 as an attempt to provide a plot benefit for veterans who did not have reasonable access to a national cemetery. Although neither the plot allowance nor the burial allowances were intended to cover the full cost of a civilian burial in a private cemetery, the increase in the benefit's value indicates the intent to provide a meaningful benefit by adjusting for inflation.

The national average cost for a funeral and burial in a private cemetery has reached \$8,555, and the cost for a burial plot is \$2,133. At the inception of the benefit the average costs were \$1,116 and \$278 respectively. While the cost of a funeral has increased by nearly seven times the burial benefit has only increased by 2.5 times. To bring both burial allowances and the plot allowance back to its 1973 value, the SC benefit payment will be \$6,160, the NSC benefit value payment will be \$1,918, and the plot allowance will increase to \$1,150. Readjusting the value of these benefits, under the current system, will increase the obligations from \$70.1 million to \$335.1 million per year.

Based on accessibility and the need to provide quality burial benefits, the *Independent Budget* recommends that VA separate burial benefits into two categories: veterans who live inside the VA accessibility threshold model and those who live outside the threshold. For those veterans who live outside the threshold, the SC burial benefit should be increased to \$6,160, NSC veteran's burial benefit should be increased to \$1,918, and plot allowance should increase to \$1,150 to match the original value of the benefit. For veterans who live within reasonable accessibility to a state or national cemetery that is able to accommodate burial needs, but the veteran would rather be buried in a private cemetery the burial benefit should be adjusted. These veterans' burial benefits will be based on the average cost for VA to conduct a funeral. The benefit for a SC burial will be \$2,793, the amount provided for a NSC burial will be \$854, and the plot allowance will be \$1,150. This will provide a burial benefit at equal percentages, but based on the average cost for a VA funeral and not on the private funeral cost that will be provided for those veterans who do not have access to a state or national cemetery.

The recommendations of past legislation provided an increased benefit for all eligible veterans but it currently fails to reach the intent of the original benefit. The new model will provide a meaningful benefit to those veterans whose access to a state or national cemetery is restricted as well as provides an improved benefit for eligible veterans who opt for private burial. Congress should increase the plot allowance from \$300 to \$1,150 for all eligible veterans and expand the eligibility for the plot allowance for all veterans who would be eligible for burial in a national cemetery, not just those who served during wartime. Congress should divide the burial benefits into two categories: veterans within the accessibility model and veterans outside the accessibility model. Congress should increase the service-connected burial benefit from \$2,000 to \$6,160 for veterans outside the radius threshold and \$2,793 for veterans inside the radius threshold. Congress should increase the non-service-connected burial benefit from \$300 to \$1,918 for veterans outside the radius threshold and \$854 for veterans inside the radius threshold. Congress should enact legislation to adjust these burial benefits for inflation annually.

The NCA honors veterans with a final resting place that commemorates their service to this Nation. More than 2.8 million soldiers who died in every war and conflict are honored by burial in a VA national cemetery. Each Memorial Day and Veterans Day we honor the last full measure of devotion they gave for this country. Our national cemeteries are more than the final resting place of honor for our veterans; they are hallowed ground to those who died in our defense, and a memorial to those who survived.

Mr. Chairman, this concludes my testimony. I thank you again for the privilege to present our views, and I would be pleased to answer any questions you might have.

Chairman AKAKA. Thank you. Thank you very much, Mr. Kelley. Now we will receive the statement of Mr. Hilleman.

STATEMENT OF ERIC A. HILLEMANN, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. HILLEMANN. Thank you, Mr. Chairman. On behalf of the 2.1 million men and women of the Veterans of Foreign Wars and our Auxiliaries, I thank you for the opportunity to present our views today on *The Independent Budget*. The VFW is responsible for the

construction portion of the *IB*, so I will limit my remarks to that portion.

VA's infrastructure—particularly within its health care system—is at a crossroads. The system is facing many challenges, including the average age of buildings, at 60 years or more, and significant funding needs for routine maintenance, upgrades, modernization, and construction of facilities as needed. VA is beginning a patient-centered reformation—or excuse me, an information reformation in the way it delivers care and manages infrastructure to meet the needs of its sick and disabled veterans in the 21st century. Regardless of what the VA health care system of the future looks like, our focus must remain on a lasting and accessible VA health care system that is dedicated to the unique needs of veterans.

VA manages a wide portfolio of capital assets throughout the Nation. According to its latest Capital Asset Plan, VA is responsible for 5,500 buildings and over 34,000 acres of land. This vast capital network of facilities requires significant time and attention from capital asset managers.

CARES—a data-driven assessment of VA's current and future construction needs—gave VA a long-term road map that has helped guide its capital planning in the past fiscal years. CARES showed a large number of significant construction priorities that would be necessary to fulfill the needs of VA into the future, and Congress has made significant inroads in funding these priorities. But it has been a huge and necessary undertaking, and VA has made slow and steady progress on these critical projects.

The challenge for VA in the post-CARES era is that there are still numerous projects that need to be carried out, and the backlog of partially funded projects that CARES has identified is large. This means that VA is going to continue to require significant appropriations for major and minor construction to continue to live up to the promise of CARES.

VA's most recent Asset Management Plan provides an update of the state of CARES projects—including those only in the planning of acquisition process. The top ten major construction projects in queue require \$3.25 billion in appropriations.

A November 17, 2008, letter from then-Secretary Peake said, "The Department estimates that the total funding requirement for major medical facility projects over the next 5 years would be in excess of \$6.5 billion." It is clear that VA needs a significant infusion of cash for construction priorities. VA's own words and studies state this.

The Major Construction request that the *IB* estimates is \$1.3 billion with Minor Construction Recommendation at \$785 million.

The *IB* recognizes much needed money was provided for military and veterans construction under the American Recovery and Reinvestment Act of 2009. We urge this Committee to examine VA's construction accounts and carefully review the administration's requests and weigh them against the priority list of partially funded projects.

I thank you for this time, Mr. Chairman, and I am happy to answer any of your questions.

[The prepared statement of Mr. Hilleman follows:]

PREPARED STATEMENT OF ERIC A. HILLEMANN, DIRECTOR, NATIONAL LEGISLATIVE
SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and Members of the Committee: On behalf of the 2.1 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today. The VFW works alongside the other members of the *Independent Budget (IB)*—AMVETS, Disabled American Veterans and Paralyzed Veterans of America—to produce a set of policy and budget recommendations that reflect what we believe would meet the needs of America's veterans. The VFW is responsible for the construction portion of the *IB*, so I will limit my remarks to that portion of the budget.

VA's infrastructure—particularly within its health-care system—is at a crossroads. The system is facing many challenges, including the average age of buildings (60 years) and significant funding needs for routine maintenance, upgrades, modernization and construction. VA is beginning a patient-centered reformation and transformation of the way it delivers care and new ways of managing its infrastructure plan based on needs of sick and disabled veterans in the 21st Century. Regardless of what the VA health care system of the future looks like, our focus must remain on a lasting and accessible VA health-care system that is dedicated to their unique needs and one that can provide high quality, timely care when and where they need it.

VA manages a wide portfolio of capital assets throughout the Nation. According to its latest Capital Asset Plan, VA is responsible for 5,500 buildings and almost 34,000 acres of land. It is a vast network of facilities that requires significant time and attention from VA's capital asset managers.

CARES—VA's data-drive assessment of their current and future construction needs—gave VA a long-term roadmap and has helped guide its capital planning process over the past few fiscal years. CARES showed a large number of significant construction priorities that would be necessary for VA to fulfill its obligation to this Nation's veterans and over the last several fiscal years, the administration and Congress have made significant inroads in funding these priorities. Since FY 2004, \$4.9 billion has been allocated for these projects. Of these CARES-identified projects, VA has completely five and another 27 are currently under construction. It has been a huge, but necessary undertaking and VA has made slow, but steady progress on these critical projects.

The challenge for VA in the post-CARES era is that there are still numerous projects that need to be carried out, and the current backlog of partially funded projects that CARES has identified is large, too. This means that VA is going to continue to require significant appropriations for the major and minor construction accounts to live up to the promise of CARES. VA's most recent Asset Management Plan provides an update of the state of CARES projects—including those only in the planning of acquisition process. Table 4-5 (page 7.4-49) shows a need of future appropriations to complete these projects of \$3.25 billion.

Project	Future Funding Needed (\$ In Thousands)
Denver	\$492,700
San Juan	122,920
New Orleans	370,000
St. Louis	364,700
Palo Alto	478,023
Bay Pines	80,170
Seattle	38,700
Seattle	193,830
Dallas	80,100
Louisville*	1,100,000
TOTAL	\$3,246,143

* Louisville's cost estimate is found on table 5-6, on Page 7.5-93.

This amount represents just the backlog of current construction projects. It does reflect the administration's FY 2011 proposed appropriation toward Denver, New Orleans, and Palo Alto.

Meanwhile, VA continues to identify and reprioritize potential major construction projects. These priorities, which are assessed using the rigorous methodology that guided the CARES decisions, are released in the Department's annual Five Year Capital Asset Plan, which is included in the Department's budget submission. The most recent one was included in Volume IV and is available on VA's Web site: <http://>

www4.va.gov/budget/docs/summary/Fy2011_Volume_4-Construction_and_5_Year_Cap_Plan.pdf.

Table 4-5 shows a long list of partially funded major construction projects. These 82 ongoing projects demonstrate the continued need for VA to upgrade and repair its aging infrastructure, and that continuous funding is necessary for not just the backlog of projects, but to keep VA viable for today's and future veterans.

In a November 17, 2008 letter to the Senate Veterans' Affairs Committee, Secretary Peake said that "the Department estimates that the total funding requirement for major medical facility projects over the next 5 years would be in excess of \$6.5 billion."

It is clear that VA needs a significant infusion of cash for its construction priorities. VA's own words and studies show this.

Major Construction Account Recommendations

Category	Recommendation (\$ in Thousands)
VHA Facility	
Construction	\$1,000,000
NCA Construction	60,000
Advance Planning	40,000
Master Planning	15,000
Historic Preservation	20,000
Medical Research	
Infrastructure	100,000
Miscellaneous	
Accounts	58,000
TOTAL	\$1,295,000

- VHA Facility Construction—this amount would allow VA to continue digging into the \$3.25 billion backlog of partially funded construction projects. Depending on the stages and ability to complete portions of the projects, any additional money could be used to fund new projects identified by VA as part of its prioritization methodology in the Five-Year Capital Plan.

- NCA Construction's Five-Year Capital Plan details numerous potential major construction projects for the National Cemetery Association throughout the country. This level of funding would allow VA to begin construction on at least three of its scored priority projects.

- Advance Planning—helps develop the scope of the major construction projects as well as identifying proper requirements for their construction. It allows VA to conduct necessary studies and research similar to planning processes in the private sector.

- Master Planning—a description of our request follows later in the text.

- Historic Preservation—a description of our request follows later in the text.

- Miscellaneous Accounts—these include the individual line items for accounts such as asbestos abatement, the judgment fund, and hazardous waste disposal. Our recommendation is based upon the historic level for each of these accounts.

Minor Construction Account Recommendations

Category	Funding (\$ in Thousands)
Veterans Health Administration	\$450,000
Medical Research Infrastructure	200,000
National Cemetery Administration	100,000
Veterans Benefits Administration	20,000
Staff Offices	15,000
TOTAL	\$785,000

- Veterans Health Administration—Page 7.8-138 of VA's Capital Plan reveals hundreds of already identified minor construction projects. These projects update and modernize VA's aging physical plant, ensuring the health and safety of veterans and VA employees. Additionally, a great number of minor construction projects address FCA-identified maintenance deficiencies; the backlog of 216 projects in FY 2010 with over \$1 billion that has yet to be funded.

- Medical Research Infrastructure—a description of our request follows later in the text.

- National Cemetery Administration of the Capital Plan identifies numerous minor construction projects throughout the country including the construction of several columbaria, installation of crypts and landscaping and maintenance improvements. Some of these projects could be combined with VA's new NCA non-recurring maintenance efforts.
- Veterans Benefits Administration—Page 7.6-106 of the Capital Plan lists several minor construction projects in addition to the leasing requirements VBA needs.
- Staff Offices—Page 7.8-134 lists numerous potential minor construction projects related to staff offices.

INCREASE SPENDING ON NONRECURRING MAINTENANCE

THE DETERIORATION OF MANY VA PROPERTIES REQUIRES INCREASED
SPENDING ON NONRECURRING MAINTENANCE

For years, the *Independent Budget* Veteran Service Organizations (IBVSOs) have highlighted the need for increased funding for the nonrecurring maintenance (NRM) account. NRM consists of small projects that are essential to the proper maintenance and preservation of the lifespan of VA's facilities. NRM projects are one-time repairs such as maintenance to roofs, repair and replacement of windows, and flooring or minor upgrades to the mechanical or electrical systems. They are a necessary component of the care and stewardship of a facility.

These projects are so essential because if left unrepaired, they can really take their toll on a facility, leading to more costly repairs in the future, and the potential of a need for a minor construction project. Beyond the fiscal aspects, facilities that fall into disrepair can create access difficulties and impair patient and staff health and safety. If things do develop into a larger construction projection because early repairs were not done, it creates an even larger inconvenience for veterans and staff.

The industry standard for medical facilities is for managers to spend from 2%–4% of plant replacement value (PRV) on upkeep and maintenance. The 1998 PriceWaterhouseCoopers study of VA's facilities management practices argued for this level of funding and previous versions of VA's own Asset Management Plan have agreed that this level of funding would be adequate.

The most recent estimate of VA's PRV is from the FY 2008 Asset Management Plan. Using the standards of the Federal Government's Federal Real Property Council (FRPC), VA's PRV is just over \$85 billion (page 26).

Accordingly, to fully maintain its facilities, VA needs a NRM budget of at least \$1.7 billion. This number would represent a doubling of VA's budget request from FY 2009, but is in line with the total NRM budget when factoring in the increases Congress gave in the appropriations bill and the targeted funding included in the supplemental appropriations bills.

Increased funding is required not to just to fill current maintenance needs and levels, but also to dip into the extensive backlog of maintenance requirements VA has. VA monitors the condition of its structures and systems through the Facility Condition Assessment (FCA) reports. VA surveys each medical center periodically, giving each building a thorough assessment of all essential systems. Systems are assigned a letter grade based upon the age and condition of various systems, and VA gives each component a cost for repair or replacement.

The bulk of these repairs and replacements are conducted through the NRM program, although the large increases in minor construction over the last few years have helped VA to address some of these deficiencies.

VA's 5-Year Capital Plan discusses FCAs and acknowledges the significant backlog the number of high priority deficiencies—those with ratings of D or F—had replacement and repair costs of over \$9.4 billion, found on page 7.1-18. VA estimates that 52 percent of NRM dollars are obligated to toward this cost.

VA uses the FCA reports as part of its Federal Real Property Council (FRPC) metrics. The department calculates a Facility Condition Index, which is the ratio of the cost of FCA repairs to the cost of replacement. According to the FY 2008 Asset Management Plan, this metric has gone backwards from 82% in 2006 to just 68% in 2008. VA's strategic goal is 87%, and for it to meet that, it would require a sizable investment in NRM and minor construction.

Given the low level of funding the NRM account has historically received, the IBVSOs are not surprised at the metrics or the dollar cost of the FCA deficiencies. The 2007 "National Roll Up of Environment of Care Report," which was conducted in light of the shameful maintenance deficiencies at Walter Reed, further prove the need for increased spending on this account. Maintenance has been neglected for far too long, and for VA to provide safe, high-quality health care in its aging facilities, it is essential that more money be allocated for this account.

We also have concerns with how NRM funding is actually apportioned. Since it falls under the Medical Care account, NRM funding has traditionally been apportioned using the Veterans Equitable Resource Allocation (VERA) formula. This model works when divvying up health-care dollars, targeting money to those areas with the greatest demand for health care. When dealing with maintenance needs, though, this same formula may actually intensify the problem.

By moving money away from older hospitals, such as in the northeast, to newer facilities where patient demand is greater, even if the maintenance needs are not as high. We were happy to see that the conference reports to the VA appropriations bills required NRM funding to be apportioned outside the VERA formula, and we would hope that this continues into the future.

Another issue related to apportionment of funding came to light in a May 2007 Government Accountability Office (GAO) report. They found that the bulk of NRM funding is not actually apportioned until September, the final month of the fiscal year. In September 2006, GAO found that VA allocated 60% of that year's NRM funding. This is a shortsighted policy that impairs VA's ability to properly address its maintenance needs, and since NRM funding is year-to-year, it means that it could lead to wasteful or unnecessary spending as hospital managers rushed in a flurry to spend their apportionment before forfeiting it back. We cannot expect VA to perform a year's worth of maintenance in a month. It is clearly poor policy and not in the best interest of veterans. The IBVSOs believe that Congress should consider allowing some NRM money to be carried over from one fiscal year to another. While we would hope that this would not resort to hospital managers hoarding money, it could result in more efficient spending and better planning, rather than the current situation where hospital managers sometimes have to spend through a large portion of maintenance funding before losing it at the end of the fiscal year.

Recommendations:

VA must dramatically increase funding for nonrecurring maintenance in line with the 2%–4% total that is the industry standard so as to maintain clean, safe and efficient facilities. VA also requires additional maintenance funding to allow the department to begin addressing the substantial maintenance backlog of FCA-identified projects.

Portions of the NRM account should be continued to be funded outside of the VERA formula so that funding is allocated to the facilities that actually have the greatest maintenance needs.

Congress should consider the strengths of allowing VA to carry over some maintenance funding from one fiscal year to another so as to reduce the temptation some VA hospital managers have of inefficiently spending their NRM money at the end of a fiscal year for fear of losing it.

INADEQUATE FUNDING AND DECLINING CAPITAL ASSET VALUE

VA MUST PROTECT AGAINST DETERIORATION OF ITS INFRASTRUCTURE AND A DECLINING CAPITAL ASSET VALUE

The last decade of underfunded construction budgets has meant that VA has not adequately recapitalized its facilities. Recapitalization is necessary to protect the value of VA's capital assets through the renewal of the physical infrastructure. This ensures safe and fully functional facilities long into the future. VA's facilities have an average age approaching 60 years, and it is essential that funding be increased to renovate, repair, and replace these aging structures and physical systems.

As in past years, the IBVSOs cite the Final Report of the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans (PTF). It found that from 1996–2001, VA's recapitalization rate was just 0.64%. At this rate, VA's structures would have an assumed life of 155 years.

The PTF cited a PriceWaterhouseCoopers study of VA's facilities management programs that found that to keep up with industry standards in the private sector and to maintain patient and employee safety and optimal health care delivery, VA should spend a minimum of 5 to 8 percent of plant replacement value (PRV) on its total capital budget.

The FY 2008 VA Asset Management Plan provides the most recent estimate of VA's PRV. Using the guidance of the Federal Government's Federal Real Property Council (FRPC), VA's PRV is just over \$85 billion (page 26).

Accordingly, using that 5 to 8 percent standard, VA's capital budget should be between \$4.25 and \$6.8 billion per year in order to maintain its infrastructure.

VA's capital budget request for FY 2009—which includes major and minor construction, maintenance, leases and equipment—was just \$3.6 billion. We greatly appreciate that Congress increased funding above that level with an increase over the

administration request of \$750 million in major and minor construction alone. That increased amount brought the total capital budget in line with industry standards, and we strongly urge that these targets continue to be met and we would hope that future VA requests use these guidelines as a starting point without requiring Congress to push them past the target.

Recommendation:

Congress and the Administration must ensure that there are adequate funds for VA's capital budget so that VA can properly invest in its physical assets to protect their value and to ensure that the Department can continue to provide health care in safe and functional facilities long into the future.

MAINTAIN VA'S CRITICAL INFRASTRUCTURE

The IBVSOs are concerned with VA's recent attempts to back away from the capital infrastructure blueprint laid out by CARES and we are worried that its plan to begin widespread leasing and contracting for inpatient services might not meet the needs of veterans.

VA acknowledges three main challenges with its capital infrastructure projects. First, they are costly. According to a March 2008 briefing given to the VSO community, over the next five years, VA would need \$2 billion per year for its capital budget. Second, there is a large backlog of partially funded construction projects. That same briefing claimed that the difference in major construction requests given to OMB was \$8.6 billion from FY 2003 through FY 2009, and that they have received slightly less than half that total. Additionally, there is a \$2 billion funding backlog for projects that are partially but not completely funded. Third, VA is concerned about the timeliness of construction projects, noting that it can take the better part of a decade from the time VA initially proposes a project until the doors actually open for veterans.

Given these challenges, VA has floated the idea of a new model for health care delivery, the Health Care Center Facility (HCCF) leasing program. Under the HCCF, VA would begin leasing large outpatient clinics in lieu of major construction. These large clinics would provide a broad range of outpatient services including primary and specialty care as well as outpatient mental health services and ambulatory surgery.

On the face of it, this sounds like a good initiative. Leasing has the advantage of being able to be completed quickly, as well as being adaptable, especially when compared to the major construction process. Leasing has been particularly valuable for VA as evidenced by the success of the Community Based Outpatient Clinics (CBOCs) and Vet Centers.

Our concern rests, however, with VA's plan for inpatient services. VA aims to contract for these essential services with affiliates or community hospitals. This program would privatize many services that the IBVSOs believe VA should continue to provide. We lay out our objections to privatization and widespread contracting for care elsewhere in *The Independent Budget*.

Beyond those objections, though, is the example of Grand Island, Nebraska. In 1997, the Grand Island VA Medical Center closed its inpatient facilities, contracting out with a local hospital for those services. Recently, the contract between the local facility and VA was canceled, meaning veterans in that area can no longer receive inpatient services locally. They must travel great distances to other VA facilities such as the Omaha VA Medical Center. In some cases, when Omaha is unable to provide specialized care, VA is flying patients at its expense to faraway VA medical centers, including those in St. Louis and Minneapolis.

Further, with the canceling of that contract, St. Francis no longer provides the same level of emergency services that a full VA Medical Center would provide. With VA's restrictions on paying for emergency services in non-VA facilities, especially for those who may have some form of private insurance, this amounts to a cut in essential services to veterans. Given the expenses of air travel and medevac services, the current arrangement in Grand Island has likely not resulted in any cost savings for VA. Ferrying sick and disabled veterans great distances for inpatient care also raises patient safety and quality concerns.

The HCCF program raises many concerns for the IBVSOs that VA must address before we can support the program. Among these questions, we wonder how VA would handle governance, especially with respect to the large numbers of non-VA employees who would be treating veterans. How would the non-VA facility deal with VA directives and rule changes that govern health-care delivery and that ensure safety and uniformity of the quality of care? Will VA apply its space planning criteria and design guides to non-VA facilities? How will VA's critical research activities, most of which improve the lives of all Americans and not only veterans, be af-

ected if they are being conducted in shared facilities, and not a traditional part of VA's first-class research programs? What would this change mean for VA's electronic health record, which many have rightly lauded as the standard that other health-care systems should aim to achieve? Without the electronic health record, how would VA maintain continuity of care for a veteran who moves to another area?

But most importantly, CARES required years to complete and consumed thousands of hours of effort and millions of dollars of study. We believe it to be a comprehensive and fully justified roadmap for VA's infrastructure as well as a model that VA can apply periodically to assess and adjust those priorities. Given the strengths of the CARES process and the lessons VA learned and has applied from it, why is the HCCF model, which to our knowledge has not been based on any sort of model or study of the long-term needs of veterans, the superior one? We have yet to see evidence that it is and until we see more convincing evidence that it will truly serve the best needs of veterans, the IBVSOs will have a difficult time supporting it.

Recommendation:

VA must resist implementing the HCCF model without fully addressing the many questions the IBVSOs have and VA must explain how the program would meet the needs of veterans, particularly as compared to the roadmap CARES has laid out.

RESEARCH INFRASTRUCTURE FUNDING

The Department of Veterans Affairs must have increased funding for its research infrastructure to provide a state-of-the-art research and laboratory environment for its excellent programs, but also to ensure that VA hires and retains the top scientists and researchers.

VA RESEARCH IS A NATIONAL ASSET

Research conducted in the Department of Veterans Affairs has led to such innovations and advances as the cardiac pacemaker, nuclear scanning technologies, radioisotope diagnostic techniques, liver and other organ transplantation, the nicotine patch, and vast improvements in a variety of prosthetic and sensory aids. A state-of-the-art physical environment for conducting VA research promotes excellence in health professions education and VA patient care as well as the advancement of biomedical science. Adequate and up-to-date research facilities also help VA recruit and retain the best and brightest clinician scientists to care for enrolled veterans.

VA RESEARCH INFRASTRUCTURE FUNDING SHORTFALLS

In recent years, funding for the VA Medical and Prosthetics Research Program has failed to provide the resources needed to maintain, upgrade, and replace VA's aging research facilities. Many VA facilities have exhausted their available research space. Along with space reconfiguration, ventilation, electrical supply, and plumbing appear frequently on lists of needed upgrades in VA's academic health centers. In the 2003 Draft National Capital Asset Realignment for Enhanced Services (CARES) plan, VA included \$142 million designated for renovation of existing research space and build-out costs for leased researched facilities. However, these capital improvement costs were omitted from the Secretary's final report. Over the past decade, only \$50 million has been spent on VA research construction or renovation nationwide, and only 24 of the 97 major VA research sites across the Nation have benefited.

In House Report 109-95 accompanying the FY 2006 VA appropriations, the House Appropriations Committee directed VA to conduct "a comprehensive review of its research facilities and report to the Congress on the deficiencies found and suggestions for correction of the identified deficiencies." In FY 2008, the VA Office of Research and Development initiated a multiyear examination of all VA research infrastructures for physical condition and capacity for current research, as well as program growth and sustainability of the space needed to conduct research.

LACK OF A MECHANISM TO ENSURE VA'S RESEARCH FACILITIES REMAIN COMPETITIVE

In House Report 109-95 accompanying the FY 2006 VA appropriations, the House Appropriations Committee expressed concern that "equipment and facilities to support the research program may be lacking and that some mechanism is necessary to ensure the Department's research facilities remain competitive." A significant cause of research infrastructure's neglect is that there is no direct funding line for research facilities.

The VA Medical and Prosthetic Research appropriation does not include funding for construction, renovation, or maintenance of research facilities. VA researchers

must rely on their local facility managements to repair, upgrade, and replace research facilities and capital equipment associated with VA's research laboratories. As a result, VA research competes with other medical facilities' direct patient care needs—such as medical services infrastructure, capital equipment upgrades and replacements, and other maintenance needs—for funds provided under either the VA Medical Facilities appropriation account or the VA Major or Minor Medical Construction appropriations accounts.

Recommendations:

The *Independent Budget* veteran's service organizations anticipate VA's analysis will find a need for funding significantly greater than VA had identified in the 2004 Capital Asset Realignment for Enhanced Services report. As VA moves forward with its research facilities assessment, the IBVSOs urge Congress to require the VA to submit the resulting report to the House and Senate Committees on Veterans' Affairs no later than October 1, 2010. This report will ensure that the Administration and Congress are well informed of VA's funding needs for research infrastructure so they may be fully considered at each stage of the FY 2011 budget process.

To address the current shortfalls, the IBVSOs recommend an appropriation in FY 2010 of \$142 million, dedicated to renovating existing VA research facilities in line with the 2004 CARES findings.

To address the VA research infrastructure's defective funding mechanism, the IBVSOs encourage the Administration and Congress to support a new appropriations account in FY 2010 and thereafter to independently define and separate VA research infrastructure funding needs from those related to direct VA medical care. This division of appropriations accounts will empower VA to address research facility needs without interfering with the renovation and construction of VA direct health-care infrastructure.

PROGRAM FOR ARCHITECTURAL MASTER PLANS

Each VA medical facility must develop a detailed master plan.

The delivery models for quality healthcare are in a constant state of change. This is due to many factors including advances in research, changing patient demographics, and new technology.

The VA must design their facilities with a high level of flexibility in order to accommodate these new methods of patient care. The department must be able to plan for change to accommodate new patient care strategies in a logical manner with as little effect as possible on other existing patient care programs. VA must also provide for growth in already existing programs.

A facility master plan is a comprehensive tool to look at potential new patient care programs and how they might affect the existing healthcare facility. It also provides insight with respect to possible growth, current space deficiencies, and other facility needs for existing programs and how VA might accommodate these in the future.

In some cases in the past, VA has planned construction in a reactive manner. After funding, VA would place projects in the facility in the most expedient manner—often not considering other projects and facility needs. This would result in shortsighted construction that restricts, rather than expands options for the future.

The IBVSOs believe that each VA medical Center should develop a comprehensive facility master plan to serve as a blueprint for development, construction, and future growth of the facility. Short and long-term CARES objectives should be the basis of the master plan.

Four critical programs were not included in the CARES initiative. They are long-term care, severe mental illness, domiciliary care, and Polytrauma. VA must develop a comprehensive plan addressing these needs and its facility master plans must account for these services.

VA has undertaken master planning for several VA facilities; most recently Tampa, Florida. This is a good start, but VA must ensure that all facilities develop a master plan strategy to validate strategic planning decisions, prepare accurate budgets, and implement efficient construction that minimizes wasted expenses and disruption to patient care.

Recommendation:

Congress must appropriate \$20 million to provide funding for each medical facility to develop a master plan.

Each facility master plan should include the areas left out of CARES; long-term care, severe mental illness, domiciliary care, and Polytrauma programs as it relates to the particular facility.

VACO must develop a standard format for these master plans to ensure consistency throughout the VA healthcare system.

EMPTY OR UNDERUTILIZED SPACE

VA must not use empty space inappropriately and must continue disposing of unnecessary property where appropriate. Studies have suggested that the VA medical system has extensive amounts of empty space that the Department can reuse for medical services. Others have suggested that unused space at one medical center may help address a deficiency that exists at another location. Although the space inventories are accurate, the assumption regarding the feasibility of using this space is not.

Medical facility planning is complex. It requires intricate design relationships for function, but also because of the demanding requirements of certain types of medical equipment. Because of this, medical facility space is rarely interchangeable, and if it is, it is usually at a prohibitive cost. For example, VA cannot use unoccupied rooms on the eighth floor to offset a deficiency of space in the second floor surgery ward. Medical space has a very critical need for inter- and intra-departmental adjacencies that must be maintained for efficient and hygienic patient care.

When a department expands or moves, these demands create a domino effect of everything around it. These secondary impacts greatly increase construction expense, and they can disrupt patient care.

Some features of a medical facility are permanent. Floor-to-floor heights, column spacing, light, and structural floor loading cannot be altered. Different aspects of medical care have different requirements based upon these permanent characteristics. Laboratory or clinical spacing cannot be interchanged with ward space because of the needs of different column spacing and perimeter configuration. Patient wards require access to natural light and column grids that are compatible with room-style layouts. Labs should have long structural bays and function best without windows. When renovating empty space, if the area is not suited to its planned purpose, it will create unnecessary expenses and be much less efficient.

Renovating old space rather than constructing new space creates only a marginal cost savings. Renovations of a specific space typically cost 85% of what a similar, new space would. When you factor in the aforementioned domino or secondary costs, the renovation can end up costing more and produce a less satisfactory result. Renovations are sometimes appropriate to achieve those critical functional adjacencies, but it is rarely economical.

Many older VA medical centers that were rapidly built in the 1940s and 1950s to treat a growing veteran population are simply unable to be renovated for modern needs. Most of these Bradley-style buildings were designed before the widespread use of air conditioning and the floor-to-floor heights are very low. Accordingly, it is impossible to retrofit them for modern mechanical systems. They also have long, narrow wings radiating from a small central core, which is an inefficient way of laying out rooms for modern use. This central core, too, has only a few small elevator shafts, complicating the vertical distribution of modern services.

Another important problem with this unused space is its location. Much of it is not located in a prime location; otherwise, VA would have previously renovated or demolished this space for new construction. This space is typically located in outlying buildings or on upper floor levels, and is unsuitable for modern use.

VA SPACE PLANNING CRITERIA/DESIGN GUIDES

VA must continue to maintain and update the Space Planning Criteria and Design Guides to reflect state-of-the-art methods of healthcare delivery.

VA has developed space-planning criteria it uses to allocate space for all VA healthcare projects. These criteria are organized into sixty chapters; one for each healthcare service provided by VA as well as their associated support services. VA updates these criteria to reflect current methods of healthcare delivery.

In addition to updating these criteria, VA has utilized a computer program called VA SEPS (Space and Equipment Planning System) it uses as a tool to develop space and equipment allocation for all VA healthcare projects. This tool is operational and VA currently uses it on all VA healthcare projects.

The third component used in the design of VA healthcare projects is the design guides. Each of the sixty space planning criteria chapters has an associated design guide. These design guides go beyond the allocation of physical space and outline how this space is organized within each individual department, as well as how the department relates to the entire medical facility.

VA has updated several of the design guides to reflect current patient delivery models. These include those guides that cover Spinal Cord Injury/Disorders Center, Imaging, Polytrauma Centers, as well as several other services.

Recommendation:

The VA must continue to maintain and update the Space Planning Criteria and the VA SEPS space-planning tool. It also must continue the process of updating the Design Guides to reflect current delivery models for patient care. VA must regularly review and update all of these space-planning tools as needed, to reflect the highest level of patient care delivery.

DESIGN-BUILD CONSTRUCTION DELIVERY SYSTEM

The VA must evaluate use of the Design-build construction delivery system.

For the past ten years, VA has embraced the design-build construction delivery system as a method of project delivery for many healthcare projects. Design-build attempts to combine the design and construction schedules in order to streamline the traditional design-bid-build method of project delivery. The goal is to minimize the risk to the owner and reduce the project delivery schedule. Design-build, as used by VA, places the contractor as the design builder.

Under the contractor-led design build process, VA gives the contractor a great deal of control over how he or she designs and completes the project. In this method, the contractor hires the architect and design professionals. With the architect as a subordinate, a contractor may sacrifice the quality of material and systems in order to add to his own profits at the expense of the owner.

Use of design-build has several inherent problems. A short-cut design process reduces the time available to provide a complete design. This provides those responsible for project oversight inadequate time to review completed plans and specifications. In addition, the construction documents may not provide adequate scope for the project, leaving out important details regarding the workmanship and/or other desired attributes of the project. This makes it difficult to hold the builder accountable for the desired level of quality. As a result, a project is often designed as it is being built, which often compromises VA's design standards.

Design-build forces the owner to rely on the contractor to properly design a facility that meets the owner's needs. In the event that the finished project is not satisfactory to the owner, the owner may have no means to insist on correction of work done improperly unless the contractor agrees with the owner's assessment. This may force the owner to go to some form of formal dispute resolution such as litigation or arbitration.

Recommendation:

VA must evaluate the use of Design-build as a method of construction delivery to determine if design-build is an appropriate method of project delivery for VA healthcare projects.

The VA must institute a program of "lessons learned". This would involve revisiting past projects and determining what worked, what could be improved, and what did not work. VA should compile and use this information as a guide to future projects. VA must regularly update this document to include projects as they are completed.

PRESERVATION OF VA'S HISTORIC STRUCTURES

The VA must further develop a comprehensive program to preserve and protect its inventory of historic properties.

The VA has an extensive inventory of historic structures that highlight America's long tradition of providing care to veterans. These buildings and facilities enhance our understanding of the lives of those who have worn the uniform, and who helped to develop this great Nation. Of the approximately 2,000 historic structures, many are neglected and deteriorate year after year because of a lack of funding. These structures should be stabilized, protected and preserved because they are an integral part our Nation's history.

Most of these historic facilities are not suitable for modern patient care. As a result, a preservation strategy was not included in the CARES process. For the past six years, the IBVSOs have recommended that VA conduct an inventory of these properties; classifying their physical condition and their potential for adaptive reuse. VA has been moving in that direction and historic properties are identified on their Web site. VA has placed many of these buildings in an "Oldest and Most Historic" list and these buildings require immediate attention.

At least one project has received funding. The VA has invested over \$100,000 in the last year to address structural issues at a unique round structure in Hampton,

VA. Built in 1860, it was originally a latrine and the funding is allowing VA to convert it into office space.

The cost for saving some of these buildings is not very high considering that they represent a part of history that enriches the texture of our landscape that once gone cannot be recaptured. For example, VA can restore the Greek Revival Mansion in Perry Point, MD, which was built in the 1750's, to use as a training space for about \$1.2 million. VA could restore the 1881 Milwaukee Ward Memorial Theater for use as a multi-purpose facility at a cost of \$6 million. This is much less than the cost of a new facility.

As part of its adaptive reuse program, VA must ensure that the facilities that it leases or sells are maintained properly. VA's legal responsibilities could, for example, be addressed through easements on property elements, such as building exteriors or grounds.

We encourage the use of Public Law 108-422, the Veterans Health Programs Improvement Act, which authorized historic preservation as one of the uses of a new capital assets fund that receives funding from the sale or lease of VA property.

Recommendation:

VA must further develop a comprehensive program to preserve and protect its inventory of historic properties.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions that you or the Members of the Committee may have.

Chairman AKAKA. Thank you very much, Mr. Hilleman.

And now we will receive the statement from Steve Robertson.

STATEMENT OF STEVE A. ROBERTSON, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. ROBERTSON. Thank you for the opportunity for the American Legion to comment on the President's budget request for fiscal year 2011. Mr. Chairman, the American Legion would like to express its appreciation for your leadership and the timely enactment of the public law that authorized advance appropriations for the Department of Veterans Affairs medical accounts.

After reviewing the President's budget request, the American Legion share the President's vision to continue the VA's transformation into a 21st century organization. It is a bold paradigm shift that VA has approached to veterans' care, a lifetime initiative from the day the oath of enlistment is taken until the last day when the veteran is laid to rest. Clearly, the budget request appears to direct funding to assure veterans and their families will receive timely access to the highest-quality benefits and services provided by VA. The American Legion sees these benefits and services as earned through honorable military service.

Secretary Shinseki explained that this budget request focuses on three specific concerns that are of critical importance to the entire veterans community: easier access to the benefits and services; reducing the backlog of claims and the wait before veterans receive their earned benefits; and ending the downward spiral resulting in veterans' homelessness.

The American Legion is pleased with the President's budget request of \$125 billion for the Department of Veterans Affairs. This budget request will meet or exceed most of the funding recommendations offered by the American Legion National Commander last September during our joint hearing with the Committees.

VA has identified six high-priority goals as well, and the American Legion supports those initiatives. There are other areas addressed in the budget supported by the American legion, such as expanding health care eligibility, meeting the needs of women vet-

erans, timely access to quality care for veterans in rural and highly rural areas, and expanding the burial benefits in VA National Cemeteries.

In reviewing the budget request, it is obvious that information technology is going to play an enormous role in achieving the President's vision and many of these goals and objectives.

Mr. Chairman, thank you for the opportunity to participate in this hearing today. That concludes my oral remarks, and I look forward to discussing some issues with you at the end.

[The prepared statement of Mr. Robertson follows:]

PREPARED STATEMENT OF STEVE A. ROBERTSON, DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. Chairman and Members of the Committee: The American Legion welcomes this opportunity to comment on the President's budget request for Fiscal Year 2011/2012. The American Legion is pleased by the \$125 billion total appropriations for the Department of Veterans Affairs (VA) in FY 2010 and the projected \$64.7 billion in mandatory appropriations and \$60.3 billion in discretionary appropriations.

As a nation at war, America has a moral, ethical and legal commitment to the men and women of the Armed Forces of the United States and their survivors. These current defenders of democracy will eventually join the ranks of their 23.1 million comrades, we refer to as veterans. The active-duty, Reserve Components and veterans continue to make up the Nation's best recruiters for the Armed Forces. Young men and women across the country see servicemembers and veterans as role models. Chances are before enlisting in the Armed Forces; these young people will seek the advice of those they see in uniform or family members who have served for their recommendations on military service.

Therefore, it is absolutely critical that the entire veterans' community (active-duty, Reserve Component, and veterans) continue to remain supportive of honorable military service. No servicemember should ever be in doubt about:

- the quality of health care he or she will receive if injured;
 - the availability of earned benefits for honorable military service upon discharge;
- or
- the quality of survivors' benefits should he or she pay the ultimate sacrifice.

The American Legion and many other veterans' and military service organizations are united in advocating enactment of timely, predictable and sufficient budgets for VA medical care. The American Legion greatly appreciated the leadership of this Committee in passing Public Law 111-81 authorizing advance appropriations for VA medical care accounts. With the decision for advance appropriations behind us, The American Legion continues to urge Congress to pass the VA budget for FY 2011 before the start of the new fiscal year.

After reviewing the proposed President's budget request for VA in FY 2011/2012, The American Legion renders its support as follows:

- Increases funding for VA in FY 2011 by \$11 billion above FY 2010.
- Increases funding for VA's medical care by \$4 billion in FY 2011 and a projected \$2.8 billion increase in FY 2012 to \$54.3 billion.
- Expands enrollment for 500,000 additional Priority Group 8 veterans by FY 2013.
- Enhances outreach and services related to mental health care and cognitive injuries, including Post Traumatic Stress Disorder and Traumatic Brain Injury, with a focus on access for veterans in rural and highly rural areas.
- Invests in better technology to deliver services and benefits to veterans with the quality and efficiency they deserve.
- Full concurrent receipt of military retirement pay and VA disability compensation without offsets.
- Combats homelessness by safeguarding vulnerable veterans. Facilitates timely implementation of the comprehensive education benefits that veterans earn through their dedicated military service.

When National Commander Clarence Hill testified on September 10, 2009 before a Joint Session of the Committees on Veterans' Affairs, he clearly outlined the funding recommendations for FY 2011. This testimony will re-emphasize that support for certain specific areas.

MEDICAL CARE

The American Legion fully supports funding “the best health care anywhere” in FY 2011 at \$51.5 billion and in FY 2012 at \$54.3 billion. VA reports that 6.1 million veterans will receive timely access to quality health care in FY 2011. This represents an anticipated increase of 168,904 new patients who will “vote with their feet” in making VA their health care provider of choice. VA medical care is still America’s best investment in quality health care delivery—the right care, at the right time, in the right facility.

MEDICAL CARE COLLECTIONS FUND

The Balanced Budget Act of 1997, Public Law (P.L.) 105–33, established the VA Medical Care Collections Fund (MCCF), requiring amounts collected or recovered from third-party payers after June 30, 1997, be deposited into this fund. The MCCF is a depository for collections from third-party insurance, outpatient prescription co-payments and other medical charges and user fees. Funds collected may only be used to provide VA medical care and services, as well as VA expenses for identification, billing, auditing and collection of amounts owed the Federal Government.

The American Legion supported legislation to allow VA to bill, collect, and reinvest all third-party reimbursements and co-payments. The American Legion adamantly opposes the scoring of MCCF as an offset to the annual discretionary appropriations since the majority of these funds come from the treatment of nonservice-connected medical conditions. VA’s ability to capture these funds is critical to its ability to provide quality and timely care to veterans. Miscalculations of VA required funding levels result in real budgetary shortfalls.

The American Legion continues to oppose offsetting annual VA discretionary funding by the MCCF goal.

MEDICARE REIMBURSEMENTS

As do most American workers, veterans pay into the Medicare system, without choice, throughout their working lives, including while on active duty or as active service Reservists in the Armed Forces. A portion of each earned dollar is allocated to the Medicare Trust Fund and, although veterans must pay into the Medicare system, VA is prohibited from collecting any Medicare reimbursements for the treatment of allowable, nonservice-connected medical conditions. Since over half of VA’s enrolled patient population is Medicare-eligible, this prohibition constitutes a multi-billion dollar annual subsidy to the Medicare Trust Fund.

The American Legion continues to support a legislative initiative to allow VHA to bill, collect and reinvest third-party reimbursements from the Centers for Medicare and Medicaid Services for the treatment of allowable, nonservice-connected medical conditions of enrolled Medicare-eligible veterans.

MEDICAL AND PROSTHETICS RESEARCH

The American Legion believes VA’s focus in research must remain on understanding and improving treatment for medical conditions that are unique to veterans. Servicemembers are surviving catastrophically disabling blast injuries due to the superior armor they are wearing in the combat theater and the timely access to quality combat medical care. The unique injuries sustained by the new generation of veterans clearly demand particular attention. It has been reported that VA does not have state-of-the-art prostheses like DOD and that the fitting of prostheses for women has presented problems due to their smaller stature.

There is a need for adequate funding of other VA research activities, including basic biomedical research and bench-to-bedside projects. Congress and the Administration should continue to encourage acceleration in the development and initiation of needed research on conditions that significantly affect veterans, such as prostate cancer, addictive disorders, trauma and wound healing, Post Traumatic Stress Disorder, rehabilitation, and other research that is conducted jointly with DOD, the National Institutes of Health (NIH), other Federal agencies, and academic institutions.

The American Legion recommends \$700 million for Medical and Prosthetics Research in FY 2011.

MAJOR CONSTRUCTION

The CARES process identified approximately 100 major construction projects throughout the VA Medical Center System, the District of Columbia, and Puerto Rico. Construction projects are categorized as major if the estimated cost is over \$10 million. Now that VA has disclosed the plan to deliver health care through 2022, Congress has the responsibility to provide adequate funds. The FY 2011 President’s

budget request calls for ongoing construction of a new medical facility in Denver, CO; New Orleans, LA; and Palo Alto, CA. Also work is to begin on new medical facilities in Omaha, NE and Alameda Point, CA.

The American Legion supports these projects; however, we feel the President's budget request for \$864 million in FY 2011 for Major Construction is inadequate and should be increased to \$2 billion to provide for additional facilities particularly Community-Based Outpatient Clinics in rural and highly rural areas and additional Vet Centers.

MINOR CONSTRUCTION

VA's minor construction program has also suffered significant neglect over the past several years. Maintaining the infrastructure of VA's buildings is no small task, due to the age of these buildings, continuous renovations, relocations and expansions. When combined with the added cost of the CARES program recommendations, it is easy to see that a major increase over the previous funding level is crucial and overdue. The President's budget request for FY 2011 would fund Minor Construction at only \$468 million.

The American Legion recommends \$1.5 billion for Minor Construction in FY 2011.

STATE EXTENDED CARE FACILITY CONSTRUCTION GRANTS PROGRAM

Since 1984, nearly all planning for VA inpatient nursing home care has revolved around State Veterans' Homes (SVHs) and contracts with public and private nursing homes. Under the provisions of Title 38, U.S.C., VA is authorized to make payments to states to assist in the construction and maintenance of SVHs. Today, there are 133 SVHs in 47 states with over 27,000 beds providing nursing home, hospital, and domiciliary care. Grants for Construction of State Extended Care Facilities provide funding for 65 percent of the total cost of building new veterans' homes. Recognizing the growing Long-Term Care needs of veterans, it is essential the State Veterans' Homes Program be maintained as an important alternative health care provider for the VA integrated health care delivery system.

The American Legion opposes attempts to place a moratorium on new SVH construction grants. State authorizing legislation has been enacted and state funds have been committed. Delaying projects will result in cost overruns and may result in states deciding to cancel these much needed facilities.

The American Legion supports:

- increasing the amount of authorized per diem payments to 50 percent for nursing home and domiciliary care provided to veterans in State Veterans' Homes;
- providing prescription drugs and over-the-counter medications to State Homes Aid and Attendance patients along with the payment of authorized per diem to State Veterans' Homes; and
- allowing full reimbursement of nursing home care to 70 percent or higher service-connected disabled veterans, if those veterans reside in a State Veterans' Home.

The American Legion strongly recommends \$275 million for the State Extended Care Facility Construction Grants Program in FY 2011.

RURAL HEALTH CARE

Research conducted by VA indicates that veterans residing in rural and highly rural areas have poorer health than their urban counterparts. It was further reported that one in five veterans live in a rural setting. Providing quality health care to veterans living in rural and highly rural areas has proven to be an extreme challenge.

The American Legion recommends construction of Community-Base Outpatient Clinics in areas such as Alaska, Montana, Nebraska, Nevada, South Dakota, Utah, Vermont and Wyoming.

INFORMATION TECHNOLOGY FUNDING

Since the data theft occurrence in May 2006, the VA has implemented a complete overhaul of its Information Technology (IT) division nationwide. The American Legion is hopeful VA takes the appropriate steps to strengthen its IT security to regain the confidence and trust of veterans who depend on VA for the benefits they have earned.

Within VA Medical Center Nursing Home Care Units, it was discovered there was conflict with IT and each respective VAMC regarding provision of Internet access to veteran residents. VA has acknowledged the Internet would represent a positive tool in veteran rehabilitation. The American Legion believes Internet access should be provided to these veterans without delay for time is of the essence in the journey

to recovery. In addition, veterans should not have to suffer due to VA's gross negligence in the matter.

The American Legion hopes Congress will not attempt to fund the solution to this problem with scarce fiscal resources allocated to the VA for health care delivery. With this in mind, The American Legion is encouraged by the fact that IT is its own line item in the budget recommendation.

The American Legion believes there should be a complete review of IT security government wide. VA isn't the only agency within the government requiring an overhaul of its IT security protocol. The American Legion urges Congress to exercise its oversight authority and review each Federal agency to ensure that the personal information of all Americans is secure.

The American Legion supports the centralization of VA's IT. The amount of work required to secure information managed by VA is immense. The American Legion urges Congress to maintain close oversight of VA's IT restructuring efforts and fund VA's IT to ensure the most rapid implementation of all proposed security measures.

The American Legion disagrees with freezing funding at the FY 2009 level of \$3.3 billion for Information Technology, as recommended in the President's budget request; therefore, The American Legion recommends \$3.8 billion in FY 2011.

HOMELESSNESS

The American Legion notes there are approximately 154,000 homeless veterans on the street each night. This number, compounded with 300,000 servicemembers entering the civilian sector each year since 2001 with at least a third of them potentially suffering from mental illness, indicates that programs to prevent and assist homeless veterans are needed. The American Legion applauds VA's continued emphasis as one of its priority items the elimination of homelessness among America's veterans.

The American Legion fully supports the \$294 million in the FY 2011 President's budget request to help eliminate homelessness among veterans.

NATIONAL CEMETERY ADMINISTRATION

The mission of the National Cemetery Administration (NCA) is to honor veterans with final resting places in national shrines and with lasting tributes that commemorate their service to this Nation. The American Legion recognizes the NCA's excellent record in providing timely and dignified burials to all veterans who opt to be buried in a National Cemetery. Further the American Legion applauds the new VA guidelines reducing the required population base for creating a National Cemetery from 175,000 to 85,000. This will allow 90 percent of all veterans a realistic option within 75 miles of their home.

The American Legion feels that the President's budget request for \$251 million for NCA and \$46 million for the State Cemetery Construction Grants program is not enough to carry out this hallowed mission. Therefore, The American Legion recommends \$260 million be allocated to the National Cemetery Administration and further that \$50 million be provided for State Cemetery Construction Grants Programs in FY 2011.

HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM REAUTHORIZATION

In 1992, VA was given authority to establish the Homeless Providers Grant and Per Diem Program under the Homeless Veterans Comprehensive Service Programs Act of 1992, Public Law 102-590. The Grant and Per Diem Program, offered annually (as funding permits) by the VA, funds community agencies providing services to homeless veterans.

VA can provide grants and per diem payments to help public and nonprofit organizations establish and operate supportive housing and/or service centers for homeless veterans. Funds are available for: assistance in the form of grants to provide transitional housing (up to 24 months) with supportive services; supportive services in a service center facility for homeless veterans not in conjunction with supportive housing; or to purchase vans.

The American Legion recommends \$200 million for the Grant and Per Diem Program for FY 2011.

VETERANS BENEFITS ADMINISTRATION

Clearly, the current VA claims backlog is a major concern to The American Legion and the rest of the veterans' community. Aggressively addressing this growing problem will require actions from an array of approaches. The President's budget request proposes to add both increases in funding (\$460 million) and in personnel

(4,048 new FTE). These increases will be helpful, but The American Legion believes more will be required to “turn the tide.” The American Legion will continue to work with VA, Congress and the veterans’ community to transform the current process into a more timely and accurate process. The American Legion applauds the \$13.4 billion in supplemental funding to address the newly approved Agent Orange claims.

SUMMARY OF LEGISLATION PROPOSED IN THE FY 2011 PRESIDENT’S BUDGET REQUEST

In reviewing the proposed legislation in the President’s budget request, The American Legion would like to address several of them in detail:

Compensation and Pensions—Proposed Legislation

- *Compensation Cost of Living Adjustment (COLA)*: Legislation will be proposed to provide a cost of living increase to all Compensation beneficiaries, including DIC spouses and children, effective December 1, 2010. The percent increase will align with increases in the Consumer Price Index and the increase for Social Security benefits. However, current estimates suggest that the CPI will not increase; therefore, no COLA may be enacted.

The American Legion has no official position on this proposal.

- *Expansion of Concurrent Receipt of Department of Defense Retirement Pay*: Legislation will be proposed by the Administration to expand the veteran eligibility for concurrent receipt of military retirement pay and VA disability benefits to veterans who are medically retired from service by the Department of Defense. Eligibility will be phased in over five years based on the degree of disability assigned by VA. While the primary impact will be on Title 10 and the Department of Defense, VA estimates that the cost to VA of concurrent receipt expansion will be \$47 million in 2011 and \$254 million over the five year period[D1].

The American Legion supports this proposal. Since the offset comes from military retirement pay, The American Legion is somewhat surprised that VA would incur any costs.

- *Use of Health and Human Services (HHS) Data for Purposes of Adjusting VA Benefits*: Public Law 110–157 requires independent verification of HHS data for purpose of adjusting VA benefits based on economic need. This proposal seeks to remove the expiration date of 9/30/11 and extend through 2020. Benefit costs are estimated to be \$2.0 million in 2012 with a net savings in later years.

The American Legion has no official position on this proposal.

- *Special Monthly Pension for Wartime Veterans 65 years of age and older*: This proposal amends Section 1513 of Title 38 and repeals the Court of Appeals for Veterans Claims (CAVC) rendered decision in *Hartness v. Nicholson*. The decision affected the qualifications for the special monthly pension (SMP) awarded to veterans who are housebound (H/B). The court decision excluded the SMP requirement of being permanently and totally disabled for veterans 65 years of age and older. By repealing the court decision, a veteran will once again only be eligible for SMP if, in addition to basic pension qualifications, the veteran shows proof of being permanently and totally disabled. Once a veteran reaches age 65, the requirements for H/B pension will require a single disability rated at 100 percent, and a disability or combined disabilities (separate and distinct from the 100 percent disability) independently ratable to at least 60 percent. This proposal will provide for more equitable treatment of veterans under the pension program; currently, veterans with lower disability ratings may receive larger benefits than veterans who are permanently and totally disabled. The 2011 estimated savings is \$3.2 million with an anticipated caseload of 506,000.

The American Legion strongly opposes this proposal. The American Legion believes this proposal would take away a needed benefit provided to disabled elderly wartime veterans as allowed by statute and confirmed in a precedential decision of the United States Court of Appeals for Veterans Claims.

- *VA Pension Limitations for Medicaid-covered Veterans Without Spouse or Children*: This provision limits the amount of pension payable to a veteran who has neither spouse nor child (or a surviving spouse with no child) and who is covered by a Medicaid plan for services furnished by a nursing facility. Title 38, U.S.C. section 5503(d) will expire on September 30, 2011. This proposal seeks to extend the expiration date an additional five years. Elimination of this provision would result in increased pension expenditures but money available to veterans and survivors would actually decrease. The maximum pension entitlement is not sufficient to cover the normal cost of nursing home care but receipt of that amount would result in the termination of Title XVI Medicaid benefits which currently cover nursing care costs in excess of the projected amount (\$90) that is payable to the veteran under this

provision. This is likely to result in veterans and surviving spouses being unable to afford nursing care. This proposal will result in VA benefit cost savings of \$559.4 million and net governmentwide savings of \$246 million in 2012. Mandatory VA savings through 2015 are estimated at \$2.3 billion.

The American Legion has no official position on this proposal.

- *IRS Income Data Matching for VA Eligibility Determinations:* Section 6103(I)(7) of the Internal Revenue Code of 1986 (26 U.S.C. Section 6103(I)(D)) requires the Secretary of the Treasury and the Commissioner of Social Security to disclose certain income information to any governmental agency administering certain programs, including VA's pension, dependency and indemnity compensation, and health-care programs. Section 5317 of Title 38, U.S.C., governs VA's use of that information. The duty of the Secretary of the Treasury and the Social Security Commissioner to disclose that information and VA's authority to obtain it from them will expire 9/30/2011. This proposal seeks to extend the expiration date for five years. While this proposal will result in net mandatory and discretionary savings of \$20 million in 2012, it will result in net mandatory costs of \$20 million in 2012. However, the proposal will result in net mandatory savings beginning in 2013 and net mandatory savings between 2011–2016 are estimated at \$21.9 million.

The American Legion has no official position on this proposal.

- *Clarification of Monthly Payment Option for the Month of Death for Compensation or Pensions:* This proposal will amend Title 38 U.S.C. 5310 and 5111(c)(1) to clarify that all surviving spouses are entitled to receive payment in the amount of the veteran's compensation or pension rate for the month of the veteran's death, and to simplify administration of the month-of-death benefit.

The American Legion supports this proposal. There has been much confusion and misinterpretation of the law by VA regarding the month-of-death benefit that has deprived thousands of beneficiaries of the benefits to which they are entitled, causing additional heartache during an already painful period following the death of a loved one.

- *Extension for Contract Physicians to Perform Disability Evaluations:* P.L. 108–183, Section 704, provides authority under which examinations with respect to medical disability of applicants for compensation and pension benefits are carried out by persons not employed by the VA. These examinations are funded through discretionary funds, and there is no limitation to the number of VA regional offices involved. This authority, extended by Public Law 110–329, Section 105, will expire December 31, 2010. The proposal would extend the authority by two additional years to December 31, 2012.

The American Legion has no official position on this proposal.

Readjustment Benefits—Proposed Legislation

- *Change of Terminology for the Administration of the New GI Bill:* Title 38 U.S.C. uses the term “institution of higher learning” throughout chapter 36. For consistency, this proposal would adjust the administrative language of the new Chapter 33 benefit from the use of “institution of higher education” to “institution of higher learning.”

The American Legion has no official position on this proposal.

- *Change in VA Authority to Approve Educational Programs:* This proposal would amend 38 U.S.C. Chapter 36 to expand VA's authority regarding approval of courses for the enrollment of veterans (and other eligible persons) that are in receipt of educational assistance under the programs VA administers.

The American Legion has no official position on this proposal.

- *Extend the Delimiting Date for Caregivers Use of Education Benefits:* This proposal would amend Title 38 U.S.C. §3031(d) and Title 38 U.S.C. §3512, to permit the extension of delimiting dates for eligible individuals who could not pursue, or had to interrupt, a program of education while acting as the primary caretaker for a veteran or servicemember seriously injured while on active duty in a contingency operation after September 10, 2001.

The American Legion has no official position on this proposal.

- *Expand Employer Support Eligibility:* This proposal would amend Title 38, U.S.C., Section 3116 to expand eligibility for incentives paid to employers who provide on-job training and employment opportunities for veterans with service-connected disabilities who may be difficult to place in suitable jobs.

The American Legion supports this proposal. If enacted this legislative proposal would give employers a greater incentive to hire injured veterans who are trying to obtain gainful employment. The unemployment rate for veterans is above the national average, particularly for those between the ages of 18 to 24. The American Legion believes this legislation will greatly assist servicemembers in their transition

into the civilian workforce and allow them to use their expertise and military training to fill desirable positions within high potential industries.

Housing—Proposed Legislation

- *Authority to Pool Loans:* Legislation will be proposed to extend the authority to pool loans for two years to December 2013. This will allow the VA to obtain the best pricing for the pooled and securitized loans and to continue selling loans at a greater return without any additional risk. VA estimates additional revenue of \$87 million in 2012 and overall increased revenue of \$190 million over the 2012–2014 period.

The American Legion has no official position on this proposal.

- *Permission of Occupancy of Veteran's Child/Children:* Legislation will be proposed to allow occupancy by a dependent child to satisfy occupancy requirements of VA home loans. This will permit a veteran who is unable to occupy a property as his/her primary residence due to active duty status or overseas employment, to use his/her earned Loan Guaranty benefit. No significant costs are anticipated.

The American Legion has no official position on this proposal.

- *First Lien Exemption for Public Entities:* Legislation will be proposed to extend first lien exemption to public entities as well as private entities during disaster relief situations only. This will allow disaster relief agencies and veterans to have more options in the type of assistance available. No significant costs are anticipated.

The American Legion has no official position on this proposal.

Insurance—Proposed Legislation

- *VGLI Increased Coverage Act:* This proposal would provide an opportunity for veterans to increase VGLI coverage in increments of \$25,000 without medical underwriting. The opportunity will be available every 5 years with a total coverage not to exceed current legislated maximum SGLI. Current law limits the amount of VGLI allowed to the amount of SGLI at discharge and as a result, many service-disabled VGLI insured, have no opportunity to increase coverage to meet current family needs. This proposed change would allow veterans, including service-disabled veterans, to purchase adequate amounts of life insurance to protect their families. There are no PAYGO costs associated with this proposal and it does not impact the budget.

The American Legion strongly supports this proposal. The American Legion would welcome such an addition to the VGLI program. This addition would permit veterans who separated from service prior to the latest increases in SGLI coverage, and who are thus restricted by current law to a lower maximum amount of life insurance coverage than those veterans who separated from service after September 1, 2005, when SGLI maximum coverage was raised from \$250,000 to the current \$400,000, a periodic opportunity to increase their VGLI coverage consonant with changes in their family situation and the needs of their beneficiaries. This increases program flexibility and fairness, and provides a greater benefit to this portion of the veteran population. The American Legion would like to comment further, however, that in the cases of severely service-disabled veterans, a federally subsidized premium relief or waiver element should be included to lessen the financial burden of VGLI's high premium costs, particularly in the older age groups.

- *SGLI Two Year Total Disability Extension Retention Act:* Under current law and procedures, if an insured servicemember is totally disabled at the time of separation from service, the member's SGLI coverage may be continued for up to two years, for free, following separation from service. Effective October 1, 2011, this provision expires and the SGLI extension period will be reduced from two years to 18-months. The SGLI Two Year Total Disability Extension Retention Act will allow for the indefinite retention of the two-year total disability extension period. By maintaining the SGLI Total Disability Extension period at two years, this will maximize the opportunity for totally disabled veterans, who have no hope of obtaining commercial insurance, to make informed decisions regarding their life insurance needs and options. It also guarantees that those most in need, who have been traumatized by their disabilities, will be fully covered under the SGLI program during this transition period with no action or cost on their part. There are no PAYGO costs associated with this proposal and it does not impact the budget.

The American Legion strongly supports this proposal. It is obvious that veterans who separate from service with such extensive disabilities as to render them totally disabled often require a substantial period of time to bring their personal and financial affairs into order, due to the debilitating nature of such disabilities and the resulting period of family adjustment, and so to assist them in later meeting the premium costs of VGLI coverage as the program's structure does not provide for any disability waiver of premiums as other Federal and many private life insurance pro-

grams do. The American Legion further believes the process for this extension, which requires application by the veteran to the OSGLI center for such, be streamlined and automated so that veterans leaving active duty in a totally disabled status are automatically granted the extension shortly after separation.

Medical Care—Proposed Legislation

- *Homeless Providers Grant and Per Diem Program:* Legislation will be proposed to amend legislative authority in Title 38 U.S.C., Subchapter VII, section 2061, to obtain statutory authority to offer both capital grants and enhanced per diem payments to eligible community-based entities who serve special needs veterans including female homeless veterans, homeless veterans diagnosed with a chronic mental illness, and those veterans who are failing and/or terminally ill. This proposal would grant VA permanent authority to offer capital grants and per diem to agencies that create transitional housing and supportive services for homeless veterans with special needs; allow for enhancement of the current per diem rate for transitional housing services; and remove the requirement to provide grants to VA health care facilities.

The American Legion supports this proposal. If enacted, this legislative proposal would provide resources for public and private sector agencies and organizations who serve special needs veterans, including female homeless veterans, homeless veterans diagnosed with chronic mental illness and those veterans who are failing and/or terminally ill. With the VA and other homeless care service providers continuing to focus on the various needs (i.e., health issues, economic issues, lack of safe/affordable housing, and lack of family and social support networks) of homeless veterans, and the enactment of this legislation, The American Legion believes that homelessness rates will continue to drop among the veterans' community. The American Legion strongly supports taking the necessary means to combat and aid in ending veterans' homelessness.

- *Reinstate the Health Professional Scholarship Program (HPSP):* Legislation will be proposed to reauthorize the HPSP. The authority to provide the financial assistance will be established by extending the expiration date of the Department of Veterans Affairs Health Professional Scholarship Program described in Title 38, U.S.C., Sections 7611–7618. The HPSP, established by Public Law 96–330, awarded scholarships from 1982 through 1995 to 4,650 students earning baccalaureate and masters degrees. Authority for the program expired in 1998. It is recommended that the Health Professional Scholarship Program be reauthorized and funded because there is no other scholarship program with a VA service obligation available to the public at this time. This program, if reauthorized, will provide financial assistance to competitively selected scholarship recipients in exchange for 2-year VA service obligations upon graduation and licensing.

The American Legion supports this proposal. The Health Professional Scholarship Program maintains the Department of Veterans Affairs presence in the competitive medical professional market, as well as helps to lower the attrition rate amongst medical professionals employed at VA medical centers (VAMC).

- *Remove Requirement that VA Reimburse Certain Employees for Professional Education:* Legislation will be proposed to eliminate Title 38, U.S.C., section 7411 that states “The Secretary shall reimburse any full-time board certified physician or dentist appointed under section 7401(1) of this Title for expenses incurred, up to \$1,000 per year, for continuing professional education.” VHA has a long history of providing educational and training support to all clinical and administrative staff. The Employee Education System and VA Learning University offer a large course catalog with opportunities for physicians and dentists, as well as other occupations, to obtain continuing professional education at VA expense. VHA will continue to manage training and education funding within long-standing parameters in conjunction with published policies at the national and local levels. Continuance of the entitlement in section 7411 is no longer necessary, given the improved competitive recruitment position resulting from the new pay system.

The American Legion has no official position on this proposal.

- *Provide Care for Newborns as Part of the Uniform Benefits Package:* Legislation will be proposed to amend Title 38, U.S.C., to authorize VA to provide care to newborns of enrolled women veterans who are receiving maternity care through the Department of Veterans Affairs. This proposal is to cover costs of newborn hospitalization and is not to exceed 96 hours after delivery. Longer hospitalization or outpatient costs for the newborn, beyond 96 hours post-delivery, would not be authorized in this maternity benefit.

The American Legion has no official position on this proposal.

- *Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) Coverage for Caregivers:* Legislation will be proposed to provide health care coverage through CHAMPVA for any caregiver without entitlement to other health insurance or coverage. Caregivers for severely wounded veterans are in most cases impacted by their inability to sustain employment related health coverage. CHAMPVA health care coverage will help relieve the financial burden of health care costs incurred by the caregiver of severely wounded veterans and allow them the reassurance that their medical care needs will be met while they care for the medical needs of the veteran. This in turn will reduce veterans' stress as they will not need to worry about how their caregivers health related needs are met.

The American Legion supports this proposal. This legislative proposal would adequately provide timely access to quality health care for those who are unselfishly caring for the Nation's veterans.

- *Travel Expenses, including Lodging and Subsistence, for Caregivers:* Legislation will be proposed to provide travel, incidental expenses [e.g., per diem (inclusive of lodging allowance), tolls etc.] and subsistence for a caregiver of qualifying veterans receiving care for service-related conditions at a VA or VA authorized facility. The Department does not have authority to provide lodging expenses to an attendant if the veteran is not lodging with the attendant. Since the veteran's caregiver in most cases is a close family member, providing travel expenses for the caregiver assures the veteran has the appropriate support while traveling to a VA health care facility. This will allow the veteran's health care provider to communicate directly to the veteran's caregiver about the needs of the veteran. This will also ensure continuity of the veteran's care and help the caregiver better understand the needs of the patient.

The American Legion supports this proposal. This legislative proposal would help to ensure veterans receive complete and uninterrupted care.

- *Education and Training for Caregivers:* Legislation will be proposed to allow VA to develop caregiver education materials for caregivers and individuals who support caregivers. In addition, VA would provide outreach to veterans and their caregivers to inform them of the support available through VA as well as public, private, and non-profit agencies. VA currently provides education and training for veterans and their caregivers regarding medical issues. This proposal would codify and expand those efforts. These programs generally demonstrate significant reduction in caregiver burden and the impact of depressive symptoms on their daily life. This proposal provides VA with the opportunity to implement a formal approach to educating and training caregivers so they are better prepared to care for the veteran.

The American Legion supports this proposal.

- *Survey of Caregiver Needs:* Legislation will be proposed to conduct a caregiver survey every 3 years to determine the number of caregivers, the types of services they provide to veterans, and information about the caregiver (age, employment status, and health care coverage). Currently, VA does not have adequate information on the number of caregivers, the number of family caregivers, and the number of veterans receiving caregiver services from caregivers and family caregivers, including the era in which each veteran served in the Armed Forces.

A survey of veteran caregivers will allow VA to gather needed information that will be used to better understand the population of caregivers and to identify and understand their specific needs. This information will allow VA to appropriately develop education, training, and support programs for veteran caregivers.

The American Legion supports this proposal.

- *Nonprofit Corporations:* Legislation will be proposed to establish a Central Non-profit Corporation for VA research. Currently, there are 88 of these VA affiliated Non-Profit Corporations (NPC). Each NPC is required to report annually a detailed statement of their operations, activities and accomplishments during the previous year. The purpose of the central Non-Profit Corporation will be to: (1) carry out national medical research and education projects under cooperative arrangements with VA, (2) serve as a focus for interdisciplinary interchange and dialog between VA medical research personnel and researchers from other Federal and non-Federal entities, and (3) encourage the participation of the medical, dental, nursing, veterinary, and other biomedical sciences in the work of the central NPC for the mutual benefit of VA and non-VA medicine. The central NPC would enable facility directors or the Under Secretary for Health to have an alternative to individual medical-center-based NPCs in those facilities in which the volume of research and education does not enable the resources to assure adequate management controls.

The American Legion has no official position on this proposal.

- *Clarify Breach of Agreement under the Employee Incentive Scholarship Program (EISP):* Legislation will be proposed to amend Title 38, U.S.C., chapter 76, section 7675, subchapter VI, to provide that full-time student participants in the EISP

would have the same liability as part-time students for breaching an agreement by leaving VA employment. The current statute clearly limits liability to part-time student status participants who leave VA employment prior to completion of their education program. This allows a scholarship participant who meets the definition of full-time student to leave VA employment prior to completion of the education program, breaching the agreement with no liability. This proposal would require liability for breaching the agreement by leaving VA employment for both full- and part-time students. All other employee recruitment/retention incentive programs have a service obligation and liability component. This proposal would result in cost savings for the Department by recovering the education funds provided to employees who leave VA employment prior to fulfilling their agreement.

The American Legion has no official position on this proposal.

- *Consider VA a Participating Provider for Purpose of Reimbursement (revenues):* Legislation will be proposed that would allow VA to be treated as a participating provider, whether or not an agreement is in place with a health insurer or third-party payer, thus preventing the effect of excluding coverage or limiting payment of charges for care. With the enactment of the Balanced Budget Act of 1997 (BBA), Congress changed the health insurer and third-party program into one designed to supplement VA's medical care appropriations by allowing VA to retain all collections and some other copayments. VA can use these funds to provide medical care to Veterans and to pay for its medical care collection expenses. This law also granted VA authority to begin billing reasonable charges versus reasonable costs for care. Reasonable charges are based on the amounts that health insurers and third-party payers pay for the same care provided by non-government health care providers in a given geographic area. This proposal would prevent a health insurer or third-party payer from denying or reducing payment, absent an existing agreement between VA and any health maintenance organization, competitive medical plan, health care prepayment plan, preferred provider organization, or other similar plan, based on the grounds that VA is not a participating provider.

The American Legion supports this proposal.

- *Military Surgeon Association:* This proposal would make the Department of Veterans Affairs (VA) an Incorporated Member of the Association of Military Surgeons of the United States (AMSUS). As a result, VA would be authorized to participate in AMSUS activities to the same extent as the military services.

The American Legion has no official position on this proposal.

- *Technical Changes to Fee Basis Authority:* This proposal would amend Title 38 U.S.C. 1703(a) by adding language similar to the language found in Title 38 U.S.C. § 8123, Procurement of prosthetic appliances, which will strengthen the Department's interpretation of legal authority to purchase health care on an individual basis when needed.

The American Legion supports this proposal. This legislative proposal would seek to ensure veterans receive adequate and timely care, to include medical appliances.

- *Mandatory Disclosure of Social Security Number (SSN) and 3rd Party Health Insurance:* The provision would deny access to hospital care, nursing home care, or medical services that may be provided to any person under the provisions of Title 38 U.S.C. chapter 17 unless that person has disclosed his/her social security number and the social security number of any dependent or beneficiary and furnish VA with current, accurate third-party health insurance information.

The American Legion has no official position on this proposal.

- *Permanent Authority for Co-Pays:* The provision would amend Title 38 U.S.C. § 1710(f)(2)(B) to make permanent VA authority to collect an amount equal to \$2 or \$10 for every day the veteran receives hospital care for a veteran who is required to agree to pay to the United States the applicable amount determined under paragraph (2) or (4) or this subsection. This current authority expires September 30, 2010.

The American Legion has no official position on this proposal.

- *Permanent Authority for Collections:* The provision would amend Title 38 U.S.C. § 1729 to make permanent VA authority to recover reasonable charges for care or services for care of nonservice-connected conditions from a third party to the extent that the veteran who has a service-connected disability would be eligible to receive payment for care or services from a third party if the care or services were not provided by VA. This current authority expires October 1, 2010.

The American Legion has no official position on this proposal.

- *Eliminate and Change Dates for Certain Congressional Reports:* This proposal would eliminate the Report on Pay for Nurses and Other Health Care Personnel (Title 38, U.S.C., Section 7451(f)) and Report on Long-Range Health Planning (Title

38, U.S.C., Section 8107) and modify the due date and limit the duration of the Annual Report on federally Sponsored Gulf War Research Activity.

The American Legion has no official position on this proposal.

- *Codify Rules on Billing of Veterans in CHAMPVA*: This proposal would modify Title 38 U.S.C. § 1781 to codify, consistent with regulations, that the VA determined allowable amount for reimbursement of medical services represents payment in full and the health care provider may not impose additional charges on the beneficiary above the VA-determined allowable amount.

The American Legion has no official position on this proposal.

Other Legislative Proposals

- *Staying of Claims*: This proposal would amend Title 38, U.S.C., to permit the Secretary of Veterans Affairs (VA) to delay adjudications as needed to preserve program integrity and to clarify that the Board of Veterans' Appeals (Board) may decide certain cases out of docket order.

The American Legion opposes this proposal. The American Legion would oppose VA from initiating stays involving implementation of precedential Federal court decisions pending the appeal of the decision without seeking permission of such a stay from the court as is the current practice. The current procedure for initiating stays in claims adjudication in such instances allows for VA to preserve program integrity but also provides a check by not allowing VA to circumvent the court's authority.

- *Revise Time Limits and Dates for Herbicide and Gulf War Presumptions*: This proposal would modify statutory time limits to the review and rulemaking process.

The American Legion has no official position on this proposal.

- *Repeal Obsolete Ethics Provision*: This proposal would eliminate the blanket prohibition against VA employees having interests in, or receiving income or services from, certain for-profit educational institutions.

The American Legion has no official position on this proposal.

- *Notice of Disagreement Filing Period*: This proposal would amend Title 38 U.S.C. § 7105(b)(1) to reduce the time period for filing of a notice of disagreement (NOD) following the issuance of a rating decision from one year to 180 calendar days.

The American Legion strongly opposes this proposal. Claimants currently have one year to initiate the appeals process following the issuance of a VA rating decision by filing a notice of disagreement. Arbitrarily reducing this period from one year to six months for the sake of expediency serves no purpose other than to adversely impact appellants who miss the six month cutoff. If the percentage of appellants who file after six months is large, then a large group of appellants would be denied their appellant rights. If the percentage of those who file after six months is small, then there can be no great benefit to timeliness by implementing this change.

- *Automatic Waiver of Agency of Original Jurisdiction Review of New Evidence*: This proposal would amend Title 38 U.S.C. § 7105 to specifically incorporate an automatic waiver of agency of original jurisdiction (AOJ) consideration for any evidence submitted to VA by the appellant or his or her representative following VA's receipt of a VA Form 9 substantive appeal, unless the appellant or his or her representative expressly chooses in writing not to waive such jurisdiction.

The American Legion supports this proposal. The American Legion believes the automatic waiver of agency of original jurisdiction (AOJ) review in instances where the claims file has already been certified and transferred to the Board of Veterans' Appeals (BVA). However, as it takes an average of approximately 600 days for the regional offices (RO) to transfer an appeal to the BVA after the substantive appeal has been filed, an automatic waiver of AOJ review and or submission of the evidence directly to the BVA after the substantive appeal has been received would cause additional delay if the claims file is still at the regional office. It is also in the best interest of the appellant for the RO to review evidence and issue a decision, after the appeal has been perfected, in instances where the claims file is still at the RO and the evidence submitted would allow a grant of the benefit sought. As it now takes a year or more, depending on docket date, for the BVA to make a decision after it has received the claims file, automatically waiving AOJ review in such instances would cause unnecessary delay.

The American Legion also suggests the consideration of legislation addressing the inordinate amount of time it takes the AOJ to certify and transfer the appeal to the BVA after a substantive appeal is received.

- *Board of Veterans' Appeals Video Hearings*: This proposal would amend Title 38 U.S.C. § 7107(d)(1) and (e)(2) to allow the Board to determine the most expeditious type of hearing to afford an appellant (i.e. an in-person hearing or a video con-

ference hearing), restricting the appellant to the hearing selected by the Board unless good cause or special circumstances are shown to warrant another type of hearing.

The American Legion opposes this proposal. The American Legion does not support a denial of the appellant's right to choose the type of Board of Veterans' Appeals (BVA) hearing he or she desires. The majority of BVA appellants do not opt to have a personal hearing and taking away their right to choose their preferred option serves no good purpose.

- *Board of Veterans' Appeals'—Rationale in Decisions*: This proposal would amend Title 38 U.S.C. § 7104(d)(1), to define "reasons or bases" to mean "a plausible statement of the reasons for the Board's ultimate findings of fact and conclusions of law."

The American Legion has no official position on this proposal.

- *Definition of Prevailing Party for the Equal Access of Justice Act (EAJA) and Veterans Benefits Appeals*: This proposal would amend the definition of "prevailing party" for purposes of establishing eligibility to receive attorney fees and expenses fees under Title 28 U.S.C. § 2412 of the Equal Access of Justice Act (EAJA) for cases handled by the United States Court of Appeals for Veterans Claims (Court).

The American Legion has no official position on this proposal.

- *Filing of Substantive Appeals*: This proposal would amend Title 38, U.S.C., § 7105(d)(3), to establish a clear time period for filing a substantive appeal in order to perfect an appeal to the Board of Veterans' Appeals (Board), to make the filing of a timely substantive appeal a jurisdictional requirement for Board review, and to establish that finality attaches to any matter in which a timely substantive appeal is not filed, all for the purpose of promoting efficiency in the adjudication process.

The American Legion is deeply concerned about the potential impact this proposal will have, but without reviewing the exact statutory language we are unable to provide specific comment.

- *Advisory Committee on Homeless Veterans*: This proposal would extend the Congressional authority to continue the Advisory Committee for Homeless Veterans (ACHV) for an additional three years until 2014.

The American Legion supports this proposal. VA's new initiative to eliminate homelessness among the veterans' population in five years will require this Committee's insight and guidance to making this endeavor a reality.

- *Title 38 Pay Authority to Maintain On-Call Pay for Information Technology (IT) Specialists in VA OI&T*: This proposal would amend Title 38 to continue to allow Title 5 IT Specialists authority to serve in an "on-call" status and receive "on-call" pay because of the requirement to support VA's healthcare mission 24 hours a day, 7 days a week.

The American Legion has no official position on this proposal.

- *Title 38 Pay Authority to Recruit and Retain Healthcare Professionals in VA OI&T*: Legislation will be proposed to allow the Office of Information and Technology (OI&T) Title 38 Pay Authority. This will enable OI&T to recruit and retain healthcare professionals in leadership positions.

The American Legion has no official position on this proposal.

- *Office of Small Business Programs*: This proposal would change the name of the Office of Small and Disadvantaged Business Utilization to the Office of Small Business Programs. This change will bring VA into alignment with DOD's name change in accordance with the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163, Section 904).

The American Legion has no official position on this proposal.

- *Real Property Enhanced Use Leases (EUL)*: Legislation will be proposed to extend the current EUL authority from its expiration date of December 31st, 2011 for five years, until December 31st, 2016.

The American Legion has no official position on this proposal.

- *Franchise Fund*: This proposal would modify Public Law 109-114, Military Quality of Life and Veterans Affairs Appropriations Act of 2006, to provide a better financial procedure for the VA Franchise fund to more quickly return refunds to customers when improper payments are inadvertently made by the fund on the customer's behalf.

The American Legion has no official position on this proposal.

- *VA Police Uniform Allowances*: This proposal would update Title 38 U.S.C. § 903-Uniform Allowance for Department Police Officers to make the uniform allowance paid to Department police officers consistent with current Federal statute and regulations.

The American Legion has no official position on this proposal.

CONCLUSION

Mr. Chairman and Members of the Committee, The American Legion will continue to review the President's budget request. The American Legion had less than 24 hours to review the President's budget request and prepare this written testimony.

Once again, The American Legion supports:

- Increases funding for VA in FY 2011 by \$11 billion above the FY 2010. Increases funding for VA's medical care by \$4 billion in FY 2011 and a projected \$2.8 billion increase in FY 2012 to \$54.3 billion.
- Expands enrollment for 500,000 additional Priority Group 8 veterans by FY 2013.
- Enhances outreach and services related to mental health care and cognitive injuries, including Post Traumatic Stress Disorder and Traumatic Brain Injury, with a focus on access for veterans in rural and highly areas.
- Invests in better technology to deliver services and benefits to veterans with the quality and efficiency they deserve.
- Full concurrent receipt of military retirement pay and VA disability compensation without offsets.
- Combats homelessness by safeguarding vulnerable veterans. Facilitates timely implementation of the comprehensive education benefits that veterans earn through their dedicated military service.

The American Legion welcomes the opportunity to work with this Committee and the Administration on the enactment of a timely, predictable and sufficient budget for the Department of Veterans Affairs.

Mr. Chairman, this concludes my testimony and The American Legion would welcome any questions you or your colleagues may have.

Chairman AKAKA. Thank you very much, Mr. Robertson.

And now we will hear the statement from Rick Weidman.

STATEMENT OF RICK WEIDMAN, EXECUTIVE DIRECTOR FOR POLICY & GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

Mr. WEIDMAN. Thank you, Mr. Chairman, for the opportunity to appear here today. I want to join in the thanks to you for your leadership and that of Senator Burr in getting advance appropriations and, over the last 3 years, major strides toward restoring the lost organizational capacity that we experienced in the flat-line years in the latter years of the last decade. We are getting close for the first time, perhaps, in my adult lifetime to something that could be considered full funding for the VA. We are not there yet, but we are getting closer.

We have four things for the 111th Congress and VBA as our legislative priorities. Number 1 was adequate funding and advance appropriations. Thanks to you and your colleagues, we now have that.

Our number 2 priority, however, we are a long way from, and that is to achieve much greater accountability for how those funds are used and whether or not we have efficient and effective quality care both at the health care facilities and a fair shake and accurate determination on a claim that a veteran files for service-connected disability in a reasonable timeframe. We are a long way from that.

In regard to the President's budget, we commend the administration for continuing strides toward that restoration of organizational capacity, and particularly think that it is necessary to note in the budget document and the appropriations bill the continued emphasis on rural and remote—we would call it remote. Rural is the Northeast Kingdom of Vermont; remote is the Outer Islands of Ha-

waii or many places in Alaska. In fact, it was our Alaska State President Ric Davidge who came up with that distinction that we find very helpful in talking about those issues.

It is worth remembering that 40 percent of the active force today come from towns of 25,000 or less. So the planning for the future about how we site and the paradigm that we use all services, whether it be benefits and compensation and pension or medical services, needs to take that into account and achieve that balance that you rather insightfully asked the Secretary about on the first panel.

Second, homeless veterans. We have a healthy request. The one thing that we would add to that is we would request that the Committee push for full funding up to the authorized statutory limit on the Homeless Veterans Reintegration Program, which we would argue is the most cost-efficient, cost-effective program administered through the Department of Labor. It has always puzzled us as to why Labor has resisted full funding on that program. Which part of putting homeless veterans back to work and get them off the tax dole and on the tax rolls don't you understand? I mean, it is just very puzzling to us.

Also, the need to have a much greater emphasis on access to services and quality of services of women veterans needs to be maintained until such time as the coordinators really take hold. It has come to light within the past year that VA is not clear at all as to where they have women's coordinators and who that person is at a particular facility, much less whether they are doing their job of ensuring equal access and equal quality for women.

In general, while we agree with the notation for those special programs and perhaps one or two others, we think it is important that the Committee ensure that in your request to the appropriators, a 3-5 percent increase be reserved for the VISN directors and for the hospital directors. For 2009, we have not discovered a single hospital director who had an increase from 2008 to 2009 that was greater than 3 percent. And most of them were at 1 percent, which is effectively a cut. And that was used as an excuse for not hiring PTSD counselors where necessary, and people said it was in special programs when we brought it to the attention of central office. We said, "What special programs?" They said, "Mental health." Puzzling to us, I must say.

The last thing, because I see I am out of time here, is to mention that VVA feels very strongly we need an Extramural Research Office established and funded at VA. The research budget, 95 percent of it goes toward hanging on to the medical stars, if you will, at the affiliated medical school. We believe that is a legitimate thing to do, and it is important. But that does not address the research that is needed that is not done anywhere else into the wounds, maladies, and injuries of war, and we encourage you to talk with the appropriators and move toward authorization of such an office in the near future. And we will be coming back to you with a separate letter on that, Mr. Chairman.

Once again, I thank you for the opportunity, sir.

[The prepared statement of Mr. Weidman follows:]

PREPARED STATEMENT OF RICK WEIDMAN, EXECUTIVE DIRECTOR FOR POLICY &
GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

Good morning, Chairman Akaka, Ranking Member Burr, and distinguished Members of the Committee. Thank you for giving Vietnam Veterans of America (VVA) the opportunity to offer our comments on the President's Budget Request for FY 2011. All of us at Vietnam Veterans of America (VVA) wish to thank the leadership shown by this Committee, by the leadership of the Budget Committee and of the Appropriations Committee, as well as the leadership of the entire Senate for your vision in leading the struggle to enact Advance Appropriations. Further, your extraordinary vision in working with your Senate Budget and Appropriations Committee colleagues to secure the dramatic increases in funding for Department of Veterans Affairs (VA) in both the medical system and in the Veterans Benefits Administration in the last three years has been nothing short of astonishing, and we applaud you for it.

First let me note that VVA is one of the many organizations which have endorsed the Independent Budget of the Veterans Service Organizations (IBVSO). We commend our colleagues at the Veterans of Foreign Wars, AMVETS, Paralyzed Veterans of America, and the Disabled America Veterans for their excellent work on this major undertaking, and thank them for the strenuous effort it takes to produce this excellent document each year.

Further, VVA commends President Obama and his Administration for submitting a budget request that continues to move us toward the goal of full funding of the health care and benefits earned by virtue of military service. It is a relatively "lean year" in regard to the Federal Budget request, yet the President has recognized that caring for "he—or she—who hath borne the battle" and their survivors is both part of the cost of war as well as the duty of the Nation and our citizenry. Therefore the President has exempted programs that serve veterans from the projected budget freeze along with the Department of Defense, Department of Homeland Security, and other programs vital to protecting the country. We also would like to thank the administration for increasing funding for women and homeless veterans in the FY 2011 budget.

While VVA does endorse the IBVSO in the main, and lauds the President's Budget Request, there are a few areas that we must comment where we see some needs that are not included in either the IBVSO or in the President's Budget Request for VA.

First, VVA strongly supports the need to indicate where some of the appropriations increases need to be focused by VA managers, such as Post Traumatic Stress Disorder (PTSD) services. The reason for this is that all too often in the past Congress has appropriated additional funds to deal with specific needs, and the money has been redirected at other areas of operation. The well documented instance of money specifically directed by the Congress to start to more properly address the scourge of Hepatitis C a decade ago is one glaring incident of this behavior by VA. Even after being pressed hard by the Congress and the General Accounting Office (GAO), VA could not account for the majority of the funds that were supposedly directed toward correcting the deficiencies of the VA health care system in diagnosing and treating Hepatitis C. There is therefore a natural inclination to ensure that this type of thing does not happen again, both on the part of top managers in the Executive branch and in the Congress.

However, because so much of the funding was centrally directed from Washington, VISN Directors and VA Medical Center Directors reported to us last year that they could not meet certain needs because they only got a small increase of funds from FY 2008 to FY 2009 and/or FY 2009 to FY 2010. Usually those reported increases were from 1% to 3%. This of course caused VVA to ask how this could be, given that there was a much larger increase than that in the appropriation of the medical operations account? Where did the money go? We were told that it was in the special accounts, such as for PTSD. However, some of the unmet needs that local VA managers said they could not meet because of tight budgets were for additional clinicians to deal with PTSD problems of young soldiers returned from the current conflicts.

The argument against making medical care part of the mandatory side of the budget as opposed to keeping it where it is now, in the discretionary side of domestic spending was that Congress would not have adequate control over how the funds were spent. That was persuasive to the veterans' community, so all agreed that we should go to advance appropriations. With the strong leadership here in the Senate, and Chairman Filner and his colleagues in the House, as well as President Obama, we have achieved this important milestone. As you know, VVA's top legislative agenda item for the 111th Congress was Advance Appropriations for VA health care.

Now that this has been achieved, our top legislative agenda item is to assist the Congress in securing much greater accountability in both the efficiency and effectiveness of how each appropriated dollar is spent.

Essentially what we are saying is that the Director of each Veterans' Integrated Service Network (VISN) and of each VA Medical Center (VAMC) must be given funds to be able to handle the increased costs of everything from electricity to salary to supplies, and then held accountable for how well they use those dollars to deliver high quality medical care to every eligible veteran. VVA suggest that several billion be added to the pool of funds that is sent out to the VISNs under the allocation model. VVA further suggest that Congress direct VA to re-examine the Veterans Equitable Resource Allocation (VERA) model to make it a more finely tuned instrument for allotting resources. At present the VA medical facilities in the north are being shortchanged because the veterans who have resources move south, leaving generally the veterans who are poorer, sicker, and in need of more medical services than the more affluent ones who move to warmer climates. The two-tiered system currently employed does not sufficiently account for this phenomena, thereby leaving those VISNs in the north without adequate resources to meet the needs of the veterans in their catchment area.

This does not mean that the President's request should not ask for targeted dollars (e.g., for PTSD, for increased services to homeless veterans, etc.), but that as this is passed down to the local level for actual delivery of services, how much goes where needs to be transparent. VVA National President John Rowan wrote to VA on April 9, 2009, asking for the allocation by VISN and by VAMC of medical care dollars. While it was partly answered within 30 days, the only information provided was for the previous Fiscal Year (FY'08). It is now almost halfway through the second quarter of FY 2010, and we are still waiting for that answer, despite having made repeated efforts to secure same. This is just not acceptable.

NEED FOR MUCH GREATER TRANSPARENCY IN VHA

It is clear to us that mechanisms to achieve a much higher degree of transparency in all parts of the Veterans Health Administration (VHA) needs to be restored, and the trend toward secretiveness that started in 2003–2004, and has only gotten worse each year since, needs to be sharply reversed. There is no better way of securing the undivided attention of the permanent managers employed in the VHA than to make such mandates part of the appropriations process/language, both in the text of the law and in the report language. VVA encourages the Committee to suggest possible language to the Budget and Appropriations Committees in your views and estimates statement.

Further, there needs to be much more consultation and sharing of information between key officials in the VHA and leaders of the veterans' community. The fact that much of the meetings of the Seriously Mentally Ill Advisory Committee now meets in secret, and the Advisory Committee on PTSD meets totally in secret should give everyone pause, particularly after the mis-steps and serious problems with these services at VA over the last four or five years.

OUTREACH AND EDUCATION TO OPEN THE SYSTEM TO ALL ELIGIBLE VETERANS

VVA encourages the Congress to continue and accelerate the lifting of the restrictions imposed in January 2003, and to allow so-called Priority 8 veterans to register and use the system. As a key element in this effort, VVA strongly urges the Congress to mandate that there be a line item in each division of VA specifically for outreach and education, and that all of these efforts be coordinated through the Office of the Assistant Secretary for Intergovernmental and Public Affairs. Having been turned away one or more times by the VA, many of the veterans they are trying to reach are very skeptical (to say the least) about responding to any letters that VA may send asking them to come in and register for health care services.

If it is to be successful, this effort must be coordinated, done on a media market by media market basis, and involve the Veterans Service Organizations and other key players if it is to be successful in drawing these veterans back to VA.

HOMELESS VETERANS

Homelessness continues to be a significant problem for veterans. Among male homeless veterans those of the Vietnam Era are still of the highest percentage, although it is decreasing. Among women veterans this percentage is highest for those of the peace time era after Vietnam and before Gulf War I. In part this is due to the fact that until the end of the Vietnam Era women by law were only able to make up 2% of the Active Duty Force.

The VA estimates about one-third of the adult homeless population have served their country in the Armed Services. With the increasing number of new, and younger, veterans who find themselves without a home and with dependent children, it is essential that the agencies of government and the non-governmental entities funded to assist these men and women be given the mandate and the funding necessary to assist these veterans—before their homelessness becomes chronic. Newly released population estimates suggest that about 131,000 veterans are homeless on any given night and perhaps twice as many experience homelessness at some point during the course of a year.

Vietnam Veterans of America supports the VA FY 2011 budget proposal submitted by the Administration which includes \$4.2 billion for the prevention of homelessness among Veterans, \$799 million for specific homeless programs and expanded medical care, and \$294 million for expanded homeless initiatives. VVA is hopefully optimistic that the funding in the proposed budget will provide the necessary resources for state, non-profit and faith based agencies and organizations to achieve the goal VA Secretary Eric Shinseki has set before us—Ending Veteran Homelessness in 5 Years. We also look forward to VA's plans for establishing these new proposed initiatives.

Thousands of homeless veterans have availed themselves of the VA Homeless Grant and Per Diem programs provided by community-based service providers. Community-based service providers are able to supply much needed services in a cost-effective and efficient manner. The VA HGPS program offers funding in a highly competitive grant round. Because financial resources available to HGPS are limited, the number of grants awarded and the dollars granted are restrictive and hence many geographic areas in need suffer a loss that HGPS could address. The increased dollars in the HGPS Budget will provide for the creation of thousands of new transitional beds.

However, VVA continues to advocate that VA Homeless Grant and Per Diem funding must be considered a payment rather than a reimbursement for expenses, an important distinction that will enable the community-based organizations that deliver the majority of these services to operate more effectively. Per Diem dollars received by services centers are not capable of obtaining or retaining appropriate staffing to provide services supporting the “special needs” of the veterans seeking assistance. Per Diem for Service Centers is provided on an hourly rate, currently only \$3.91 per hour.

Vietnam Veterans of America thanks this Committee for their support as well as your colleagues on the Appropriations Committee for \$75M included in the VA FY 2010 budget for 10,000 HUD/VASH voucher and urges your support for continued funding for and expansion of the HUD/VASH voucher program. As we believe this is a key to ending homelessness among our Nation's veteran population.

Further, VVA requests an oversight hearing on the HUD/VASH program and its processes administered by the Department of Veterans Affairs and the Housing and Urban Development. Oversight is necessary to ensure these vouchers, and any additional vouchers, will be administered, distributed and utilized to the fullest extent possible. Establishing an annual evaluation of their effectiveness will drive not only those vouchers online, but we believe will demonstrate the need for additional vouchers, and will prove to be an invaluable tool in the continuance and expansion of this program.

VVA urges full funding to the authorized level for the Homeless Veterans Reintegration Program (HVRP) administered by the Department of Labor. Congressman Lane Evans, in a 1994 statement before the full House of Representatives explained, “Veterans are veterans no matter what else has transpired in their lives. These men and women served our Nation. Providing them with their rightful benefits can only remind them of their prior commitment to society, promote their sense of self-worth, and further their rehabilitation.”

VVA continues to communicate the importance of transitional residential and supportive service only programs in their approach to placing homeless in permanent housing. Additionally, VVA reiterates the sense of Congress in its proposal process and seeks set aside HUD funding in its McKinney-Vento grant cycle for transitional housing, supportive service only and supportive service dollars within the Shelter Plus Care grant programs.

The current programs that are designed specifically for homeless veterans in place at the Departments of Veterans Affairs, Housing and Urban Development, and Labor to appear to be working. These agencies provide outstanding services and programs to veterans and their families. Enhancing all programs with added supportive services will only add to their success. Supportive services are the key ingredient in finding a solution to this long ignored problem.

The one overriding issue here is that many times society has the misconception that the VA takes care of all veterans. Society must be reminded that, first we are citizens, second we are veterans. Our veterans are due the same services as their non-veteran counterparts, with respect to housing, health and a better life provided through every Federal agency.

WOMEN VETERAN HEALTH CARE

Vietnam Veterans of America (VVA) believes women's health care is not evenly distributed or available throughout the VA system. Although women veterans are the fastest growing population within the VA, there seems to remain a need for increased focus on women health and its delivery. It seems clear that although VACO may interpret women's health as preventative, primary and gender specific care, this comprehensive concept remains ambiguous and splintered in its delivery throughout all the VA medical centers. Many view women's health as only a GYN clinic. As you are aware, throughout medical schools across the country and in the current health care environment, women's health is viewed as a specialty onto itself and involves more than gender specific GYN care.

The new women veterans also need increased mental health services related to re-adjustment, depression, and re-integration, along with recognition of differences among active duty, Guard, and reserve women. The VA already acknowledges the issue of fragmented primary care, noting that in 67 percent of VA sites, primary care is delivered separately from gender specific health care—in other words, two different services at two different times, and in some cases, two different services, two different times, and two different delivery sites. VVA also notes that there are too few primary care physicians trained in women's health, and at a time when medicine recognizes the link between mental and medical health, most mental health is separate from primary care.

VVA seeks to ensure that every woman veteran has access to a primary care provider who meets all her primary care needs, including gender specific and mental health care in the context of an on-going patient-clinician relationship; and that general mental health providers are located within the women's and primary care clinics in order to facilitate the delivery of mental health services.

Providing care and treatment to women veterans by professional staff that have a proven level of expertise is vital in delivering appropriate and competent gender-specific care. It is not sufficient to simply have training in internal medicine. Women's health care is a specialty recognized by medical schools throughout the country. Providers who have both a knowledge base and training in women's health are able to keep current on health care and its delivery as it relates to gender. In order to maintain proficiency in delivering care and performing procedures, these providers must meet experience standards and maintain an appropriate panel size. This cannot occur if women veterans are lost in the general primary care setting. It is critical that women receive care from a professional who is experienced in women's health. If attention is not given to defining qualified providers, it will be a detriment to the quality of care provided to women veterans.

VVA does, however, feel comprehensive women's health care clinics are most desirable where the medical center populations indicate because comprehensive consolidated delivery systems present increased advantage to the patients they serve.

PROVIDING CARE FOR NEWBORNS

VVA asks that particular reflective consideration be given to the following:

As referenced in the Department of Veterans Affairs, Volume II, Medical Programs and Information Technology Programs, Congressional Submission, FY 2011 Funding and, FY 2012 Advance Appropriations Request, the VA addresses the care of a newborn delivered to a woman veteran within the VA policy.

“Amend title 38, United States Code, to authorize VA to provide care for newborns of enrolled women Veterans who are receiving maternity care through the Department of Veterans Affairs. This proposal is to cover costs of newborn hospitalization and is not to exceed 96 hours after delivery. Longer hospitalization or outpatient costs for the newborn, beyond 96 hours post-delivery, would not be authorized in this maternity benefit.”

“VA does not provide care for normal pregnancy and childbirth in its medical facilities pursuant to 38 U.S.C. § 1710, which limits the Secretary to providing care and services which the Secretary determines are “needed” for a “disability.” VA’s rationale for not providing this care was that a normal pregnancy did not constitute a disability.”

VVA seeks a change in this section of the proposed legislation that would increase the time for the provision of neonatal care to 30 days, as needed for the newborn children of women veterans receiving maternity/delivery care through the VA. Certainly, only newborns with extreme medical conditions would require this time extension.

VVA believes that there may be extraordinary circumstances wherein it would be detrimental to the proper care and treatment of the newborn if this provision of service was limited to less than 30 days. The decision for extended would require professional justification. If the infant must have extended hospitalization, it would allow time for the case manager to make the necessary arrangements to arrange necessary medical and social services assistance for the women veteran and her child. This has important implications for our rural woman veterans in particular. And this is not to mention cases where there needs to be consideration of a woman veteran's service-connected disabilities, including toxic exposures and mental health issues, especially during the pre-natal period, multiple births and pre-mature births. This may be especially important as it relates to the ever increasing duty responsibilities of our women in the military and their increasing role in "combat related" service.

WOMEN VETERANS AND THE VETERANS BENEFITS ADMINISTRATION

VVA is concerned that the investment given by the VA in regard to Women Veteran Program Managers at all VA medical centers is not being given the same level of consideration in the Veterans Benefits Administration. VVA seeks to have consistent standards established for the time allocated to the position of Women Veterans Coordinators based on the number of women Veterans in the geographic area that the VARO serves. Additionally we note that there is need for a formalized structure to be established for these WVC in order to provide additional oversight, accountability, and reporting. Frankly, if the Congress does not indicate that this should be done, at least in the Committee report accompanying the Appropriations bill, it is unlikely that VBA will take this much needed enhancement of services for women veterans.

VVA also would seek VA to establish a method to identify and track all outcomes, whether granted or denied, for all claims involving personal assault/trauma. This should be identified and tracked regardless of whether the claim is for PTSD, depression, or anxiety disorder.

VETERANS ECONOMIC OPPORTUNITY

While VVA supports adding additional claims processors to the Compensation and Pension system, it is equally important to add additional staff to the rolls of VA Vocational Rehabilitation. VVA strongly favors reorganizing VA to create a fourth element of VA that would be known as the Veterans Economic Opportunity Administration, giving the current Secretary the opportunity to establish a new corporate culture in the VEOA that focuses on helping veterans to be as autonomous and as independent as possible. Frankly, getting, and keeping, veterans who are homeless off of the street a major goal of VA should make expansion of the VA Vocational Rehabilitation program a top priority, both for adding rehabilitation specialists, and for adding more employment placement specialists. There are currently less than 100 employment placement specialists for the entire Nation. We have excellent leadership at the top of VA Vocational Rehabilitation Service now. It is time to give her the staff and the resources needed to assist veterans to obtain and sustain meaningful employment at a living wage. It is important that the Congress add funding specifically for at least 400 staff members to the VA Voc Rehab staff, with many of those being placement specialist. If we can add 4,000 new staff members to process claims, then we should be able to add 400 staff to help veterans return to work.

VA EXTRAMURAL RESEARCH INTO THE WOUNDS, MALADIES, ILLNESSES OF WAR

While VVA supports the request for \$590 million for VA Research & Development, we hope that all recognize that this is not nearly enough for the tasks at hand. Frankly, much of these funds go to research projects that keep the medical "stars" at VA in the VAMC that are affiliated with a medical school. This is fine, and a useful function. However, there is a glaring need for funding into the wounds, maladies, injuries, illnesses, and medical conditions that stem from service by American citizens in our Armed Forces. The National Institutes (NIH) does virtually no specific veteran related research. Similarly, the same is largely true of the Center for Disease Control (CDC), the National Academies for the Advancement of Sciences (NAAS), and the Agency for Health Research Quality (AHRQ). While VVA strongly supports the work of all of these fine institutions as the only VSO to be a member

of the "Research America!" coalition, we also know that there is an immediate and pressing need for veteran specific research. This vitally needed research would include, but not be limited to, projects such as research into the genochromosomal effects of Agent Orange and other toxins across multiple generations, possibly causing health anomalies in grandchildren and great-grandchildren of veterans exposed. Or, similarly, the consequences in regard to MS or MS-like conditions in veterans or the possible birth defects of children of those exposed to the cloud of chemical and biological weapons detonated in Iraq at the end of Gulf War I.

If it is necessary to create a new branch of VA that would be called the Division of Extramural research in order to make it possible to have such directed research grants available to those inside and outside of VA on a competitive basis, then VVA recommend that we move in that direction, and fund these activities to the level of at least \$2 Billion by the year 2015, with commensurate increases of \$260 + million each year to reach that level. Frankly this is important both for the health of current and future veterans already exposed, but also as a force health protection activity that will assist in preventing such maladies in the future, which makes it necessary for our national security.

In this regard in the short term, VVA strongly urges the Congress to allocate and additional \$30 million for VA to begin to analyze and study the mountains of epidemiological evidence that it has on veterans of every generation, to meet Secretary Shinseki's desire that we not "wait for an Army to die" but rather get answers about patterns of health care problems now, without for prospective studies in the future.

AUTOMATING VA IT FUNCTIONS AND OUTREACH

VA has an ambitious set of proposals to bring the department into the 21st century, and VVA enthusiastically supports these initiatives. However, we are still troubled that VA wants an electronic medical record system that can communicate with the Department of Defense and the private sector, but which will still not be able to communicate with the Compensation & Pension Service.

Further, while we can all be proud that the VA's electronic health care record "Vista" is so popular that it is now being exported to the private sector, VVA is still troubled that this is occurring without a field being added for military history, thereby sending an implicit false message to the private sector that exposures and experiences in military service have no significant impact on the long term health care risks for veterans. I think it is safe to say that most of know this to not be the case for all too many veterans.

Clearly the funds directed toward IT must be significantly increased from the Administration request, by at least a 20% plus increase more than the current Fiscal Year.

Mr. Chairman, thank you for this opportunity to share our thinking and recommendations on these matters.

Chairman AKAKA. Thank you very much, Mr. Weidman.

This question is for the representatives of the *Independent Budget*. The *IB* makes no specific recommendation for increased staffing at VBA for claims adjusters, and the question is: Should the Committee conclude that the *IB* groups believe current staffing levels are appropriate? Mr. Blake.

Mr. BLAKE. I think we could argue—it is arguable whether the staff levels are appropriate. Our position has been, one, that I am not sure we have firm arms all the way around what has been done as far as staffing at VBA in the last couple of years. We do not oppose necessarily the administration's proposal to increase staffing by an additional 4,000. What I will say is in the last, I believe, 3 years, VBA staffing has been authorized an increase of like 7,000 new employees. I am not sure exactly how those are targeted. Our concern remains: how has VBA gone about filling those positions; where are those people; are they still in the VBA and are they being used appropriately; and have they been trained properly?

So, I think that is—while the Committee obviously has to grasp whether they are going to go along with the idea of increasing staffing an additional 4,000, I think it is important to go back and

look at what the VBA has done in the last 3 years with regards to those staffing hires as well.

Chairman AKAKA. Mr. Wilson.

Mr. WILSON. If I could add, we would like to know what the attrition rates have been for the current employees. We would like to know, of those new hires—the 4,200 or 4,300 or so that were hired over the last year—what is their place in training? How does their place in training compare to their attrition rates? Have people in training completed training? Have people who were only hired recently been relieved from employment because they were not adequately—could not adequately meet the requirements of the job? We do not know answers to these questions, though would certainly like to. We have asked them, but they have not been answered by the VA.

Chairman AKAKA. Any further responses to that?

[No response.]

Chairman AKAKA. Well, thank you very much.

My next question is for all the witnesses. What is your view of the administration's incremental approach to allowing more middle-income veterans—the Priority 8 veterans—back into the system?

Mr. Robertson.

Mr. ROBERTSON. Mr. Chairman, I think that it is very interesting that we have had this battle going on for quite a few years, because access to the VA health care system should be for any veteran in need of health care. And I have had discussions with members where they said, "Well, you mean if Ross Perot wanted to come to the VA, we should allow him to come to the VA?" He earned that right, and if that is his best health care option, then we should allow that to happen.

In the midst of all the health care reform debate that is going on, we have seen reactions by the private health care industry where it talked about increasing premium rates at double-digit increases. Yesterday, in my hometown paper, that was one of the front articles; that was an anticipation from one of the major health care providers in my community. That is going to force a lot of veterans to think about other options they have, and many of them may drop their private insurance to come to the VA because they feel it is their best health care option.

This is going to have a double whammy on us. It is going to bring more veterans into the system and fewer options for us to be able to seek reimbursements for third-party contribution—or reimbursements for care. So it may be a major strain on us, but, again, I go back to the original premise. If that is the veteran's best health care option, we should have the doors open. No veteran should ever be turned away from a VA hospital if they are in need of care.

Chairman AKAKA. Thank you.

Mr. WEIDMAN. It is not working well, bluntly—the incremental approach that they are taking. We believe they should open it up to Category 8 veterans in a much more rapid way. Part of that has to do with the outreach effort. Last summer, VBA met with the business processes folks in VHA who were working on the campaign about how to get people in. We said you are going about this

all wrong. What you need to do is go media market by media market; get all of us—meaning veterans service organizations and military service organizations—involved so that we can saturate the media and get free media by going on talk shows, by using our post and chapter newsletters, by encouraging our folks to get the word out to people so that when people then get a mailing from VA, it becomes an evoked response as opposed to a learned response.

Once veterans get turned away, they get turned off. Trying to get people back is going to be a real push, and it is going to take all of us to do that.

However, all of that advice, even though we have talked to them three times since, has been ignored. They have not involved the entire community in trying to get people in Category 8 back into the system before they get sick and get so sick that they lose their job and then they come in as indigent and that much sicker and that much more expensive to treat.

It just makes no sense to us, and we think that the whole thing needs to be speeded up, number 1; and number 2, it needs to be coordinated with the involvement of everybody in the community, including you and your distinguished colleagues on this Committee. You have State newsletters that can be used. There are lots of ways that we can get the word out to the average veteran and his or her family—that they are now eligible—if we will only try and do it as a total group.

VA talks a lot about us being their partners, but when push comes to shove, they freeze us out and do it alone. And they cannot do it alone. That is the problem.

Chairman AKAKA. Thank you very much.

Mr. BLAKE. Mr. Chairman, could I take that question also?

Chairman AKAKA. Mr. Blake.

Mr. BLAKE. Let me say that I think the *Independent Budget* organizations have previously testified that we believed that as the VA moved toward expanding Priority 8 enrollments, it had to be done in a measured way or you could say incrementally. I think it is almost by necessity because the VA system has sort of shrunk by not allowing all those folks to come in starting in 2003. Our feel was that if you opened the system up broadly, you could flood the system without having the capacity to meet their needs.

Now, I will say I agree with Mr. Weidman that I think that it is not going well, at least from the perspective that we have, because there has been very little information provided as to what has actually been done as it relates to that expansion for Priority Group 8 enrollment. I think it was two budget cycles ago, there was the plan that would have allowed \$375 million targeted at an increase of, I think, 10 percent on the income threshold and all of that. There has been very little information provided. I was kind of disappointed in the budget submission that it did not outline the steps going forward with this continuing larger policy for bringing in 500,000 new veterans.

I would also agree with Mr. Weidman. I think while the VA may have this as an initiative and the leadership may have that as an initiative, I am not sure that at the local level there is very little, if any, outreach going on to bring these folks into the system, because what little information we have received suggests that there

has been a slow trickle of new Priority Group 8 veterans coming into the system. And this is where I agree with both what Mr. Robertson and Mr. Weidman said. I think given the current economic environment, not to say that—depending on what happens with health reform, there are so many factors at play that we believe you are going to see an expansion of enrollment into the VA at all different levels.

So, I think we are concerned that there is very little information that has been provided, at least to our community, about what steps the VA has taken to forward that policy.

Chairman AKAKA. Thank you very much.

Now let me call on Senator Begich for your questions.

Senator BEGICH. Thank you very much, Mr. Chairman. I am going to hopefully be brief. I have just been called down to the Senate floor. But let me say a couple of things quickly.

First, to just follow up—mine is going to be on a whole separate issue, but, you know, you are right. What is going to be the impact? You know, if you read the article I read just 10 days ago, 2.7 million people are no longer insured through private insurance. The odds are there are veterans there. I am just betting on it. And more than likely, they are going to figure out that they have got to get service, and that is another increase that is not in the mix. So, when you mentioned the health care issue, this is a growing concern.

Then there are some that have private insurance, have been very happy with it, been able to use it as they see fit without maybe even touching the VA system. But because now individuals are seeing rates—and I just saw another sheet this morning—from 20 percent to 38 percent rate increases. Again, people will make some decisions—the economic decision versus maybe convenience. Maybe it was not as convenient to go to the VA, and they used their insurance differently. But that option may be more limited.

So, your point is very good, that it is not just the 8s, but what else is going to happen in this whole changing economy with our health care system. So I think that is an interesting issue that we have to address.

I want to go, if I can, very quickly. First, thank you all, as usual, for your attendance and your information. It is very helpful. I removed a portion from one of the books because I like to hold it in my hands this way.

On the construction backlog, major and minor—and this is my approach to life, as a former mayor—that is, why don't we just figure out what the backlog range is? You know, I have heard it 5 million, 3 million, 7 million or billion, 9 billion. Why don't we just figure out what that initial requirement is and just do one massive bond then use operating dollars to pay for that for a period of time so we accelerate this? Because the cost—and I am just assuming here—there is a cost factor here every time they delay or partially start a project. I know this from being a former mayor. You can sit there and pay cash all the time; which in this case, we are just paying deficit money anyway. It is borrowed money, so why not limit—and I came up with a number. I was going through the sheet here. But between major and minor construction, it is about \$2 billion a year. I may be wrong about that, but I am just looking

very quickly at the numbers here. If you took a portion of that and said we are going to take that to pay debt—bond a sizable huge bond—you probably can accomplish these things in a much quick way at a lower cost. The bond market will absorb these, I think, very easily because they would be Government-based securities, so forth and so on.

I know that is unusual for the Federal Government to think that way, but maybe that is a way to accelerate this process and actually lower your operating costs, or at least maintain or stabilize your operating costs and accelerate the projects that need to be done, minor and major.

Any comments on that?

Mr. HILLEMAN. Thank you, Congressman—or Senator. Excuse me. You make a very valid point that the longer the delays continue with any construction project, costs go up. The construction material prices increase. Costs for labor increases.

I would say that in tackling the backlog, VA has done a good, steady job of working through the work that is before them, but not in constantly identifying new projects based on the needs of veteran populations or the expansion of specific services at a hospital, developing new wings.

It may be feasible to knock out a number of projects all at once with a larger investment, but I—and I believe the *Independent Budget* would agree with that—it is not going to eliminate the need for ongoing construction throughout the system.

Senator BEGICH. No. Right, I agree. That is why if you have a \$2 billion allotment right now, approximately, you take a portion of that, that is the debt financed to take care of the future. If you keep a strong maintenance, you are kind of getting to ground zero. But you are now forward thinking rather than always—you know, every time you try to step forward in construction, minor and major, you are always going back, because why—you know, the director gets a call. He hears the wing is in deplorable condition. So construction aid project—a new project—gets pushed a little bit further because they have got to resource it immediately, because if you do not, then you have beds that are going to be vacant because you have got to take those people out of those beds in order to modify the system or modify the building.

So, I guess my thought is that it seems you can do both, but the way the Federal Government works is, on construction, they are just not really good about doing what local governments and States do and that is to bond long term. That is what you do. It is like when you buy your house. You get debt and you get it now, and then you have a maintenance budget to maintain it. I mean, that is how I run my household, my two houses I have to maintain by being in this job. It saves me a lot of long-term capital expenditures.

So it would just seem like there may be something there. It is unusual for the Federal Government to ever do something like this, but, you know, I would just argue that local government has been doing it for decades very successfully, building schools, building roads, building police stations, fire stations, and it seems to work.

So that is not to take away what you know you are always going to have, but kind of catch up.

Mr. HILLEMAN. I would welcome the chance to chat with you or your staff more on this, Senator.

Senator BEGICH. Let me follow up with you on that.

Mr. HILLEMAN. Thank you.

Senator BEGICH. Thank you.

Mr. Chairman, I apologize. I have to slip out. But, again, thank you for the opportunity to ask a quick question, and thank you all very much for your work. I apologize for pulling this piece out of the book, but that is how I wanted it—in my hands here. So thank you all very much.

Chairman AKAKA. Thank you very much, Senator Begich, and thank you for your active participation in this Committee. I certainly appreciate that.

Mr. Hilleman, Mr. Weidman, and Mr. Robertson, do you believe that VA has a truly strategic vision regarding the future of VA construction projects? Is this reflected in the proposed budget?

Mr. ROBERTSON. Speaking for the American Legion, we have looked at projects such as replacement of a hospital in Colorado. That project, if they would have been more progressive in their efforts, would have probably come in a heck of a lot cheaper than what it is going to wind up costing them due to delays.

I think that their construction strategy is kind of an amoeba, that every time you think you have got a good hold on it, something starts leaking out on the other side. I think it is something that seriously needs to be addressed and to plant the vision out there, develop the strategy, and start working toward the goal. Some of it involves, I understand, the local dynamics of making sure that all the stakeholders in that community have their say and can offer their comments and views. But you really have to set up a plan and move forward on it and try to accomplish it in a timely manner.

The bottom line is that most of these delays, like with the Las Vegas facility, the Colorado facility, and the one in my home State of Louisiana, the longer the delay takes place, the only people that are being penalized are the veterans that need those services.

Mr. WEIDMAN. The strategic plan, if you will, which is really the CARES decision—VVA disagreed with the CARES formula from the outset because it was a civilian formula and did not take into account the shape of medical care that has to be delivered to veterans.

Just one example. The formula they used had average presentations of one to three per individual who came in, which is not unusual in middle-class people who buy PPOs and HMOs, which is what that formula originally was developed for. Veterans hospitals average between five and seven presentations per individual who comes in, and it is not unusual in homeless vets to have 12, 13, 14 presentations, or things wrong with them, all of which burn resources. So the burn rate of resources and the facilities needed is much higher among veterans than we believe the CARES formula allows for, even with the tinkering and adjustments after the fact for mental health, spinal cord injury, blind and visually impaired—and those, by the way, were only added under significant pressure from the veterans service organizations and the leadership of yourself and others on the Hill, sir.

But it is a plan, and we have recommended for more than 2 years to let us speed up the investment. We went almost a decade with no investment, with totally deferred maintenance at all the facilities across the country. Then everybody comes back and says, "Wow, we need to let this go because they are dilapidated buildings." Well, they did not get that way by accident. They got that way because we did not put in the minor construction, and the deferred maintenance was not done, which now needs to be done. This is the perfect time for the President to come in with ARRA-type of funds just to get it done and bring us back to ground zero.

As I mentioned earlier about the organizational capacity of the VA health care system, which is coming close to being restored to where it should have been, we need to do the same thing when it comes to the construction budget.

Are the recommendations of CARES necessarily the best from our point of view? The answer is no. But it is at least a logical and reasonable plan to start from.

Chairman AKAKA. Mr. Hilleman.

Mr. HILLEMAN. Thank you for the question, Mr. Chairman. To be quite frank, I do not think we have an answer to what the VA's plan looks like at this point and if it will meet the necessary needs. I know that there is a transition to move away from a large hospital model toward more like a super CBOC and focus more intently on outpatient care. I think until we see some more concrete demonstrations of what that plan will look like from a data-driven model, we would withhold judgment, sir.

Chairman AKAKA. Thank you.

My next question is for all members of the panel having to do with DOD transition. We know well that discharged Reserve and National Guard servicemembers face challenges as they rapidly transition from active duty to civilian life and are often unaware of their VA benefits. Can each of you comment on how VA should budget for outreach to servicemembers leaving the military? Mr. Blake?

Mr. BLAKE. I think what you point to is probably the biggest challenge that the VA is facing in bringing new veterans into the system. The Guard and Reserve component also sort of points to the rural component as well. I think the two are very closely tied together. I think we have really pushed on the VA to be involved in the transition—not transition, Senator, but the discharge points for active-duty servicemembers. I think the challenge with the Guard and Reserve is the fact that these men and women come home and then they sort of vanish from the radar. It is a challenge for the VA in reaching any of those folks, even veterans who are sort of off the radar now.

And so as far as budgeting for it, though, I do not know if I have a good answer for that. I would be glad to defer to some of my colleagues who might have a better answer.

Chairman AKAKA. Mr. Robertson.

Mr. ROBERTSON. Mr. Chairman, as a former DVOP in my previous life before coming to Washington, DC, the DVOP program was specifically designed for outreach, and the mandate at that time for a DVOP was to go where veterans are. There is no secret where Guard and Reservists are on drill weekends. They are at

their armories or whatever military base they are supposed to be reporting to. I do not think it would take a rocket scientist to come up with a schedule to have VA employees arrive at the drill bases or the locations where the units are drilling to give briefings, especially if there are changes in policy that would give more benefits or more opportunities to Guard and Reservists to receive medical care or benefits or whatever.

So, I think their most effective tool would be to think about developing an outreach program that actually goes to where the veterans are that need to receive these briefings.

When they are still on active duty and they go through the TAP program, they are a captive audience. But their mind is usually on, "I want to go home," and I do not think everything seeps in. But I think that once they get back to their unit and they start drilling again, to come back and make a presentation at the armories where the servicemembers are located is probably the best solution.

Chairman AKAKA. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman. A couple of items come to mind when I think about transition issues, and Mr. Robertson was talking about that. The Transition Assistance Program, established back during the Gulf War, is an interesting concept, but it has not seen a significant change in its funding since then. Also, it is a matter of simply being able to access the service. There are enough opportunities for people leaving the services, active-duty people leaving the services—not counting Guard and Reserve, to even go through the Transition Assistance Program. There are not.

The Guardsmen and Reservists tend to defer going because they would rather, as Mr. Robertson said, get back home. And when you have the prospect of being put in administrative hold or medical hold, as opposed to going back home after your second or third deployment, how might you decide? I think I would decide to go home, even though it may not be in my best interest. Not the wisest decision that they can make, but they are currently allowed that flexibility.

The solution would be to me, if I were still on active duty and had the opportunity to do so, I would make it mandatory for every single person who is coming off of active-duty orders—that is your Guard and Reserve—to be required to have a physical examination before they leave which at least captures the particular issues that they may be having affect them. If they do not do so—and many do not—that will harm them for the rest of the time they are in veteran status because they will have no way to be able to identify that they had a particular condition while on active-duty orders. The services can do this. They simply choose not to do this because of the cost factor.

The DTAP program and TAP programs, if you look at them, the Marines require everyone—every single Marine is required, mandatory—to go through the Transition Assistance Program. Actually, that means they sign the roster: "Yes, I am scheduled to go." But there is, again, not enough opportunity to go because there are not enough classes for them. And certainly for the other services, they are not required to go, and some can opt out if they wish.

So, appropriate funding for Transition Assistance programs would be useful, plussing it up to numbers that are more appro-

priate. What those numbers should be I do not know. It has been some time. DTAP is not an effective program. VA should go out and talk to the people who use the program. The 2 hours of assistance that they provide people who are extremely disabled, it is not sufficient. Ask them, VA.

A person who is going through spinal cord injury care, is being seen at a VA facility while on active duty. Guardsmen and Reservists may drop through the cracks as well and not even get the assistance they need through BDD or Quick Start or Transition Assistance Programs. So, there are lots of opportunities for growth for Transition Assistance Programs.

Chairman AKAKA. Mr. Weidman.

Mr. WEIDMAN. There basically is no Disabled Transition Assistance Program, even though it is on the books. It just does not exist insofar as anything useful. We have a lot of contact with the young people in Bethesda Naval Hospital and at Walter Reed. And one of the things we always take with us when we go down there or have contact with the young people is the latest copy of the little 5-by-8 book "Federal Benefits for Veterans and Their Families." And the reason for that is VA swears up and down that every young person has it. They do not. These books get snapped up just like that.

So, if we had the resources, what we would do is give everyone a thumb drive, because these young people, all of them, are on the Internet. One of the most helpful things that will be coming down the line is the establishment of the gateway that is being created as a result of the project with VINS and the Veterans Innovation Center which is privately funded and driven, and it will be extremely useful.

There is another tool coming, hopefully next year, called the Veterans Benefits Calculator that is an online tool. What you then have got to do is just make people aware of where to go with it and to market it using the Internet marketing systems and devices ranging from tweeting to you name it.

Last, but not least, I have got to touch on this. I was never a DVOP, but I ran the second largest DVOP/LVER program in the country for the State of New York under Governor Cuomo. I know what has happened to that program since I left. It ain't happening in that program anymore, and it is not happening in the large States. The primary responsibility for delivering Transition Assistance Programs across the country falls on DVOPs and LVERs who do not work for the Federal Government; they work for the States. That is why many of those programs are very truncated, because Ray Jefferson does not have control over those staff even though he is held accountable for it.

It is really past time to Federalize the DVOPs and LVERs. In many cases, they can go back into the same local office they were in before if the local office is acting correctly. But what it does mean is that the State directors for U.S. DOL can have the best staff go out and do the transition programs to catch people and get them on the right track before they get off on the wrong foot as they return to civilian life, whether they are Guard, Reservists, or separating active duty.

We can put together a plan. We know the elements of it. We just do not have the resources. And simply sending more money to VETS in its current form without giving the Assistant Secretary additional power and control over the staff that theoretically he has I do not believe is going to be effective, Mr. Chairman.

Chairman AKAKA. Thank you very much.

Mr. Kelley?

Mr. KELLEY. Thank you, Mr. Chairman. Mr. Kelley from AMVETS. I want to go back to the Benefits Delivery at Discharge Program. It is a great program that allows active-duty servicemembers to file for disability prior to leaving active service. The issue is that it is run on a local memorandum of understanding at each one of these bases. There are over 150 bases or intake sites that will allow these servicemembers to initiate early.

Local commands either do not understand the MOU, have not seen the MOU, or have not bought into the program to help get the information out to the troops. So, one of the big stumbling blocks is not that it is not a good program or it is not an effective program, it is that that communication down to the lowest level on these intake sites has not been received and disseminated out to the other veterans.

Mr. BLAKE. Mr. Chairman, if I might offer one positive comment out of all of this, I would say that, at least from our perspective, we wholeheartedly support the administration's concept or proposal that it has for this Virtual Lifetime Electronic Record. I would suggest that is something long overdue in tracking these men and women from the time they enter service until the time they die.

I think we all agree that is something that needs to be done, but as we have seen in the past, the implementation of that is going to be far more challenging, and it is going to be incumbent upon all of us to press not only the VA but DOD—who has not exactly been the willing partner in all this as well—to make sure that happens, because we think it is a crucial first step in all of this transition process.

Chairman AKAKA. Well, thank you. Thank you very much for your responses. I may have more questions which I will submit for the record.

In closing, I again thank all of our witnesses for appearing before the Committee today. Your participation in this matter is, without question, very valuable to us and what we are trying to do as we go forward in producing the Committee's recommendation on the budget.

I would also say how much I appreciate that VHA Under Secretary Petzel, Assistant Secretary Baker, Steve Muro of NCA, and other members of the Secretary's team have stayed to hear this panel. I hope there will be some communications with your concerns.

I do want to say that we have before us a very good and strong VA budget, and I thank the administration for recognizing the needs of veterans and the system that is designed to serve them. It is being created, it is coming, and it is exciting for me as we continue to push in the right direction to serve our veterans.

I want to wish all of you well in your organizations, and, again, let me personally thank the organizations for your support in what

we are trying to do here legislatively. Without question, together we can really move it well.

I am glad that we have a feeling of making progress in restructuring as we see it come forward, increasing access and making it available to our veterans.

So, thank you very much. I wish you well, and this hearing is now adjourned.

[Whereupon, at 12:03 p.m., the Committee was adjourned.]

