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REPORT

TO THE

COMMITTEE ON THE BUDGET

FROM THE

COMMITTEE ON VETERANS' AFFAIRS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 2000

WITH ADDITIONAL AND DISSENTING VIEWS

MARCH 16, 1999.—Printed for the use of the Committee on Veterans' Affairs of the House of Representatives

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 15, 1999.

Hon. JOHN R. KASICH,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Enclosed with this letter are the VA Committee's views and estimates on the fiscal year 2000 budget for veterans' benefits and services.

As discussed in more detail in our report, this budget's most critical deficiency is the inadequate level of funding recommended for medical care. The President's budget seeks no funding increase above the 1999 level despite recognizing that VA's health care system faces uncontrollable cost increases of some $870 million, at least $135 million in new costs associated with the high prevalence of hepatitis C infection among VA patients, and is at risk of falling $124 million short of an altogether unrealistic third-party collections target. Instead, it calls for a staggering $1.4 billion in unidentified "management efficiencies and savings" to offset anticipated expenditures. When additional costs, which are masked in this budget, are taken into account the real increase in costs is likely to exceed $1.5 billion.

In the words of the VA's Under Secretary for Health, this is a "precarious" budget. Over the last four years, the VA health care system has undergone a restructuring of extraordinary scope. Such steps as the closure of some 27,200 hospital beds, reduction of its workforce by some 20,000, merger of some 40 VA medical centers, and elimination of duplicative functions and programs, have yielded substantial savings. There are no clearly visible avenues left to achieve significant additional efficiencies, and it is inconceivable that further economies could approach the order of magnitude this budget would require. To the contrary, this budget could only be implemented through severe cuts across the country that would compromise access, timeliness, and quality of care.

In the past, the VA Committee has consistently recommended increased funding to meet anticipated VA budget shortfalls and ,nmet program needs. The Committee sees a compelling need for substantially increased medical care funding for fiscal year 2000 to meet the sizeable shortfall in the President's "plan". While it is clear that such additional funding is critically needed, the Committee also proposes a framework for further reform and improvement of the VA health care system. The VA Committee believes that we can foster needed facility realignment and enhanced revenue collec-

tion which would help provide the means to transform the veterans health care system for the 215t century and improve its delivery of care. This proposed "Millenium Plan" is discussed in more detail in the enclosure.

The VA Committee also recommends a $200 million addition to the President's request to fund improvements to All-Volunteer Force veterans' education benefits. The Montgomery GI Bill (MGIB) falls short by $6,007 annually in paying tuition, room and board, fees, books, and transportation at public institutions, and $ 15,251 at private institutions. Through FY 1997, some 13 years after the 1984 enactment of the MGIB, only 48.7 percent of eligible beneficiaries used it. Conversely, 63.6 percent of Vietnam-era veterans used their benefits in the first ten years, from 1966 to 1976. The VA Committee notes the recent Congressional Commission on Servicemembers and Veterans Transition Assistance found that most college-bound youth and their families see a tour of military service as a detour from their college plans, not as a way to achieve that goal. Not surprisingly, each of the military services except the Marine Corps is experiencing recruiting problems. Each of the Joint Chiefs of Staff has recently stated on the record that a rejuvenated MGIB would help recruitment.

Sincerely,

BOB STUMP,
Chairman

BACKGROUND AND COMMITTEE RECOMMENDATIONS

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

Medical Care

In the last four years, the VA health care system has undergone an extraordinary transformation, to include

1. reductions in the number of hospital beds (down 52 percent, or some 27,200 beds since September 1994) and a 31.7 percent decline in hospital admissions;
2. an accompanying increase of 9 million ambulatory care visits in the last four years; and
3. a reduction in the medical care workforce since 1994 of some 19,000.

As though unaware of the extraordinary savings VA has already wrung from its health care system, the architects of the President's budget propose that VA somehow continue to care for an increasing number of patients, take on costly new initiatives, and meet an acknowledged funding shortfall of more than $1 billion through more savings. VA concedes that there is no plan to achieve management efficiencies and savings, and defers to its network directors to identify and execute them. Those directors, in both testimony before our Subcommittee on Health at a February 24, 1999 hearing and telephone surveys, have candidly stated that this budget plan would require them to close needed programs and even hospitals, forego opening new clinics, and make additional cuts which would deny veterans access to care and delay care for others. While some modest additional savings may yet be realized, no responsible VA official has identified a means to achieve savings of the magnitude proposed without having a marked adverse impact on patient care.

In capsule, this budget, which proposes to meet veterans' medical care needs at the FY 1999 level of $17.3 billion:

- seeks no funds for the projected $870 million in uncontrollable cost increases (including pay raises, inflation and State home payments) identified in the President's budget;
- proposes no new funds for a new medical obligation of major proportion—a nationwide hepatitis C problem, which is acknowledged to be more prevalent among VA patients than among the population at large—recognized in the President's budget;
- proposes, without seeking any new funds, expansion of several health-care priorities; and
- "plugs" the huge resultant shortfall with a staffing reduction of at least 6,949 full time positions.

Looking below the surface, this budget would have a more severe impact than the Administration's submission suggests, because its projections mask the depth of the shortfall VA would face. For example, the Administration budget fails to take account of:

- VA pharmaceutical costs—already nearly $2 billion—escalating at a considerably higher rate (more than 10 percent annually) than the 4 percent inflation factor built into the budget. (At the Committee's budget hearing, for example, VA's Under Secretary for Health acknowledged that "the pharmaceutical budget increases are disproportionate to other elements of our budget". Network directors cited cost increases ranging from 10–15 percent despite tight pharmaceutical benefits management and implementation of a national drug formulary.) Drug costs may thus be $110 to $200 million higher than provided for under the budget.
- VA's prosthetics costs, now about $500 million/year, have been increasing at a rate of approximately 18 percent/year; yet the budget provides only about 4 percent for inflation. Prosthetics costs, projected to continue at double-digit growth, are likely to be understated by some $50 million.
- VA's failure, despite the incentive of retaining these monies, to meet its recent medical collections' goals. With FY 1998 collections more than $139 million short, current year collections running behind target, and an FY 2000 goal $124 million higher than this year's, VA could realistically fall as much as $124 million short of projected revenues.
- The projection that VA would have to reduce "only" 6949 FTE to realize $1.1 billion in savings fails to acknowledge that VA's "30–20–10 plan" (achieving a 30 percent reduction in unit costs and 20 percent increase in patients served and increasing non-appropriated revenues to 10 percent), which is the basis for this budget reduction, has broken down. As a recently retired network director testified, it would take a reduction of 20,000 employees to yield $1 billion savings.

As VA medical administrators contemplate this very troubling budget, they must confront a unique patient population. It ranges from a growing population of aging veterans with complex medical needs to a large number of homeless patients. But VA also faces what the House Committee on Government Reform and Oversight recently characterized as a "silent epidemic". Chairman Burton, in an October report, described hepatitis C (HCV), as posing a "daunting challenge to public health":

> Chronic infection can linger without symptoms for more than 20 years, then produce profound health consequences, including liver failure and cancer. There is no preventive vaccine or universally effective treatment. Up to 10,000 will die this year from the disease. That number could triple in the next two decades, according to the Centers for Disease Control and Prevention. HCV has now spread to an estimated 4 million Americans. (H. Rept. 105–820)

The budget does recognize a need for, and proposes, a national program to screen and treat VA patients at risk for hepatitis C. It

projects spending on this program of an additional $136 million in FY 2000. These are new cost, yet the budget fails to request any funds to support such an effort. An additional concern is that the cost could be greater than projected. A combination of drugs has recently been shown to have some efficacy in treating the disease. While the cost of such drug therapy is known—in excess of $1000/patient/month—there is limited data from which to estimate the prevalence of infection among veterans. Veterans who rely on VA for health care are expected to be at greater risk of hepatitis C than the rest of the U.S. population because of exposure to major risk factors for this infection, including blood transfusion prior to 1992 and a history of intravenous and other drug abuse. (The best evidence is from San Francisco where the rate of hepatitis C among VA patients is more than 10 times that of the U.S. adult population. The rate in San Francisco is likely to be higher than in VA settings overall because of the high prevalence of risk factors in the San Francisco area.) It is reasonable and conservative to assume that rates in San Francisco are twice as high as rates in other metropolitan settings. On this basis, it can be estimated that approximately 8.9 percent of VA users nationwide are infected with hepatitis C. The President's budget estimates a prevalence of hepatitis C in the VA user population at 5.5 percent, an estimate which seems low, given the high levels of risk factors for the disease among VA patients. On the basis of assumptions made in the budget, the Committee estimates costs for hepatitis C screening and treatment in FY 2000 of $236 million, $122 million above the projected spending level for FY 1999. Based on these estimates, the budget projection, which calls for an additional $136 million for FY 2000, would appear to be a reasonable estimate of VA's needs for this program. The Committee is concerned, however, that VA may be overestimating the scope of the screening effort for this fiscal year. If medical centers are slow in starting up this effort, the numbers screened in FY 2000 may be larger than anticipated and the costs closer to the full $236 million, resulting in a still larger shortfall.

In essence, without even reaching the merits of the new initiatives proposed in the budget, it is apparent that *VA would require an additional $1.1 billion just to maintain the services it is now providing.* It is also clear to this Committee, in the face of what VA is now *not* providing, that shrinking VA's budget still further would have severe, irreversible repercussions. By way of illustration, this Committee has long questioned VA's planning for the needs of aging veterans. According to the June 1998 independent advisory committee report, "VA Long Term Care at the Crossroads", the number of veterans needing long-term care services is predicted to grow by 13 percent over the next five years. The report confirms this Committee's finding that in many areas to meet budget needs VA long-term care services have been downsized and the mission has been changed from long-term care to rehabilitation. The Committee's budget hearings made it clear that the FY 2000 budget would force still more network directors to make cuts of that kind. For VA to be shrinking nursing home care programs and reducing funding for other long term care programs at the very time that its population is aging is extraordinarily troubling. Such a shift in

VA's long term care mission certainly also has implications beyond the VA medical care budget, and would be felt by Medicaid, Medicare, and State home programs, for example.

Administration-proposed legislation.–The Administration's budget again recommends that Congress enact legislation to authorize "a new smoking-cessation program for any honorably discharged veteran who began smoking in the military." The budget submission advises that, once this program is authorized, the Administration would submit a budget amendment requesting $56 million for this activity.

This proposal is as ill-conceived as its predecessor last year. Notwithstanding this budget's huge funding shortfall, this recommendation calls for substantial new spending on a benefit, which as proposed, must be provided through contracts. It ignores authority under current law under which VA is already providing such services as part of the care furnished VA patients.

The Administration also requests legislation to expand VA's very limited authority to cover emergency services furnished in community hospitals when VA emergency facilities are unavailable. As discussed above, however, it is troubling in the face of a budget shortfall in excess of $1 billion that the Administration would recommend an expansion in this or any other area, without providing needed funding to support it.

The Administration's emergency care proposal also suffers from the lack of a coherent rationale. In advocating for a Patient Bill of Rights, the Administration has argued for legislation which would require any health plan to guarantee its participants emergency care coverage. In proposing that Congress provide emergency care coverage for veterans, however, the Administration would not cover many of those veterans most in need of such a guarantee. Certainly, legislation proposing to cover all veterans' emergency care needs would relieve third parties of contractual or other obligations. Many veterans, for example, do not use VA care exclusively and, through insurance or Medicare coverage, for example, have and use other alternatives. The Committee believes, however, that uninsured veterans who have a high priority to VA care ("category A" veterans) who have relied on VA as their primary health-care provider should not incur extraordinary costs in medical emergencies where a VA facility is not reasonably accessible.

As the Congress moves forward on legislation to provide certain minimum safeguards for those in health plans (to include a right to emergency care), it must certainly ensure no less for veterans. Accordingly the Committee would propose to take up legislation under which VA would cover reasonable costs of catastrophic care furnished in a medical emergency. Such legislation would provide VA with appropriate control mechanisms to contain costs including authority to ensure adequate utilization review. The Committee estimates that enactment of such legislation would entail costs of $500 million in fiscal year 2000.

Additional Legislation: The "Veterans' Millenium Plan"

While recognizing the huge deficiencies of the FY 2000 medical care budget, the Committee believes there is a need for legislation to help set the future of VA health care on a sounder footing and

to better position VA for *future year* budgets. Such legislation should include a framework for better matching VA's infrastructure with veterans' needs, improving access to and the quality of VA care, and calling on veterans to bear a reasonable part of the cost of nonservice-connected long term care, for example.

While this plan has several elements, the Committee strongly believes that its component parts—including a substantial increase in medical care appropriations for fiscal year 2000—are *interdependent*, both to achieve the goal of improved care and to win the support needed for enactment.

The major themes of such legislation would include the following:

- providing greater access to needed care through facility realignment;
- preservation of long-term care programs, and
- providing for enhanced revenues.

1. *Improved access through facility realignment*

Historically, VA hospitals were not consistently sited near veteran population centers. Today, occupancy rates at numbers of VA hospitals are substantially below levels needed for efficient operation and optimal quality of care. Maintaining highly inefficient hospitals, which were designed and constructed decades ago to standards no longer deemed acceptable or, in some cases, functional, substantially diminishes the availability of funds needed to strengthen care-delivery in facilities which should be retained.

While the private sector has seen widespread closure of community hospitals, VA's first hospital closure in many years came about not through the persuasiveness of health planners, but as a result of an earthquake threat. The lessons of that experience are telling, however. The closure of the Martinez, California VA Medical Center and decision not to build a replacement hospital—but instead to establish a full-service ambulatory clinic—are widely recognized as having resulted in improved access to care for many veterans. Subsequent decisions, rejecting proposed construction of hospitals in California and Florida, and relying instead on multi-site contracts for hospital care and new outpatient care sites, provide important case studies. These experiences and subsequent mission changes at other VA hospitals suggest a framework for better matching underutilized, inefficient infrastructure with veterans' needs.

Building on these experiences and VA system needs, the Committee, as one facet of its "Millenium" legislative plan, intends to develop legislation which would:

- require VA, pursuant to network-based strategic plans, to establish "enhanced service programs" at appropriate locations;
- provide that an "enhanced service program" would include
  (1) establishing in the affected service area a state-of-the-art outpatient clinic (and/or expanded long-term care capacity),
  (2) contracting in accordance with specific legislation for needed hospital care (with ongoing VA case-management), and

(3) preferential re-employment assistance for dislocated VA employees in any area where VA ceases to provide direct hospital care under the terms of the bill;

- provide criteria for hospitals that might be considered for selection as "enhanced service program" sites;
- require that VA develop a plan (that takes account of veterans' and other interested parties' views) for each site which must improve accessibility and service-quality and which ensures that all savings remain in the network; and
- require that such plans could not be put into effect until Congress has had a period of time to review them.

While acknowledging the need to better align VA's capital assets to needed missions, the Committee notes that the downsizing which has taken place in the past four years under a decentralized decisionmaking process may in some instances have gone too far. For example, as the aging veteran population has grown, budget-cutting goals have led to closure of long-term care programs in certain areas. Whiie savings from the closure of psychiatric beds in some networks have funded new primary care clinics, intensive outpatient programs have not universally replaced the diminished hospital care capacity. With the recognition that pressures to "increase workload" may overtake statutory obligations to meet often costly patient needs, the Committee will also develop legislation to provide better oversight of significant program closures or downsizing before they are implemented. Such legislation would require VA to develop and submit to Congress detailed business plans associated with any proposed closure of a major health care services (such as the proposed closure of a hospital's surgical service), and to defer implementation for a prescribed review period.

As envisioned, facility realignment should substantially improve veterans' access to care. At the same time, the Committee recognizes that provisions of law governing eligibility still limit some veterans' access. Congress in 1996 enacted legislation, the "Veterans Health Care Eligibility Reform Act of 1996", which revised the patchwork of laws governing eligibility for VA medical care. Given its experience under that law, the Committee proposes to make further remedial changes to that "eligibility reform". Specifically, the Committee will develop legislation to provide express medical care eligibility for veterans who have been injured in combat (Purple Heart recipients). While their combat-incurred injuries are by definition service-incurred, some of these veterans have never sought compensation and could face lengthy delays in receiving needed care because their residual disability has never been formally adjudicated.

The Committee will also seek to elevate the priority of veterans who have retired from military service. A retiree who is not service-connected disabled, has no other "special" eligibility status for VA care, and who has income in excess of VA's statutory "means" test, has generally had limited access to VA medical services. With the closure or downsizing of many military medical facilities, many retirees have also been deprived of access to promised care in military treatment facilities. While Government-sponsored care is available to them through the TRICARE program, many retirees

reasonably question why they cannot receive care through the VA health care system. The Committee intends to pursue legislation to provide retirees such an option. Since provision of care to retirees is primarily a Department of Defense responsibility, the Committee believes such legislation should provide for that Department to reimburse VA. This legislation would also include appropriate safeguards to ensure that this proposed new treatment mission would not diminish or compromise VA's obligation to veterans already entitled to priority under law.

2. *Preservation of VA long-term care programs*

The Department of Veterans Affairs has long recognized the aging of America's World War II and Korean War veterans as a major challenge. Aging veterans' access to acute-care services has expanded significantly since the publication in 1984 of a VA needs-assessment entitled "Caring for the Older Veteran". In contrast, many veterans who have enjoyed markedly improved access to ambulatory or hospital care have been at relative risk with respect to needed nursing home care or alternatives to institutional care.

VA's capacity to furnish needed long-term care has actually shrunk in some areas as officials, identifying such programs as "discretionary", have closed beds or changed the mission of some nursing homes from long-term care to rehabilitation. The Committee is deeply concerned that VA network or facility directors have dismantled critically needed programs on the basis that nursing home care is costly or that Congress has somehow invited VA officials to exercise "discretion" to provide or not provide such care.

The Committee proposes to address long-term care issues by:

- making it clear that nursing home care is not a "discretionary" program, and is clearly part of the VA's health care mission;
- requiring that VA provide ongoing nursing home care in the case of a veteran (1) in need of such care for a service-connected disability or (2) who is 100-percent service-connected;
- providing, for purposes of access to VA nursing homes for care of nonservice-connected conditions, priority for specialized patient populations (such as patients with geropsychiatric disorders and Alzheimers' disease), patients for whom there are no other suitable placement options, and patients in need of rehabilitation; and
- requiring VA to augment provision of community-based long-term care services such as adult day health and home-based care (subject to maintaining current level of program effort) through the establishment of a revolving fund in the Treasury for deposit of certain new revenues

3. *Enhanced revenues*

Through its long years of service to America's veterans, the VA health care system has found support primarily as a system dedicated to the care and rehabilitation of veterans with service-incurred disabilities and as a "safety net" for other veterans who lack medical insurance or other health care options. Consistent with this mission, Congress has provided for VA to furnish cost-free care

to both veterans needing treatment for service-connected disabilities and to low-income veterans. While current law sets broadly applicable copayment requirements on outpatient prescriptions and requires higher-income veterans to bear part of the cost of their care, there is an inherent inconsistency in these policies. This Committee's recommendation for increased medical care appropriations and its companion effort to establish a legislative foundation for better meeting veterans' health care needs makes it appropriate that it re-evaluate current policy on cost-sharing. Considerations of equity support such a re-evaluation.

For example, under current law, largely arbitrary circumstances often dictate whether similarly situated veterans will receive entirely cost-free VA nursing home care or bear very substantial costs of care—either in a State veterans nursing home or indirectly through a required spend-down of assets to qualify for Medicaid. All but three States operate State veterans' nursing homes, and in all but one State veterans are required to make payments toward the cost of their care, up to a prescribed maximum and subject to ability to pay.

The severe reductions anticipated under the fiscal year 2000 budget raise the prospect that many nonservice-connected veterans who now enjoy free or nearly cost-free VA care could lose access to VA services entirely. In that regard, recent news accounts highlight that those with *other* health-care options will, for example, face managed care-plan prescription copayments of $5 for generic drugs, $15 to $20 for a brand-name drug on a plan's formulary, and up to $40 for a brand-name non-formulary drug (Wall Street Journal, January 12, 1999). Current law limits VA to charging a $2 copayment for each 30-day supply of medications furnished on an outpatient basis for treatment of a nonservice-connected disability. (Veterans who are 50 percent or greater service-connected disabled and veterans with very limited income are exempt from this requirement.) Also in marked contrast to other health plans, VA is providing large numbers of veterans hearing aids, eyeglasses, and other devices under a liberal VA interpretation of eligibility law. Individuals seeking such services under other health plans would often incur out-of-pocket payments under copayment or deductible provisions, or be denied the service altogether. Yet most nonservice-connected veterans, receiving a benefit never before available in the VA, bear no part of its cost.

In the context of the multi-faceted legislative plan discussed above, the Committee will develop legislation on cost-sharing which would:

- remove the inherent inequity in current law by requiring VA to establish a copayment policy applicable to any episode of nursing home care for a nonservice-connected condition. Such policy would be based on a copayment methodology derived from requirements used by States for veterans' nursing home care (to include ability to pay and protection of the spouse of a veteran from financial hardship). A similar requirement would be established for extended periods of home health care;

- provide that copayments applicable to long-term care would be for deposit into a revolving fund to be used exclusively to expand long-term care programming; and
- authorize the Secretary to establish reasonable copayment increases on prescription drugs and reasonable copayments on hearing aids and similar items (subject to the exemption policy reflected in section 1722A of title 38, United States Code). For veterans with higher incomes, the Secretary could seek to recover substantially higher copayments for such items.

Medical Research

The proposed $316 million budget for medical and prosthetic research reflects a well-balanced strategy to continue broad-based programs to expand understanding of disease and disability. The budget targets research areas of particular importance to veterans. While recognizing that this budget falls short of maintaining the level of research staffing for the current fiscal year, the Committee does not propose to increase this appropriation, given the extraordinary shortfall in medical care funding.

Major Medical Construction

As the Veterans Health Administration continues to evolve from a hospital-based network to an integrated health care system which provides services through a broad spectrum of delivery mechanisms, VA is necessarily reviewing the missions of many of its facilities. In some instances hospitals have taken on more focused missions, and even ceased to provide hospital care. At the same time, many of VA's major tertiary care facilities have only grown in the complexity of the services they provide.

VA's infrastructure is vast and has an estimated replacement cost of over $34 billion. It is an aging infrastructure, with more than 40 percent of its building over 50 years old, an age industry would consider obsolete. Although many of its patient care facilities have undergone some renovation work over the years, few were designed and constructed to accommodate current medical practice patterns.

While VA has made significant strides in establishing community-based outpatient clinics and shifting care from inpatient beds to outpatient services, VA will undoubtedly continue to need to operate hospitals, and, in many cases, VA must bring those facilities into compliance with patient care and safety needs. There continues to be an important role, accordingly, for major medical construction.

VA has not had great success, however, in articulating where such construction should take place and how to establish priorities among competing construction needs. The Committee is disappointed with the fruits of its efforts to require the Department to employ systemwide strategic planning in answering those questions. To illustrate, the Committee has learned that seven of the 18 major construction projects identified by the Department (in its Strategic Planning Report in response to section 204 of Public Law 104–262) as its FY 1999 *highest priority* major medical construction projects were dropped from that list based on network re-evalua-

tions. One must question the nature of this planning process when more than one-third of VA's top priorities last year are deemed "rejects" today. In that regard, it is perplexing—given the problem of medical centers which were not designed with significant ambulatory practice in mind—that a proposed construction project for the Washington, D.C. VA Medical Center, which was identified as a priority in the FY 1999 Strategic Plan, and which was authorized by Congress last year, was not proposed for funding this year (and, in fact, is among the projects which was dropped from the priority list).

There is no question but that there is an extensive need for major medical construction in VA. Given uncertainty, however, regarding VA's own assessment of where construction should take place, and lack of a basis to understand its priority-setting, the Committee approaches the identification of needed major medical construction projects with great caution. Testimony by VA's Under Secretary for Health citing a need for additional hospital mission changes highlights the importance of such a cautious approach.

Most of the unfunded construction projects recommended by this Committee last year and authorized by the Congress appear still to be needed. Accordingly, with an eye to meeting those construction needs as an initial priority, the Committee recommends a funding level of $140 million, a $66 million increase above the Administration's proposal.

Minor Construction

The minor construction account funds a broad range of construction work on projects costing less than $4 million, ranging from inpatient and outpatient renovations and improvements to upgrading electrical, ventilation, and heating and cooling systems. Operating in facilities which are often many decades old, VA requires the flexibility provided by this account to correct safety and code deficiencies, replace utility systems, improve ambulatory care space, and address other such physical plant needs.

The Committee is concerned, however, that minor construction funds are being committed to projects without any apparent connection to strategic plans. Accordingly, the Committee envisions further oversight on this area to ensure prudent allocation of the $175 million requested for this important account.

State Home Construction

This program provides funding for up to 65 percent of the cost of construction or needed renovation to help assure that States can assist in meeting veterans' needs for nursing home and other long term care. The states have been reliable partners in this effort, and many have appropriated monies in advance to establish priority for grant funding. (States which have already made their share of funds available for a needed project have the highest priority for grant assistance.)

With VA medical centers having reduced long-term care nursing home beds, the State Veterans Home Program has become even more critical to meeting the needs of aging veterans. Increasingly, VA nursing home beds are available only to veterans in need of

short-term rehabilitation. It is most troubling, accordingly, that this budget would more than cut in half, to $40 million, appropriations for a program substantially dedicated to long-term nursing home care. Such a cut would leave without funding support in FY 2000 more than $75 million in pending "priority #1" projects, those for which the States have already put up the required funding.

The Committee awaits with interest the results of a consultant management study on this program, and believes its findings and recommendations will be helpful in its review of proposals for revising the rules governing prioritization for funding of grant applications. The Committee's interest in considering such legislation should in no way, however, suggest a diminution in commitment to this program. Accordingly, the Committee proposes an appropriation of $90 million for fiscal year 2000.

Medical Administration and Miscellaneous Operating Expenses (MAMOE)

The MAMOE budget funds the headquarters' operations of the largest health care system in the country. Over the years, an ever-shrinking MAMOE budget has reduced the size of VA's headquarters' staff. Congress, however, has not reduced its expectations of VA. It looks to VA's headquarters not simply to set policy, but to manage and oversee the VA health care system. Last year, based on concerns regarding headquarters' lack of sufficient oversight of the quality of VA care, Congress increased the MAMOE budget. The proposed MAMOE budget of $61.2 million for FY 2000 will permit VA to meet the expectations set by Congress last year.

VETERANS BENEFITS ADMINISTRATION

General Operating Expenses

The General Operating Expenses account funds full time employee equivalents (FTEE) and operating expenses for both the Veterans Benefits Administration (VBA) and VA's Central Office (headquarters). VBA administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 60 regional offices or medical and regional office centers. These programs include compensation and pension, education, vocational rehabilitation, insurance, and loan guaranty (home loans). VBA is also responsible for processing applications for these programs. Headquarters includes the Secretary's staff and other VA support staff, and is located in Washington, DC.

The Department proposes to increase overall VBA staffing by creating 164 new FTEE in fiscal year 2000. Such positions would be used for adjudicating disability compensation and pension claims.

The Committee supports this proposed increase in FTEE because VBA's backlog of claims waiting to be processed is again increasing, approaching 454,000 claims. The situation is simply this: the funnel into which all the work is being poured is too small. The adverse effects of the overflow are a decline in the quality of work and employee moral. The Administration and Congress must recognize that benefit programs cannot be delivered effectively without sufficiently well-trained staff.

To illustrate the Committee's concern about the quality of work being affected by the FTEE levels, in January, 1998, VA completed the first Systematic Technical Accuracy Review (STAR). This review of a national sample of original compensation claims found that 36 percent of the claims contained at least one serious error. In that group of claims, errors averaged over four per claim. Clearly, this error rate is substantially higher than VA had ever admitted or recognized and the VA Committee highly commends VBA for its candor and willingness to finally document what most stakeholders have been saying for years.

Benefit Program Operations

Compensation & Pension Service (C&P).—The ability of VA to provide timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, effective implementation of computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between the various VA agencies and military service departments. Over the past decade the number of trained personnel in the adjudication division has declined by approximately 40 percent. The Committee commends the Department for continuing to reverse this trend—with the 140 FTEE increase it proposed for adjudication services in fiscal year 1999—and a net additional 440 FTEE for such purposes for FY 2000. The 440 FTEE increase is derived from two sources: (1) 164 new FTEE mentioned above, and (2) 276 derived largely from a redistribution of resources from general support staff, and the education, housing, and insurance programs. These additional employees are critical as VBA faces the loss of numerous highly experienced claims decisionmakers due to retirement. Further, with VA's Inspector General reporting average processing times of 150.6 days for an original compensation claim and 145.6 days for a reopened compensation claim, the Committee supports the 440 FTEE increase in the C&P Service proposed in fiscal year 2000. The Committee recommends an additional $5 million to be used for quality assurance and staff training and development purposes.

Vocational Rehabilitation and Counseling Program (VR&C).—The goal of the Vocational Rehabilitation and Counseling Program is employment of disabled veterans and certain dependents. To accomplish that goal, VR&C is authorized to furnish all services and assistance necessary to enable service-connected disabled veterans to become employable, obtain and maintain suitable employment, or to achieve maximum independence in daily living. Additionally, VR&C is authorized to provide educational and vocational counseling services to eligible active-duty members, veterans, and dependents. Last year, about 9,000 veterans were rehabilitated, and VA projects a slight decline in program participants from 53,004 in FY 1998 to 50,726 in FY 2000. Vocational rehabilitation specialists currently carry an average caseload of 300 participants, and the small decline in overall participation will not appreciably affect the average.

The General Accounting Office issued reports in 1984, 1992, and 1996 citing significant program management problems, such as a failure to focus on employment, an inability to identify program costs, high drop-out rates, poor case management and an almost

blanket use of college degree programs for rehabilitation. VA's Inspector General in 1988, VA's VR&C Design Team in 1996, and the Congressional Commission on Servicemembers and Veterans Transition Assistance in 1999 confirmed such findings, especially with respect to a proper focus on long-term suitable employment for program participants. The Committee applauds VBA initiatives to (1) reduce the average number of days for veterans to enter suitable employment from 103 days in FY 1996 to 75 days in FY 2000, (2) improve the percentage of participants who exit the program and are successfully rehabilitated from 42 percent in FY 1999 to at least 55 percent for the years beyond FY 2000, and (3) develop and implement a joint training program with the Department of Labor's Veterans' Employment and Training Service. The Committee is supportive of the budget request of 969 FTEE for the Vocational Rehabilitation and Counseling Service. The Committee notes this request includes the establishment of the newly-created position of Employment Services Specialist in each of VBA's nine Service Delivery Networks. These are new positions that will be used to help place service-disabled veterans in long-term, suitable employment and will be funded through existing resources.

Education Service.—VA's Education Service is responsible for several programs, most notably the Montgomery GI Bill (MGIB), which provides earned education assistance benefits to 411,000 veterans, active duty, and National Guard and Reserve personnel, as well as programs for survivors of veterans who are 100 percent disabled, died of a service-connected disability or were killed on active duty.

The Committee notes that today's veteran is different from veteran-populations under previous GI Bills. For example, it has been estimated that 10–20 percent of the uniformed military population during the Vietnam era was married. Today, 68 percent of all separating soldiers and almost 40 percent of those eligible for Montgomery GI Bill benefits upon separation are married. Usage is lower for married veterans than for single veterans.

The Committee commends VA for an initial savings of 19 FTEE generated in large part by electronic data interchange technology initiatives such as electronic claims folders, electronic certification and verification of monthly enrollment, and school-generated electronic awards. The Committee encourages continued development of such initiatives for program management purposes.

NATIONAL CEMETERY ADMINISTRATION

The National Cemetery Administration (NCA) (known as the National Cemetery System from 1973 to 1998) provides national shrines honoring those who served in uniform and should be maintained as places of high honor, dignity and respect. Currently, 149 cemeteries and soldiers' lots located in 41 states, the District of Columbia and Puerto Rico comprise the NCA. Since establishment of the NCA in 1862, approximately 2.6 million veterans have been interred in national cemeteries and approximately 6.7 million headstones and markers have been furnished.

For fiscal year 2000, the Administration is proposing an increase of $4.89 million to fund NCA. This includes funds for 23 additional

FTEE to accommodate increased workloads throughout the system as well as to support operations and activation requirements at the Abraham Lincoln, Dallas/Fort Worth and Saratoga National Cemeteries, and the new national cemetery in the Cleveland, Ohio, area. The Committee is in full support of the Administration's request for an additional $4.89 million, including 21 FTEE, for the National Cemetery Administration.

Between fiscal years 1995 and 2010, the veteran population will decrease by six million (23 percent). Consequently, NCA faces an increasing workload because many of the remaining 6.3 million veterans of the World War II generation will seek burial in a national cemetery. The NCA's workload per FTEE will continue to grow in all areas of operations. For example, the total number of gravesites and acreage maintained will increase every year. The number of headstone and memorial certificates delivered will also increase. In fiscal year 1998, VA interred 76,718 veterans and family members. In fiscal year 2000, VA expects to inter 80,300 individuals and by the year 2004, the number of interments is projected to increase to 98,700. VA also expects to process 342,000 grave marker applications in fiscal year 2000. Similarly, the number of gravesites maintained is estimated to exceed 2.3 million in fiscal year 2000. NCA must have both human and material resources to accommodate these increases.

National Cemetery System Operating Account

The Committee is pleased that VA is proposing to increase funding by $1.2 million for maintenance and repair, grounds maintenance and related supplies. These funds are vital to preserving the appearance of the cemeteries.

The National Cemetery Administration maintains approximately 400 buildings and 100 miles of roads. To help with that maintenance, VA has an inventory of more than 8,000 pieces of equipment with an estimated value of $23 million, approximately $7.2 million of which is past due for replacement. The Committee supports the Administration's proposal of $2.2 million to replace equipment and reduce the backlog of obsolete units by $400,000.

Cemetery Construction

VA's construction needs for new and existing cemeteries are addressed through Major and Minor Construction appropriations. NCA has focused construction planning on creating new cemeteries in areas of the country with the greatest unserved veteran population, extending the life of existing cemeteries through gravesite development and repairing and maintaining the infrastructure of the system. The Committee notes (1) there are no funds requested for additional new cemeteries beyond the four scheduled to open through 2000, and (2) VA requests only $500,000 in Advance Planning Funds for cemetery construction.

The Committee recommends adding $3.6 million in major construction planning funds, i.e. planning and site acquisition, to create national cemeteries in Atlanta, Georgia and Detroit, Michigan. Atlanta and Detroit appear on VA's list of the ten areas of the country having the greatest need for a national cemetery in light of veterans' burial needs, which will peak in fiscal year 2008. Pru-

dent planning is essential as: (1) at the end of fiscal year 1998, of the 115 existing national cemeteries, only 57 contained available, unassigned gravesites for the burial of both casketed and cremated remains, and (2) by the year 2004, only 55 VA national cemeteries will be open for both casketed and cremated remains.

The Administration's fiscal year 2000 proposal contains a $11.9 million major construction project for gravesite and columbarium development at the Leavenworth National Cemetery. The Committee fully supports this proposal.

Minor construction projects, which are those costing less than $3 million, total $18.9 million for fiscal year 2000, and the Committee supports that request.

STATE CEMETERY GRANTS PROGRAM

The State Cemetery Grants Program provides grants to assist the states in establishing, expanding, and improving state-owned veterans cemeteries. Increasing the availability of state veterans' cemeteries is one way to serve veterans who do not reside near a national cemetery. State cemeteries augment—but do not supplant in any way—VA's national cemetery program. The Veterans Benefits Improvements Act of 1998 made the State Cemetery Grants Program more attractive to the States by increasing the maximum Federal share of the costs of equipment from 50 percent to 100 percent, and by making initial equipment costs eligible for grant funding. The States remain responsible for providing the land and for paying all costs related to the operation and maintenance of the state cemeteries, including the costs for subsequent equipment purchases.

The State Cemetery Grants Program is funded at $11 million for fiscal year 2000. Since its establishment in 1980, VA has made grants of $56.4 million through fiscal year 1998. Nearly 100 grants have been awarded to 25 states, Saipan and Guam since the program's inception. For fiscal year 2000, NCA has budgeted $11 million for the State Cemetery Grants Program. In light of veterans' burial needs projected to peak in FY 2008, the Committee recommends an additional $4 million for the State Cemetery Grants program to help address such needs.

ARLINGTON NATIONAL CEMETERY

Arlington National Cemetery is the nation's premier resting-place for veterans. The cemetery is currently the final resting-place for over 250,000 remains. In fiscal year 2000, Arlington Cemetery officials estimate they will add about 5,900 remains to that total, and conduct 2,800 non-funeral ceremonies.

The Administration's request is $33,000 above the fiscal year 1999 appropriation. The Committee does not support that request and recommends an additional $500,000 to support operations and maintenance at Arlington National Cemetery. The Committee also recommends an additional $1.75 million to(a) design and construct a vehicle storage garage building at Arlington's facilities maintenance complex, (b) initiate a study relating to repairs needed at (1) the interior of the reception building at the Memorial Amphitheater, and (2) the Robert F. Kennedy gravesite.

BOARD OF VETERANS' APPEALS (BVA)

More than 80 percent of the Board's decisions concern contested disability compensation claims. Prior to fiscal year 1992, BVA response time—the number of days it would take BVA to render decisions on all pending certified appeals at the processing rate of the immediately preceding on-year time frame—rarely exceeded 150 days. However, as the impact of the Court of Appeals for Veterans Claims decisions began to take effect, BVA's response time climbed steadily from 139 days in FY 1991 to a peak of 781 days at the end of fiscal year 1994. By the end of fiscal year 1998, the Board reduced its response time to less than 200 days (197 days) for the first time in seven years.

A review of BVA data over the past three fiscal years provides a snapshot of the demonstrable progress BVA has made toward meeting the production levels needed to reduce the backlog of appeals pending. For example, the Board reduced the fiscal year 1996 backlog of over 60,000 appeals to under 35,000 as a result of additional resources provided over fiscal years 1997 and 1998, as well as several management initiatives. In fiscal year 1997, the BVA made over 43,000 decisions, an increase of 10,000 over the previous year. Regrettably, however, 42 percent of those decisions were remands to the regional offices, another example of the quality problems that continue to plague the regional offices. In FY 1998, BVA issued 38,886 decisions. This total represents a 10.3 percent decrease from FY 1997, when the Board issued 43,347 decisions. The decrease is primarily a result of (1) a higher percentage of final, non-remand decisions (56.7 percent) than was issued the previous year (53.3 percent), and (2) a heightened emphasis on decisional quality.

The Committee commends the Board on its recent integration into a single appeals tracking system of the formerly separate systems used by VBA and the Board. This joint system, Veterans' Appeals Control and Locator System, allows the Department to (1) monitor and process appeals in a more efficient manner, and (2) analyze appellate workload trends and appeals processing performance. The Committee also commends BVA's ongoing initiative to increase electronic exchange of information with VBA and thus improve date currency and decrease administrative handling.

The Committee supports the Administration's request of $41.5 million for the Board.

INSPECTOR GENERAL

The VA's fiscal year 2000 request for a $7.2 million increase in budget authority for the Office of the Inspector General (OIG) is fully justified by the office's workload and scope of activities. The requested increase includes $4.7 million to contract out the audit of VA's consolidated financial statement, and $2.5 million for current services. While the contract would free audit staff to address other audit issues, the budget request would not provide any funding for additional staff needed for essential investigation and inspection work. Despite the budget request's apparent misstatement that the funding would support an increase of 12 in "average employment," OIG employment for fiscal year 2000 would actually re-

main at about the fiscal year 1999 level of 360 authorized full time employees, well below the statutory floor of 417 set by 38 U.S.C. section 312.

Therefore, the Committee recommends providing the OIG with increases for fiscal year 2000 of $4.7 million for contracting out audit of the consolidated financial statement, $2.5 million for maintaining current services, and $3.5 million for 35 additional employees. The Committee believes 10 of the additional employees should be assigned to the IG Hotline, which is seriously understaffed and is referring many cases back to VA rather than to the OIG. This damages VA employee confidence in the Hotline by making assurances of confidentiality problematical. The remaining additional employees should be assigned to criminal investigations and health care inspections.

U.S. Court of Appeals for Veterans Claims

The Veterans' Judicial Review Act, Public Law 100–687, established the U.S. Court of Veterans Appeals as an executive branch court (later renamed as the U.S. Court of Appeals for Veterans Claims.) The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, vacate, reverse or remand such decisions as appropriate. The Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of Veterans Affairs. The Court also has the authority to compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed. The Committee supports the Court's budget request of $11.4 million.

Department of Labor

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. To accomplish those goals, the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET) is authorized to implement training and employment programs for veterans. The ASVET also acts as the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures that affect veterans.

The Committee is aware of the significant changes in the national labor exchange system. States are changing the way they deliver employment services and adopting new service delivery models ranging from devolving state programs to the county level to privatizing some or all employment functions and instituting one-stop employment centers under the Workforce Investment Act of 1998.

Since the Veterans' Employment and Training Service and its state-based Disabled Veterans Outreach Program Specialist and Local Veterans Employment Representative system depends upon the state employment services, VETS must adopt new strategies to deliver employment services to veterans. Aggressive recommendations for doing so are made in the January 14, 1999, report of the

Congressional Commission on Servicemembers and Veterans Transition Assistance. By statute, the Secretary of Labor has until about April 19, 1999, to comment to the House and Senate Committees on Veterans' Affairs on the Commission's findings and recommendations.

Such Commission findings include: (1) fewer than two percent of veterans go to the Employment Service (ES) when looking for a job and ES data show that only 12 percent of the veterans who do go to the ES get permanent jobs following their visit, and (2) according to DOL's 1997 Annual Report, nine states met DOL performance standards while placing fewer than 10 percent of veteran registrants in jobs. Conversely, the Department of Labor states that during program year 1997 that it helped into jobs 26.5 percent of veterans registering for services.

Commission recommendations include: (1) Congress should reengineer veterans' employment services to meet the new reality of a highly automated, integrated, and customer-focused environment; (2) Congress should replace the DVOP and LVER programs with (a) a new Veterans Case Manager program to provide job-seeking skills, job development, and referral services to disabled veterans, veterans facing employment barriers, and recently separated veterans, and (b) a new Veterans Employment Facilitator program to facilitate Transition Assistance Program (TAP) workshops and market veterans' employment to local employers; and (3) DOL should award grants for veterans employment and training services competitively on a state-by-state basis so that the most cost-effective organizations can provide the services.

The Committee wishes to note it has consistently supported the LVER program since Congress established it in 1944 as part of the original G. I. Bill of Rights. The Committee has also supported the DVOP program, including codifying it in 1980. In addition, with the 1988 enactment of Public Law 100–323, the Committee supported a statutory funding formula for both LVERs and DVOPs. Moreover, in its annual budget views and estimates, the Committee has consistently recommended full funding for DVOPs and LVERs, although such full funding has not occurred since 1989. However, in light of recent findings and recommendations of the Congressional Commission on Servicemembers and Veterans Transition Assistance, the Committee believes it should focus its efforts on reengineering the delivery of Veterans' Employment and Training Services rather than recommending additional resources for the current program.

DISABLED VETERANS' OUTREACH PROGRAM

Under section 4103A, title 38, United States Code, the Secretary of Labor is required annually to make available sufficient funds for use in each state to support the appointment of one DVOP specialist per 6,900 veterans of the Vietnam era, veterans who entered active duty as a member of the armed forces after May 7, 1975, or service-disabled veterans. For fiscal year 1999, this formula results in 2,119 DVOPs. The Administration's budget provides funds to support 1,431 DVOP positions, 688 below the Congressionally-mandated level. The Committee supports this request.

Congress established the Disabled Veterans Outreach Program (DVOP) to provide intensive employment and training services to service-connected disabled veterans and other veterans in need of job search and placement assistance. DVOPs serve as workshop facilitators for the Transition Assistance Program (TAP), a 3-day program that provides transition counseling, job-search training and information, placement assistance and other information and services to servicemembers who are within 180 days of separation from active duty. DVOPs also develop job and job-training opportunities for veterans through contacts with employers. Additionally, DVOPs provide assistance to community-based organizations and grantees who provide services to veterans under other federal and federally-funded employment and training programs, such as the Job Training Partnership Act and the Stewart McKinney Act.

LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES

Section 4104(a)(1), title 38, United States Code, mandates that the Secretary of Labor make available funding to support the appointment of at least 1,600 full-time LVERs and the states' administrative expenses associated with the appointment of that number of LVERs. The Administration's budget provides funds to support 1,306 LVER positions. The Committee supports this request.

Congress established the LVER program to functionally supervise the provision of job counseling, testing, job development, referral and placement to veterans in local employment services offices. LVERs participate in TAP workshops and maintain regular contact with community leaders, employers, labor unions, training programs and veterans service organizations in order to keep them advised of eligible veterans available for employment and training. LVERs also provide labor exchange information to veterans, and promote and monitor participation of veterans in federally funded employment and training programs. Finally, LVERs monitor the listing of jobs by federal contractors and subsequent referrals of qualified veterans to these employment openings, refer eligible veterans to training, supportive services, and educational opportunities, and assist, through automated data processing, in securing and maintaining current information regarding available employment and training opportunities.

DOL also manages the Homeless Veterans Reintegration Program (HVRP). The program is designed to provide support services to local agencies targeting homeless veterans with employment assistance. For the past three years, the President and the Appropriations Committee have failed to support funding for the program, while the law creating this program authorizes $10 million per year. This year the President has proposed $5 million for HVRP. The Committee notes that the funding for HVRP veterans' employment and training initiatives has failed to keep pace with the funding for other agencies that provide transitional housing and supportive services. For example, Congress has increased funding for HUD (homeless) programs from $72 million in FY 1988 to $823 million in FY 1998, and also increased health care and substance abuse programs administered by the Department of Veterans Affairs from $13 million to $76 million during the same time period. The Committee recommends funding for HVRP at the au-

thorized level of $10 million to increase employment services to homeless veterans.

The Committee notes that 458 DVOPs and 431 LVERs do not have personal computers or access to the Internet or America's Job Bank/Talent Bank. The employment search needs of many job-ready veterans can be met primarily through their personal access to the Internet. Nevertheless, many veterans do not have personal access to such electronic job listings and must visit a local Employment Service office for help. The Committee recommends the addition of $1.75 million to outfit DVOPs ($911,000) and LVERs ($840,000) with Internet/AJP access at their workstation or their outstation location.

NATIONAL VETERANS' EMPLOYMENT AND TRAINING SERVICES INSTITUTE

The National Veterans' Employment and Training Services Institute (NVETSI) is operated under contract by the University of Colorado at Denver and provides basic and advanced instruction in veterans employment programs and services. Because this is the only source of formal training for federal and state employees for veterans employment programs, NVETSI is vital to the success of those programs. The President has recommended $2 million for fiscal year 2000 to train 1,500 veteran service providers. Of the current 2,700 DVOP and LVER staff, 2,400 have not attended the new Labor Employment Specialist training to provide core competencies to veteran service provider staff. An additional $1 million would train 2,800 veteran service providers. The Committee recommends funding NVETSI at $3 million for FY 2000.

PROPOSED LEGISLATION

Cost of Living Adjustment (COLA).—The Committee supports a cost-of-living adjustment (COLA) for compensation and dependency and indemnity compensation equal to the COLA calculation for Social Security recipients.

The Committee will not take action on the Department's proposed legislation to pay Filipino veterans and survivors full disability compensation. Prior to the Committee's July 22, 1998, oversight hearing on existing veterans' benefits for Filipinos, the Committee sent a series of questions to the Department. Because the Department will be affected by any change to existing law, the Committee requested that, among other things, VA address how it would prevent Filipino veterans not actually residing in the U.S. from using post office boxes or fictitious residences in order to qualify for compensation. History has shown a very real potential for fraud. To date, the Department has not provided the Committee with a plan for implementing the Administration's proposed legislation.

Additional Legislative Items Which the VA Committee May Report with Direct Spending Implications

Montgomery GI Bill.—The Committee recommends a $200 million addition to the President's request for improvements to veterans' education benefits. This will provide improvements in the basic education benefit.

The cost of education has increased over 7 percent per year since the inception of the Montgomery GI Bill in 1985. Today, a veteran with two years of honorable military service receives a maximum of $4,752 for a nine-month school year from the Montgomery GI Bill (MGIB). But the average annual cost in 1996 for tuition, room and board, fees, books and transportation at a public institution was $10,759, a total increase of 109 percent since 1987. For private schools, the annual cost is now $20,003, an increase of 84 percent since 1987. As a result, the Montgomery GI Bill falls short by $6,007 annually for a public school and $15,251 for a private school. The Committee notes that participation in the MGIB lags behind the Vietnam-era GI Bill. Through FY 1997, some 13 years after the 1984 enactment of the MGIB, 48.7 percent of eligible beneficiaries used the MGIB. Vietnam-era GI Bill usage for the first ten years (June 1966 to June 1976) was 63.6 percent.

The Committee notes the recent Congressional Commission on Servicemembers and Veterans Transition Assistance found that most college-bound youth and their families see a tour of military service as a detour from their college plans, not as a way to achieve that goal. Not surprisingly, each of the military services except the Marine Corps is experiencing recruiting problems in various ways. Each of the Joint Chiefs of Staff believes a rejuvenated Montgomery GI Bill would help recruitment, as evidenced by their testimony before the Senate Armed Services Committee on September 29, 1998.

Minor Revisions Requiring Direct Spending Authority.—The Committee recommends $10 million for minor changes to the dependency and indemnity program and other limited revisions in the compensation program.

National Shrine Initiatives

The Committee recommends $1 million for a one-time assessment, by an independent contractor, of the basic maintenance repairs needed at individual VA national cemeteries to ensure a proper and respectful setting. Such a step would serve as the first component of an on-going assessment of (1) how to make a reasonable number of VA national cemeteries more of the design/quality/stature of the American Battle Monuments Commission, and (2) the number of VA national cemeteries needed beyond 2010.

Homeless Veterans Reintegration Program

The Committee recommends a five year authorization for this program at $10 million per year, beginning in fiscal year 2000. Such reauthorization would make the program more permanent.

HOUSE COMMITTEE ON VETERANS' AFFAIRS
March 11, 1999

[In Thousand U.S. Dollars]

	FY 1999 Enacted FTE		President's 2000 Budget Request		99/'00 Budget Comparison	Committee Recommendation	Administration/ Congressional Comparison
	Amount	FTE	Amount	FTE			
Benefits Programs							
Compensation and Pensions	$21,857,058	.....	$21,568,364	.....	$(−288,694)	$21,568,364	0
Proposed COLA (2.4%) eff. 12/1/99	.....	.....	293,300	.....	(+293,300)	303,300	$(+10,000)
Readjustment Benefits	1,175,000	.....	1,469,000	.....	(+294,000)	1,469,000	0
Proposed Legislation	.....	.....	.....	.....	.....	200,000	(+200,000)
Veterans Insurance and Indemnities	46,450	.....	28,670	.....	(−17,780)	28,670	0
Veterans Housing Benefit Program Fund	746,503	.....	282,342	.....	(−464,161)	282,342	0
Veterans Housing Benefit Program Fund, Current	159,121	.....	156,958	.....	(−2,163)	156,958	0
Native American Veterans Housing Program	515	.....	520	.....	(+5)	520	0
Guaranteed Trans. Housing Loans; Homeless Veterans	.....	.....	9,600	.....	(+9,600)	9,600	0
Education Loan Program	207	.....	215	.....	(+8)	215	0
Vocational Rehabilitation Program	455	.....	472	.....	(+17)	472	0
Total Benefits Program	23,985,309	.....	23,809,441	.....	(−175,868)	24,019,441	(+210,000)
Medical Programs							
Medical Care	17,278,580	184,800	17,306,000	174,420	(+27,420)	18,499,000	(+1,193,000)
Proposed Legislation	.....	.....	.....	.....	.....	500,000	(+500,000)
Transfer from Med. Care Collections Fund	625,000	.....	749,141	.....	(+124,141)	625,000	(−124,141)
Subtotal Medical Care	17,903,580	.....	18,055,141	.....	(+151,561)	19,624,000	(+1,569,859)
Medical and Prosthetic Research	316,000	3,036	316,000	2,838	0	316,000	0
MAMOE	63,000	540	61,200	573	(−1,800)	61,200	0
Total Medical Programs	18,282,580	188,376	18,432,341	177,831	(+149,761)	20,001,200	(+1,569,859)

Construction Programs							
Construction, Major	142,300	50	60,140	50	(−82,160)	126,140	(+66,000)
Construction, Minor	175,000	.....	175,000	80	0	175,000	0
Parking Revolving Fund	.....	.....	.....	.....	.....	.....	.....
Grants State Extended Care Facilities	90,000	.....	40,000	.....	(−50,000)	90,000	(+50,000)
Grants State Veterans Cemeteries	10,000	.....	11,000	.....	(+1,000)	15,000	(+4,000)
Total Construction Programs	417,300	130	286,140	130	(−131,160)	406,140	(+120,000)
General Operation Expenses and Misc.							
GOE–VBA	654,809	11,273	706,353	11,437	(+51,544)	711,353	(+5,000)
GOE–General Administration	228,392	2,490	206,000	2,601	(−22,392)	206,000	0
General Operating Expenses	883,201	13,763	912,353	14,039	(+29,152)	917,353	0
National Cemeteries System	91,916	1,369	97,000	1,406	(+5,048)	98,000	(+1,000)
Inspector General	35,970	374	43,200	374	(+7,230)	47,900	(+4,700)
Total GOE and MISC.	1,011,087	15,506	1,052,553	15,819	(+41,570)	1,063,253	(+10,700)
Total Appropriation	$43,696,276	204,012	$43,580,475	193,780	$(−115,801)	$45,490,034	$(+1,909,559)

ADDITIONAL AND DISSENTING VIEWS AND ESTIMATES

On March 11, 1999, the House Committee on Veterans' Affairs met to recommend views and estimates on the Department of Veterans Affairs fiscal year 2000 budget. On a party-line vote to move the previous question, the Ranking Democrat, the Honorable Lane Evans, was denied the opportunity to offer a Democratic alternative to the Chairman's proposal.

In the simplest terms, the Administration and the Committee majority have failed to recommend sufficient resources for fiscal year 2000 for the Department of Veterans Affairs (VA) and the Veterans Employment and Training Service (VETS) of the Department of Labor (DOL). Neither of these proposed budgets would provide the funding required to meet our national obligation to America's veterans. It is our view that, if we as a nation are to fulfill our commitment to this group of special and unique citizens, the Administration's FY 2000 budget request for VA and VETS must be increased by $3.196 billion. In contrast, the Committee majority recommends an increase of only $1.9 billion.

Although the Administration would require the VA to provide an increased level of benefits and services, its budget proposal does not include the resources needed for VA to fulfill the goals set for it. Similarly, although the Committee has recommended a funding level significantly above that provided by the Administration, the Majority proposal also assumes the VA can successfully fulfill its added responsibilities without providing the necessary resources.

We are concerned that, although the Committee majority has acknowledged that the resources proposed by the Administration for VA for next fiscal year are inadequate, they have underestimated the magnitude of the budget shortfall. We are also concerned that the majority appears to have embraced the Administration's overconfident assertion that increased VA management efficiencies will somehow provide the additional monies required to reduce and eliminate the funding shortfall.

As the Committee has pointed out in past years, the decision to deny needed resources and claim that unreliable management efficiencies will generate the required funding is disingenuous, at best. Some, in fact, have described this approach to budgeting as cynical. The truth is that although carefully selected and implemented efficiencies can generate needed funding, these efficiencies simply cannot provide savings of the magnitude necessary to fund the initiatives proposed by the Administration and acknowledged by the Majority. Additionally, to the degree that management efficiencies do produce savings, there are not enough of those dollars to address existing problems, such as unacceptably long waits for health care, much less restore reductions in programs which have already occurred, provide the needed expansion of current programs and fund new initiatives.

It should also be pointed out that management efficiencies are too often achieved by slashing staff and closing beds. The obvious result is that veterans must either wait longer and longer for medical care or choose another health care provider. An example of this inevitable result was illustrated in a recent edition of the Miles

City (MT) Star. The article described a local veteran who, as a result of untimely VA care, was forced to obtain private care and a stiff bill even though his 50 percent service-connected disability should have ensured him access to VA care. The Salisbury (NC) Post recently described the plight of a veteran who for months unsuccessfully sought an appointment with a VA doctor because of pain in his foot. Finally giving up in frustration, the veteran was found to have an inoperable tumor by non-VA doctors. This is not the quality of care our grateful nation has promised to provide our veterans.

We are also concerned that the majority budget, unlike the Democratic budget proposal, does not specifically include needed increases in funding for VA long-term care initiatives or mental health programs. Funding these two proposals is imperative if we are sincerely committed to meeting veterans' needs. Long-term care is virtually disappearing from the VA health care system as many facilities begin to ration this care because of budget constraints. Most facilities are now limiting what they continue to refer to as "nursing home" care to restorative care, rehabilitative care, and care for terminal illness. Lifetime placement is almost a thing of the past. Many of VA's medical centers are even discharging veterans with Alzheimer's disease.

It is apparent to us that the need for long-term care for an aging veterans' population is limitless. While we cannot afford to provide "everything to everybody", neither can we ignore the problem while growing numbers of veterans are compelled to turn to Medicare or Medicaid to meet these needs. Unfortunately, this rationing is happening at a time when World War II veterans are reaching the age when their reliance on long-term care is at a peak.

VA's Federal Advisory Committee on Long-term Care has recommended that VA double or triple its investment in home and community based extended care. The President's Budget recommended that VA commit $106 million to begin to achieve this goal, but did not provide the funding to do so. Additionally, the Majority budget does not expressly address the growing need for long-term care for veterans. In contrast, our proposal would support a $165 million initiative to allow VA to restore some nursing home care in its own programs, state homes, and the community.

The Democratic budget includes $100 million in additional funding to bolster the faltering continuum of care available for chronically mentally ill veterans. The evidence that these programs are being seriously compromised, at least partially because of budget constraints, is substantial. The Northeast Program Evaluation Center (or NEPEC) says that the resources devoted to mental health programs are decreasing as a share of the budget. This is a clear indication that VA has trimmed all the "fat" and is beginning to cut into the bone. As a result, VA's mental health programs are being more adversely affected than other treatment programs. As in the private sector, which once had managed care but now has managed spending, VA is choosing to treat the "visible wounds" of our veterans over the psychic ones.

The decreasing share of the budget provided for mental health is reflected in cutbacks in mental health workloads. If plans for 2000 are implemented, VA will have eliminated ⅔ of its psychiatric cen-

sus and almost ½ of its psychiatric inpatients treated since fiscal year 1995. In addition, psychiatric beds have dropped from 16,392 in 1996 to 10,285 in 1998, a 37 percent decrease.

Ambulatory mental health care is also feeling the pinch. Outpatient visits for post-traumatic stress disorder (PTSD) dropped between 1995 and 1997. VA also closed specialized outpatient PTSD and specialized inpatient and residential PTSD programs. Between FY 96 and FY 97, VA also decreased both the number of veterans treated in the Health Care for Homeless Veterans program and the number of visits per veteran treated. Between FY 93 and FY 97, the homeless veterans VA treated were less likely to have either serious psychiatric disorders or a substance abuse disorder, indicating VA may be selecting easier cases over the most chronically ill. VA is closing these programs despite evidence of their effectiveness. The NEPEC has documented improvements in alcohol and drug problems, mental illness and social or vocational problems. Despite Congressional protection and demonstrated effectiveness, VA appears to be withdrawing its support of these programs, leading us to conclude the cause is inadequate funding. To ensure that VA can maintain effective programs for the chronically mentally ill, the Democratic budget recommends adding $100 million to restore these types of needed and effective programs. Neither the Administration budget nor the Majority proposal recommends the funding needed to strengthen these programs.

The Democratic budget proposal will support a higher level of care for aging veterans and veterans with chronic mental illness. Evidence of program erosion in both of these areas is rampant and we must give VA the resources to halt and reverse it.

As shown in the documents that follow, the Democratic budget also included increased funding levels for the Montgomery GI Bill, employment programs, burial benefits, VA staffing, and other important veterans' benefits and services. The Democratic members of the House Committee on Veterans Affairs carefully considered the needs of the veteran community and our national commitment to these special men and women. The budget we recommended was realistic, reasonable, responsible and appropriate. We are disappointed that the Republican majority refused us the opportunity to even discuss this proposal on behalf of the veterans of America.

We listened closely to the testimony of the veterans' service organizations over the past few weeks and we heard a strong sense of urgency and frustration that we have never heard before. America's veterans are telling us they have done more than their fair share—and now they expect us to be their advocates. They are telling us to speak up—to speak up and remind our colleagues that America is safe and free only because of the generations of men and women who willingly endured the hardships and sacrifices required to preserve our liberty. They are telling us to speak up and remind our colleagues that no act of citizenship is worthier of our respect than the willingness to serve in America's Armed Forces and to protect and defend our ideals.

In summary, the Democratic budget proposal is similar in magnitude to that recommended in the Independent Budget and would add $3.196 billion to the Administration proposal. The Democratic budget would increase health care spending by $2.17 billion over

the Administration request and $474 million over the Chairman's recommendation. Our proposal would increase GI Bill funding by $881 million over the Administration and $681 million over the Chairman's proposal. The Democratic alternative would provide an additional $61.45 million in benefits over the Administration and $50.45 million over the Chairman. Finally, the Democratic proposal would provide $79.9 million more than the Administration for veterans' employment services and VA general operating expenses. This is an increase of $66.9 million over the Chairman's proposal. We deeply regret the Majority's refusal to allow full consideration of the Democratic budget proposal for fiscal year 2000. Unfortunately, it is America's veterans who have served and sacrificed to defend democracy who, ironically, will suffer as a result of this subversion of the democratic process.

Representative LANE EVANS
Representative BOB FILNER
Representative LUIS GUTIERREZ
Representative CORRINE BROWN

[Attachments follow:]

Lane Evans Substitute
Increases to Administration FYOO Budget Proposal
Brief Summary Explanation

		Benefits (Mandatory Spending)
$	20,000,000	Cancer service-connection presumption
$	1,000,000	Hepititis C service-connection presumption
$	100,000	DIC restoration
$	24,600,000	Increase basic burial benefit from $300 to $600
$	881,000,000	MGIB enhancements (first year cost)
$	926,700,000	SUBTOTAL, Benefits
		General Operating Expenses (Discretionary Spending)
$	6,250,000	250 FTEE increase VBA
$	159,904	Two FTEE increase for VA Office of Public and Intergovernmental Affairs
$	93,476	One FTEE increase for VA liaison with VSOs
$	838,430	Ten FTEE increase for OIG Hotline inquiries
$	1,463,200	Sixteen FTEE increase for OGC and alternative dispute resolution training
$	7,300,000	Six FTEE increase for Office of Assistant Secretary for IRM and equipment
$	16,105,010	SUBTOTAL, GOE
		Construction (Discretionary Spending)
$	9,500,000	National cemeteries repair and advance planning
$	91,000,000	Major Medical Construction
$	29,000,000	Minor Medical construction
$	50,000,000	Grant to states for extended care facilities
$	179,500,000	SUBTOTAL, Construction
		Medical Care (Discretionary Spending)
$	550,000,000	Emergency care
$	135,000,000	Hepititis C screening and treatment
$	562,000,000	VHA payroll
$	279,000,000	VHA uncontrollables
$	32,000,000	State home per diem 1/3
$	5,000,000	Oversight of contract and state home care
$	100,000,000	Psychiatric care enhancement
$	39,600,000	Homeless initiatives
$	271,000,000	Long term care enhancements
$	30,700,000	Provides health care to Filipino veterans in the U.S.and the Phillipines
$	2,004,300,000	SUBTOTAL, Medical Care
		VETS(DOL) (Discretionary Spending)
$	5,000,000	HVRP
$	40,201,000	DVOP to statutory formula
$	22,604,000	LVER to statutory formula
$	1,000,000	NVTI
$	1,200,000	Computers for DVOP and LVER
$	70,005,000	SUBTOTAL, VETS (DOL)
$	926,700,000	TOTAL MANDATORY ADDITIONS
$	2,269,910,010	TOTAL DISCRETIONARY ADDITIONS
$	3,196,610,010	TOTAL ADDITION

EVANS' SUBSTITUTE

Additions to Administration FY 2000 Budget for the Department of Veterans Affairs (VA) and Department of Labor (DOL) Veterans Employment Training Service (VETS) Budgets

BENEFITS and Veterans Benefits Administration Full-Time Employees

$20,000,000 Presume Service-Connection for Certain Cancers Associated with Radiation Exposure

Provides a presumption of service-connection for certain cancers for veterans who were involved in radiation-risk activities. There is no accurate measurement for some veterans of their exposure to ionizing radiation during military service. Cancers, which are associated with such exposure, should be service-connected.

$1,000,000 Presume Service-Connection for Certain Veterans with Hepatitis C

Provides a presumption of service-connection for veterans who were exposed to certain Hepatitis C risk factors during military service and who now have Hepatitis C. Since Hepatitis C is usually silent at the time of infection and no reliable diagnostic blood test was available until 1992, many veterans who were exposed to Hepatitis C during military service can not demonstrate the onset of the disease by reference to their service military records.

$100,000 Restore Benefits Eligibility to Certain Surviving Spouses

Permits surviving spouses who have Dependency Indemnity Compensation (DIC) benefits reinstated to regain eligibility for CHAMPVA (health care), housing and education benefits.

$6,250,000 Increase Employees for Veterans Benefits Administration

Provides an additional 250 employees to adjudicate claims, reduce backlog and to insure an adequate replacement workforce for impending retirements. With a large number of adjudication personnel nearing retirement eligibility, additional personnel must be hired during the next fiscal year to begin the training to assure continuity of claims adjudication during the transition.

$24,600,000 Increase Burial Allowance

Increases from $300 to $600 the basic burial allowance for veterans in receipt of compensation or pension. This benefit has not been increased since 1978 although the average cost of a funeral has more than tripled over the past 20 years from $1522 to $4782.

$9,500,000 National Veterans' Cemeteries Repair and Planning

Reduces the repair backlog at national cemeteries and provides funding for advanced planning of new national cemeteries.

$881,000,000 Enhance the Montgomery GI Bill (MGIB)

The MGIB is no longer a meaningful readjustment benefit or recruitment tool. Educational assistance of nearly equal value is widely available to individuals without serving in the Armed Forces. Benefits recommended by the Transition Commission are: full tuition and fees, elimination of $1,200 pay reduction, authority for transferability, increase basic benefit to $600/monthly, acceleration of benefits, and transfer of remaining active duty Veterans' Educational Assistance Program (VEAP) eligibles to MGIB. This recommendation would enhance the Transition Commission's recommendation by increasing the stipend for 4-year enlistments from $400/month to $800/month and increasing the basic benefit for 3-year enlistments from $600/month to $900/month.

VETS, DOL

$5,000,000 Enhance Homeless Veterans' Reintegration Program

Provides employment and training assistance to homeless veterans under the Homeless Veterans Reintegration Program, DOL. An additional 3,500 homeless veterans would be placed in jobs – studies show that 275,000 veterans are homeless on any given day.

$40,201,000 Increase Disabled Veterans Outreach Program (DVOPs) Personnel

Provides an additional 688 DVOPs per statutory formula, DOL. An additional 70,864 veterans would receive employment assistance with this increase.

$22,604,000 Increase Local Veterans Employment Representatives (LVERs)

Provides an additional 295 LVERs per statutory formula, DOL. An additional 33,925 veterans would receive employment assistance with this increase.

$1,000,000 Increase National Veterans Training Institute (NVTI) Training

Provides an increase for the NVTI. NVTI provides training regarding veterans' benefits, case management, veterans' reemployment rights and other topics for individuals who assist veterans in their efforts to obtain employment and training. Under the President's budget, 1,500 veteran service providers would be trained. An increase of $1 million would provide training for an additional 1,300 service providers.

$1,200,000 Provides computers for Veterans Employment and Training Service, DOL

This additional funding would provide computers and Internet access for 600 DVOPs and LVERs. Because of the significant growth of America's Job Bank, other on-line job-listing sources, and additional employment-related information, it is critical that all DVOPs and LVERs have access to the internet in order to effectively assist their veteran customers.

MEDICAL CARE

$550,000,000 Authorize Emergency Care

Provides veterans in all categories of priority for health care enrolled in Veterans Health Administration (VHA) facilities with emergency health care when and where needed. VA would reimburse emergency care and services if veterans enrolled in VHA without Medicare, Medicaid or private insurance that covers such care.

$135,000,000 Provides Screening and Treatment for Hepatitis C

Provides for the cost of health care screening and treatment for veterans with Hepatitis C. Veterans appear to be at a greater risk for Hepatitis C than the general population. VA statistics show an increase in the number of cases at VA medical facilities. An electronic survey conducted by the Infectious Disease Program Office from February 1997 through September 1998 of 125 VA medical centers identified over 21,000 VA patients who tested positive for Hepatitis C.

$562,000,000 Provides Payroll and Benefits Increases for VHA Employees

Provides an increase in VHA payroll, including an increase in pay for nurses subject to locality pay provisions. This supports a 3.6% annualized pay raise in 1999 and includes a 4.4% pay raise in 2000, both of which will be applied in FY 2000. Some nurses who have been subject to locality pay have not received a pay raise for five years.

$279,000,000 Provides for inflation, rate changes and other uncontrollable costs

Based on VA's estimate of accomodating an inflation rate of 3.9% for medical care and 1.3% for non-medical care.

$32,000,000 Accommodates Operating Costs and Workloads in State Homes

Provides funding for VA to meet its per diem support commitment of 1/3 of the average national cost of care in state veterans' homes. Increases rates of payment and number of days of care reimbursed to state homes to 33 1/3% of VA costs. (The law holds VA's increases to these programs to its own inflation rate.)

$5,000,000 Increases the oversight of contract and state home long-term care programs

Will allow additional employees to ensure contract compliance, focusing on the quality of care from providers with whom VA contracts. (A recent IG report criticized VA's oversight of state homes.)

$100,000,000 Restores part of VA's continuum of care for Seriously, Chronically Mentally Ill Veterans

Reverses the trend of decreasing VA's psychiatric workload in many areas. The increase would allow VA to restore in FY 2000 approximately 10% of its patients (9,334) treated in psychiatric wards or to restore or bolster a number of effective mental programs including substance abuse treatment, Intensive Psychiatric Community Care, specialized Post-Traumatic Stress Disorder treatment, and health care for homeless veterans programs.

$39,600,000 Provides an increase for the Homeless Providers Grant and Per Diem Program

Increase is based on VA's budget of $39.6 million for homeless initiatives.

$30,700,000 Provides health care access for Filipino veterans in the United States and in the Phillipines

The increase is based on extending the same priority eligibility categories to Filipino veterans as U.S. veterans. In part, this fulfills our national obligation to these individuals. Most are 70-80 years of age and need health care. Includes $500,000 for outpatient care for Filipino veterans in the Phillipines.

$271,000,000 Enhances home and community based extended care programs

VA estimates an increase of $106 million in implementing its long-term care initiative and another $165 million would allow VA to increase Average Daily Census by 10% in its operated or sponsored nursing home programs.

CONSTRUCTION, MAJOR

$91,000,000 Increase Major Medical Construction

$28.7 million for an ambulatory care clinic expansion in Washington, DC; $22.4 million for seismic corrections in Palo Alto; $17.5 million for a replacement Spinal Cord Injury Center in Tampa; and $22.4 million for mental health treatment enhancements in Dallas.

CONSTRUCTION, MINOR

$29,000,000 Allow VHA to correct patient privacy deficiencies

Women veterans' privacy in VHA has been a long-standing concern. A recent GAO report concluded that VA has made progress towards improving the health care environment to afford women patients comfort and a feeling of security. However, the report also revealed that many deficiencies still exist. The most prevalent impatient deficiency was a lack of sufficient toilet and shower privacy, and the most prevalent outpatient deficiency was the lack of curtain tracks in various rooms.

STATE HOMES

$50,000,000 Allow VA to Fund More Priority 1 State Home Grants

Provides an increase for grants to States for extended care facilities. VA establishes a priority list of applications as of August 15 of each year. VA's current funding level is not adequate to support the existing priority one applications.

GENERAL OPERATING EXPENSES (GOE)

$159,904 Add Employees for Public Affairs

Provides two (2) additional employees for the Office of VA Public and Intergovernmental Affairs. It is important to expand public affairs outreach efforts to make veterans aware of program improvements.

$93,476 Provide a legislative liaison for veterans service organizations (VSOs)

Includes travel for the Principal Deputy Assistant Secretary and the legislative liaison to attend major VSO conventions. VA does little work to provide VSOs an understanding of the VA's legislative efforts, and vice versa. VA could learn from this, and the VSOs' experience could be brought into legislative process more effectively.

$838,430 Provides additional employees for the VA Office of the Inspector General Hotline

Allows 10 more employees for the OIG Hotline. The Hotline, with 22,000 annual contacts, is seriously understaffed, referring 90% of cases to VA rather than to OIG. The budget request leaves the Office of the Inspector General (OIG) 43 employees short of the requirement in section 312, of title 38 USC.

$1,463,200 Increase FTEE and **Enhance Office of General Counsel**

Provides for an additional 30 employees. Funds increases in demand for legal services, alternative dispute resolution (ADR) training, and allows greater utilization of ADP technology. The demand for legal services is projected to continue increasing in the areas of benefits, business, and employment law. There have been an unprecedented number of new case filings in the Court of Veterans Appeals. VA General Counsel has been unable to keep pace with the demand for representation and has been admonished by the Court to increase its efforts or risk sanctions. Increased training of attorneys in the utilization of alternative forms of ADR will make VA General Counsel more effective and efficient. Greater use of ADP technology in legal research will improve efficiency in delivery of legal services. (NOTE: VA proposal requests only one additional FTEE, and a decrease of $284,000 from current estimate for ADP and office equipment, supplies, and materials.)

$7,300,000 Provides for an additional six (6) employees for the Office of the new Assistant Secretary for Information Resources Management

Adds six new employees to effectively carry out functions and funding to replace old VA Central Office network equipment and enhance capacity and security. The former office of Information Resources Management lost over 25% of its employment base over the last 5 years. The VACO office automation network provides access to all critical corporate applications and database. Department-wide communications linkage operates on old equipment with a limited capacity. VA's sensitive information has been reported as being vulnerable to attack or

misuse and is in need of heightened security. (NOTE: VA proposal is for service at the current level with no allotment for change and requests no increase in staffing. There is a proposed decrease in the funding of communications network and equipment.)

Total increases to Administration proposal: $3,196,610,010 ($3.2 billion)

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