

THE DEPARTMENT OF VETERANS AFFAIRS
BUDGET REQUEST FOR FISCAL YEAR 2001

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

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THE DEPARTMENT OF VETERANS AFFAIRS BUDGET REQUEST FOR FISCAL YEAR 2001

THURSDAY, FEBRUARY 17, 2000

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

The committee met, pursuant to notice, at 9:30 a.m., in room 334, Cannon House Office Building, Hon. Bob Stump (chairman of the committee) presiding.

Present: Representatives Stump, Smith, Bilirakis, Buyer, Quinn, Stearns, Evans, Filner, Peterson, Reyes, Shows, Berkley, Hill, and Udall.

OPENING STATEMENT OF CHAIRMAN STUMP

The CHAIRMAN. The meeting will please come to order. Today, we are meeting to hear testimony on the VA's budget for fiscal year 2001. We will hear from both the Department of Veterans Affairs and from various veterans' service organizations.

I want to start the hearing by welcoming the Secretary of Veterans' Affairs, Togo West, this morning. Mr. Secretary, we are happy to have you here. I guess I should apologize, but we have a cancelled session today, and to compound matters we have an Armed Services Committee meeting this morning with General Clark. There are eight people on both committees, so that makes matters worse. There is also a big budget hearing going on, so obviously, we are going to be very short of members, I am afraid.

This is the Secretary's third appearance before the full committee. As you know, Mr. Secretary, each year, we view the budget as a measure of how well we are meeting our commitments to our veterans. I think we are all aware that you are proposing a much better budget than you brought to us last year. The proposed spending levels for VHA, VBA, and the cemeteries all look pretty good.

Building upon the success Congress had last year, this budget would help veterans make more significant progress in their efforts to access VA health care and receive decisions on disability claims in a much more timely fashion. In some areas, such as medical research and the State Home Grant program, we will probably recommend higher funding levels than the President's proposal.

I must honestly tell you that the proposed legislation changing the accounting structure for copayments the VA may collect through authority granted in the Millennium Health Care Act just a few months ago will be met with some resistance by this committee. Congress worked very closely with the various veterans' organizations last year to devise a plan for those copayments that

would maximize incentives at the local level to collect and use such payments on veterans' health care at each facility.

The President just signed that bill into law in November of last year. I am disappointed that less than 3 months later, his budget now recommends that we break faith with the veterans' organizations on that legislation.

I would also like to remind members that we are following a different procedure this year for sending our views and estimates to the Budget Committee. In order to meet the requested date of February 25, Mr. Evans and I will circulate to you a copy of the letter we are sending to the Budget Committee, including comparison charts. Because we are out all next week, there is simply no other way that we could proceed.

If any member wishes to submit additional views, they need to have their comments to the VA Committee staff by the close of business on February 24. Then all these views will be transmitted to the Budget Committee in one package on the 25th, as requested by the committee.

After Secretary West's statement, members will be recognized under the 5-minute rule, in the order they came in, of course, to make statements and/or ask questions.

I would now like to yield to the ranking member, Mr. Evans, for any remarks that he may wish to make.

OPENING STATEMENT OF HON. LANE EVANS, RANKING DEMOCRATIC MEMBER, FULL COMMITTEE ON VETERANS' AFFAIRS

Mr. EVANS. Thank you, Mr. Chairman.

Mr. Secretary, it is a pleasure to welcome you before the committee this morning. My remarks will be brief because the committee is waiting to hear from you and the other witnesses who will be testifying today.

I commend you for the contributions to crafting the VA budget that the Administration has recommended for fiscal year 2001. I believe the budget you are presenting this morning is the best VA budget proposed by any Administration since I have served on this committee, about 18 years at this point. Veterans and the Congress have spoken out. The budget clearly demonstrates the Administration listened and responded. This budget provides a solid foundation for Congress to respond to the funding needed by the VA to meet our obligations to those who fought in our country's wars.

This budget continues the transition to a more accountable veterans' health care system. Beginning with this next fiscal year, VA will focus on the timeliness and accessibility of health care for our veterans. Many members had significant concerns about this issue last year, so for all of us, it is welcome news.

Mr. Secretary, in terms of funding for veterans' medical care and in terms of resources for improving the delivery of non-medical VA benefits, this is a very good budget. Yet, I believe we can, and should, do more and do it as quickly as we can. More funding than what was requested should be provided for State homes. The same is true for research. In addition, we need to give the VA the chance to implement the Millennium Act. This bill provides opportunities for the VA to increase resources for veterans' health care. Congress

enacted these provisions into law only late last year. We need to give the VA the opportunity to obtain more resources for veterans' health care.

Again, Mr. Secretary, this is a very good budget. It is a welcome budget. It provides Congress a solid foundation on which I hope we can make selective improvements. Again, thank you for your efforts on behalf of the Nation's veterans.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, of course, your entire statement will be printed in the record. If you care to summarize, we would appreciate it. You may proceed in any way you see fit.

STATEMENT OF HON. TOGO D. WEST, JR., SECRETARY, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY JOSEPH THOMPSON, UNDER SECRETARY, VETERANS BENEFITS ADMINISTRATION; THOMAS L. GARTHWAITE, DEPUTY UNDER SECRETARY, VETERANS HEALTH ADMINISTRATION; MARK CATLETT, DEPUTY ASSISTANT SECRETARY FOR BUDGET; AND MICHAEL WALKER, ACTING UNDER SECRETARY FOR MEMORIAL AFFAIRS

Mr. WEST. Thank you, Mr. Chairman. I would like to add a few spoken words to the statement that you have admitted to the record. I thank you and the Ranking Member for your comments about the budget. I thank you and the Committee for the opportunity to appear before you for my third time to discuss the President's budget for veterans.

Mr. Chairman, the President's budget for 2001 uses a fiscally responsible approach to balancing the budget, using realistic and responsible funding goals, it puts our Nation on a path to eliminate the national debt, to secure Social Security, as well as Medicare solvency.

Within that context of prudence, nonetheless, this budget recognizes a different debt from the national debt, and that is the debt our Nation owes to our veterans. As you pointed out, Mr. Chairman and Congressman Evans, the budget for VA reflects the largest discretionary dollar increase ever proposed for veterans programs by an administration. It demonstrates the President's, this Administration's, and this Nation's continued commitment to those who have served this Nation with honor.

The budget proposes significant increases in each of VA's three administrations, and these resources will allow us to continue to improve our ability to provide the highest quality of service to those who deserve it most, the Nation's veterans. This budget requests approximately \$48 billion, which includes \$22 billion for discretionary programs and \$26 billion for entitlements. That request for discretionary programs is \$1.5 billion above last year's enacted level. This \$1.5 billion request, along with the resources that this committee, this Congress, and the Administration agreed to last year in fiscal year 2000 reflects a 2-year total increase in the discretionary budget of some \$3.1 billion, or about 16.4 percent over the 1999 budget.

With these increases, Mr. Chairman, we will provide quality health care, timely and accurate delivery of benefits, and decent, honorable, and respectful treatment at death for our veterans.

Our veterans, as we have said time and time again in this chamber, are entitled to the best health care America can provide. In the past few years, we have transformed the hospitals run by VA to provide greater access for better care to more veterans. With this funding, we will continue this improvement.

For the Veterans Health Administration for health care for veterans, the Administration proposes \$20.3 billion. This represents a \$1,355,000,000 increase over last year's enacted level for veterans' health. And add to that amount about an additional \$608 million in medical collections.

With these funds for veterans' health care, VA will treat some 100,000 more patients in 2001 than in 2000, for a total of 3.9 million veterans. We will open 63 new outpatient clinics. We will add 1,500 full-time equivalent employees for the purpose of increasing access to VA care and improving service to veterans. We will spend an additional \$145 million to treat veterans with Hepatitis C, for a total funding in this budget for Hepatitis C of \$340 million.

We will use \$548 million to fully fund, Mr. Chairman, our implementation of the provisions of the Veterans Millennium Health Care Bill, which was conceived, drafted, passed essentially by this Congress and pushed through this Congress and for which we are grateful. We intend to implement the provisions fully with full funding and we intend to keep faith with the provisions that you made, sir.

We will increase our funding for long-term care initiatives in this budget by \$350 million. This will enhance home and community-based care programs for older veterans and will cover the implementation of emergency care programs as you intended. And we will set aside in this budget, again, \$321 million, the amount for the fiscal year 2000 budget, to support more than 1,942 high-priority research projects to enhance the quality of the health care veterans and all Americans receive. Let me add, as you all know, this appropriated amount is in addition to the amounts for research that are received in grants and from other sources in our health care research.

And to enhance VA's leadership role in patient safety management, we plan to spend \$137 million to monitor and oversee safety issues. Mr. Chairman and members of the committee, it has been reported in medical literature that as many as 180,000 deaths occur in the United States each year due to errors in medical care, many of which are preventable. It will take dramatic action from every health care provider, not just VA, to improve in this area, and improve we must.

The Department of Veterans Affairs and its Veterans Health Administration has not only recognized the problem but has also recognized that this is the greatest opportunity we have had in a very long time to make dramatic improvements in the way health care is provided in this Nation. We have acknowledged, no, insisted that it is impossible to correct or prevent errors without first admitting and accepting that they have occurred. We are taking a systematic approach to solving the problem of patient safety and to identifying the problems and developing solutions.

We have launched the National Patient Safety Partnership, an organization that has brought together Federal and private sector

experts to join forces to address the problem of patient safety. We have recognized that change will require a team effort and we are committed to that effort. VA has lead the Nation in identifying problems that result in medical errors. We focused on it long before it visited the front pages of the Nation's medical journals. Our budget will enable VA to continue its world leadership in patient safety initiatives, benefitting our veterans, their families, and all Americans.

Our oversight of patient safety will be addressed through comprehensive monitoring at the national and local levels. We will be redirecting an additional 190 full-time equivalents, FTEs, toward patient safety enhancements, which means a total of 500 will be dedicated to this effort. Significant training, highlighted by a National Center for Patient Safety, a quality scholars program, and 20 hours of biannual training for all full-time staff will continue to enhance this effort.

VA's benefit programs are a tangible expression of this Nation's willingness to fulfill its obligations to her veterans. In this budget for fiscal year 2001, we propose \$22.8 billion to support compensation payments to 2.3 million veterans, 301,000 survivors of veterans, and 864 children of Vietnam veterans who were born with spina bifida. These funds will also be used to support pension payments to 363,000 veterans and 253,000 survivors.

We propose, Mr. Chairman, a cost-of-living adjustment currently estimated at 2.5 percent to all compensation beneficiaries. That increase we propose to be effective December 1, 2000, and we estimate the cost at about \$345 million during the fiscal year 2001.

If Congress approves, VA will pay full disability compensation to veterans of Filipino forces who served with United States forces in World War II and are now residing in the United States. They currently receive benefits at half the level U.S. veterans receive. Even more important than the payment, is the recognition of the importance of their service to this Nation as well as to their own. We estimate the cost of this legislation at \$25 million over 5 years.

We request \$1.6 billion for the Readjustment Benefits Program to provide education opportunities to veterans and eligible dependents and for various special assistance programs for disabled veterans. Educational benefits will be provided for about 480,000 veterans in 2001, including 309,000 who will receive training under the Montgomery GI Bill.

Our view of benefits delivery emphasizes faster and more accurate claims decisions, along with a high level of customer service and satisfaction. For benefits administration and processing, the budget provides \$999 million, an increase of \$109 million over the 2000 level, and reflects a technical adjustment of \$30 million transferred from the readjustment benefit account for vocational rehabilitation and employment.

Five-hundred-and-eighty-six personnel, full-time equivalents, will be added to compensation processing in this budget to help us process disability claims more efficiently and provide quality-enhancing initiatives. This is in addition to the some 440 added in the fiscal year 2000 budget for this very purpose. This will result, then, in a 20 percent increase in staffing for adjudication of claims, to do them timely and to get it right, over 2 years, since the 1999 budget.

Last year, 561,000 veterans died, more than 1,500 per day. For the operation of the National Cemetery Administration, we request \$110 million, a \$13 million increase above the fiscal year 2000 enacted level. This will provide funding and increased personnel to address what is an increasing interment and maintenance workload at our national cemeteries, including the expected high rates of increase in interments during the first years of operations in our four new national cemeteries, two of which opened in 1999, two more will open in this year. We will also begin master planning with these funds on sites for new cemeteries in Atlanta, Detroit, Miami, and Sacramento.

One of our goals is to remind ourselves and the Nation that our National cemeteries serve as national shrines. We are calling this at the Department the National Shrine Commitment, shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice our veterans have made.

To achieve this objective, the National Cemetery Administration, under Acting Under Secretary Walker's leadership, must address some longstanding deferred maintenance needs. Improvements in the appearance of burial grounds and historic structures will be accomplished with an additional \$5 million that is included in the increase that is requested in this budget.

Mr. Chairman, for 224 years, America's veterans and her men and women in uniform have brought a record of security and peace to the North American continent that is unmatched in the history of the world. With this bill, we say to our veterans, well done. The Nation values your gift of service and patriotism and will honor her commitment to you.

Thank you, Mr. Chairman and ranking member, all the members, and your staffs for your continued interest in the Department's needs and for having worked with us. We look forward to continuing that work. We thank, as well, the veterans service organizations for their vigorous efforts and advocacy both during the appropriations process in the last cycle and during the budget development process in this cycle. We see here today the fruits of the work of all of us.

I did not at the outset introduce the witnesses before you, Mr. Chairman. Would you like for me to do that now?

The CHAIRMAN. If you would, please, sir.

Mr. WEST. To my far right, the Under Secretary for Benefits, Joe Thompson; next to me, the Deputy Under Secretary for Health, Tom Garthwaite; to my left, a familiar face, Mark Catlett, who is our Deputy Assistant Secretary for Budget; and to the far left, Acting Under Secretary Mike Walker, who was at one time Under Secretary of the Army when I was Secretary, who was the Deputy Director at FEMA, and who now is the Under Secretary Designate of Memorial Affairs.

With that, we are available for your questions.

The CHAIRMAN. Thank you, Mr. Secretary.

I would first recognize Mr. Evans for any questions he may have.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. Secretary, I understand that the VA is considering establishing six centers of excellence for the treatment of Parkinson's dis-

ease. Is full funding of these six centers included in the fiscal year 2001 budget?

Mr. WEST. I am sorry, sir. I missed the last part.

Mr. EVANS. Is full funding for these six Parkinson's centers of excellence included in the fiscal year 2001 budget?

Mr. WEST. These are the centers for Parkinson's?

Mr. EVANS. Yes, sir.

Dr. GARTHWAITE. Yes, sir. The funding for Parkinson's is not a line item but is included in our calculations.

Mr. EVANS. On June 1, 1999, the VA signed a memorandum of understanding with the National Parkinson's Foundation to establish the Alliance to Cure Parkinson's Disease. What has the VA done since last June to advance research or health care treatment for Parkinson's?

Dr. GARTHWAITE. We have opened a center for pallidotomy in San Francisco. We have reviewed the status of research on deep brain stimulation and note with interest today's release in the New England Journal about some potential beneficial effects of that. We will be looking at whether or not that has now met the criteria for implementation more broadly in the VA. When we reviewed it about a year ago, we thought that additional research was still needed, but there have been a couple more studies now. In addition, we continue to request proposals for our research merit review program.

Mr. EVANS. Shifting gears, there is widespread agreement that the Montgomery GI Bill basic educational benefits are inadequate, yet the Administration has not proposed any increase in the basic benefit. I would like to hear your comments on that issue.

Mr. WEST. That, of course, was a large part of the recommendations from the Transition Commission, Congressman Evans. We did, indeed, submit a response, but on a number of issues we are still arriving at a common administration position. I believe that we have had a study under contract to evaluate where we stand on a number of these. We are waiting for that to come in. But yes, we have failed to submit a proposal because we are simply not together yet on where we stand on that.

Mr. THOMPSON. Just to add to what the Secretary said, I, too, am disappointed that we do not have a proposal on the GI Bill. We feel that by working with OMB and DOD, we can craft something. We are really looking to enhance the benefits that are available and put more flexibility in the program so that it meets 21st century education needs. We do not have it at this point, but we do expect to put something together.

Mr. WEST. And we do agree that there is work to be done there. We believe that there are enhancements that are appropriate and needed.

Mr. EVANS. Do you have any idea when the proposal might be done?

Mr. THOMPSON. We are evaluating the latest version of the program evaluation that I mentioned. We are still not satisfied with the product we have seen and are reluctant to commit to a date right at this time. We just received this. I would think within 2 weeks or so, we will have a firmer handle on the date. But right now, the latest program evaluation we have seen is not a satisfac-

tory product from our perspective, so we need a little bit more time to look at it.

Mr. EVANS. Like many others, I believe that current VBA policies and procedures are making it more difficult for veterans to establish their eligibility for VA benefits, particularly original compensation claims. Can you respond to this concern?

Mr. WEST. That the current procedures make it more difficult?

Mr. EVANS. Right.

Mr. WEST. Well, I do not think that is the intent of the procedures. I think our effort, as we have stated countless times, is to not only make it easier but make it possible to resolve the claims more quickly. I do believe that the first priority that has been established in VBA over the last fiscal year is to get the decisions right, and I will let Under Secretary Thompson comment further.

Mr. THOMPSON. I do not agree with the statement, Congressman. I think our policies are designed to set relatively low thresholds, to try to provide as much up-front help to veterans as possible. We are in the process of redesigning our entire claims process so that veterans do not simply drop a piece of paper into the assembly line and wait for something to happen at the other end. They will have case managers who are responsible for keeping them apprised about what is going on with their specific claims.

Evidence that demonstrates an opening of the system is the fact that we have more veterans receiving disability compensation today than at any time in U.S. history, despite the fact that the veterans' population has been declining for over 20 years. That does not speak to the system closing down. I think we are opening it up.

Mr. EVANS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Evans.

The chair recognizes the gentleman from Indiana, Mr. Buyer.

OPENING STATEMENT OF HON. STEPHEN P. BUYER

Mr. BUYER. Thank you, Mr. Secretary. I am concerned about a recent Inspector General's report of overspending and mismanagement by the Principal Deputy Assistant Secretary in your Office of Congressional Affairs. This hearing is the first since the report was released. As you know, the situation in your Office of Congressional Affairs was detailed in a recently released IG audit and has been the subject of editorials and articles in the press.

In Stars and Stripes, the allegations the IG stated, salary and expense accounts of over-expenditures, overtime abuses, fiscal mismanagement, employee favoritism, creation of a polarized work environment, mismanagement of consultant contracts, improper reimbursable interagency work details and temporary staff appointments, inaccuracies and lack of controls of overtime and attendance records, purchase cards mismanagement, inappropriate use of government travel cards, assignment of unnecessary pages to staff, poor position of management, and other inefficient workloads and processing issues. Also, the backdating of documents "to hide the processing delays." That is quite a list for one official.

It appears that through our own staff investigation, whether you or your staff knew or should have known what was happening in the Congressional Affairs Office, it appears that at least some of

your staff knew both from personal information and involvement and by receiving copies of particular memos. The issue is accountability, and I would like to give you an opportunity here publicly to tell me what the situation presently is to the committee and where we go from here, especially with the concerns about some violations of the Anti-Deficiency Act. This has to be pretty concerning to you, especially when you then give us a budget, you are asking for an additional 13 employees. So you must have leaped to a tremendous comfort zone, so please put us in some similar situation.

Mr. WEST. Thank you, Congressman, for an opportunity to speak to that. Let me take it in reverse order. First of all, leaping to a comfort zone, yes, I am fairly comfortable with the operations of that office today and encourage this committee to be comfortable with it, as well.

The report of the IG, though, I guess released in its final form maybe as recently as December, is, in fact, about circumstances last year, much of which had been dealt with by October of last year. Currently, the office operates under different supervision and management. I believe that all of the concerns enumerated by the—well, the bulk of the concerns—if I say all of them, I will find out as soon as I finish talking here there are one or two that have not been, but our effort was that all of the concerns enumerated by the IG as they concern current operations be dealt with right then and there.

Therefore, the personnel situation has been corrected, the financial fiscal situation has been dealt with. The consultants that he spoke of are no longer there. Their contracts have ended. I believe their budget is on a sound footing.

I also believe that one other concern that I should deal with almost preliminary to my answer, that this operation and that these concerns raised by the IG could somehow have affected our ability to see that veterans continue to receive their benefits, that their claims are properly processed, our review of it has indicated no, but because it has been raised anew by recent press articles, we are taking another look. The fact is that inquiries to the Congress about specific cases rarely are routed through that office but go directly to our liaison office here and then out to the regional offices where they are dealt with.

With respect to the specifics, certainly, the heart of the concern reflected in the IG report had to do with employment of consultants, enlarging the staff beyond what was an authorized staff size, and then spending funds not allocated in the budget for it. Adjustments in funding among staff offices are made every year, and in this case, such an adjustment was made.

The allocation to each Assistant Secretary's Office at the Department, the Office of the Secretary, the General Counsel, the Board of Veterans' Appeals and the Board of Contract Appeals are all one pool. We require budgets, but if we find that one office has an unexpected surge in requirements and that there is room in another because they have underspent, we have the flexibility to accommodate that. There was, in short, no Anti-Deficiency violation as far as I have been able to make out from our review.

Finally, what we—

Mr. BUYER. You said there has been no violation of the Anti-Deficiency Act?

Mr. WEST. That is correct.

Mr. BUYER. And you brought this employee with you from the Department of the Army to the VA?

Mr. WEST. Well, to say I brought her is to make it sound like a political appointment. This is a career appointee, an SES for whom lateral assignment was made. When I arrived at VA, she had been the Deputy Chief of Legislative Liaison for the Army, and I might add, had achieved a rather distinguished record in that position.

Mr. BUYER. I have been informed that it may not be possible to take performance-based action against her because no approved performance standards for her were given. I guess some were prepared for your signature, but it was never signed. Could that be correct?

Mr. WEST. It certainly could be correct. My understanding is that the performance plan for an SES-er has to be negotiated in advance. Now, let me just say, Mr. Buyer, that we are still looking into what is appropriate with respect to this employee, whether disciplinary action as to this employee is appropriate at all. This employee has not been allowed an opportunity to respond to the IG report, which we have offered her, and we need to see what—

Mr. BUYER. Do you recall why you would not? This is an employee that is paid \$130,000, with no performance standards. That is rather stunning to me. Do you recall whether that paperwork every hit your desk or whether you made a decision not to sign it.

Mr. WEST. I think it was not submitted to me, and I say I think, but I am fairly comfortable of that. I generally review and sign things submitted to me. I know folks like to say "it is in the Secretary's office," but by and large, when things are in the Secretary's office, they are on the way out. I think it was not submitted to me. We can go back and forth on the question of, "You are the Secretary. Should you not have gone and asked where that is?" But no, it was not submitted to me. It is not something I failed to sign.

But we are a little early on the question of discipline just yet. In fairness to that employee, I do not think it has been established just yet what is appropriate in this case, and I say that for this reason. This is an employee who had had a distinguished record of highly satisfactory service as a careerist on the staff of this very Congress, who came highly recommended, who achieved her position in the Department of the Army not by some political appointment but through competition. She is a competitive career employee who came to the Department and was given a hard mission, to go down and not weaken the office but strengthen it.

If you will look at all the things catalogued in the IG report, they are all efforts dedicated to enlarging or strengthening the office. There is no allegation that she somehow sought to achieve things for herself. So I think, in fairness, we must wait and see what is accomplished.

Mr. BUYER. Will you work cooperatively with the committee in our investigation?

Mr. WEST. I will.

Mr. BUYER. Thank you, Mr. Secretary.

Mr. WEST. And thank you for the question and the opportunity.

The CHAIRMAN. The chair recognizes the chairman of our Benefits Subcommittee, the gentleman from New York, Mr. Quinn.

**OPENING STATEMENT OF HON. JACK QUINN, CHAIRMAN,
SUBCOMMITTEE ON BENEFITS**

Mr. QUINN. Thank you, Mr. Chairman, and welcome, Mr. Secretary.

I want to begin with a comment first to my good friend from New York, Joe Thompson, and talk about his calendar a little bit. Joe, the vocational rehabilitation calendar is terrific. As you know, I have had a couple of employees from the program in my office here in Washington and in Buffalo, NY, and like always, you come up here and we make suggestions. You would not get out of the room if we did not make some suggestions. Photos and quotes are great. I had an idea that maybe we would get to some employers who have hired some folks from your program and maybe get some quotes from them throughout the calendar, and I have got some folks from Buffalo, NY, that I could send your way to get some of those quotes. But it is a great job and it is a good effort. Thank you.

Mr. THOMPSON. Thank you. We think that is a great idea, as well.

Mr. QUINN. It really is. Thank you. A little tongue-in-cheek, but nonetheless, it is a good idea. Thanks.

Mr. Secretary, thanks again for your testimony here today. You and I had a chance to talk last week and my first question is going to revolve around responsiveness of your office and your Department to our subcommittee and the committee as a whole. Mr. Bilirakis has had some questions. He could not be here today, so I have taken the liberty of taking some other questions from members on the full committee.

You and I talked about the timeliness of the report. We are in receipt of over a year and a half late some information from you. Mr. Bilirakis points out to me, and on his behalf, 13 months since the bipartisan Congressional Commission on Servicemembers and Veterans' Transition Assistance—that is the long name for it—your Department still has not responded to over 25 percent of the recommendations. There were 68. There are still almost 30 that we have not heard from you on.

Indeed, the chairman and the ranking member, myself and Mr. Filner wrote to you in July of 1999, July 16. All four of us signed the letter, so it is not a political thing with us, and we still have not heard back from you. We have had some verbal discussions. We are reduced to sometimes putting this in writing because we want to make sure you and your staff know where we are coming from. As I said to you before, the best surprise is no surprise.

So it is a two-part question, I guess. Would you like to take the opportunity to explain to us why we are 13, 14, 16, 18 months late on some information, not necessarily acting on the recommendation, but some information on some of them, so would you tell us why, and then the second part of my question, when you are finished, will be, I am going to try to pin you down with some times today. I am going to try to get from you and your staff—they are

all here—when we are going to hear from you. So, the first part. Do you want to take the chance to tell us—

Mr. WEST. Yes, I would like to take the opportunity, and I thank you for the question, Congressman. I thank the Congress for working with us and being sort of patiently impatient on this thus far. We realize that we have tried your patience. What is worse, we have tried the patience of our veterans who are waiting for the improvements recommended by the Transition Commission. There is nothing more important to what we are doing in the Department today than to getting that report acted upon. We think there are important and useful recommendations in it and we want to be heard on it.

We did, indeed, submit a report in the summer, last summer, and yes, sir, it did in a number of instances, a high percentage of instances, say that we needed more time to come to our position. The things that we asked for time on, the Montgomery GI Bill enhancements have a lot of PAYGO implications and they also have for this executive branch a kind of built in schizophrenia in terms of the responsibility of the two principal departments who are asking.

I know that you received a response from the other department a little later, but it may have appeared to be more complete or at least more answers. Actually, if we were going to nitpick, we would say that we gave affirmative definite answers and just about the same percentage or a better percentage of our answers than did they, but that is not the point. The point is, where is our stuff?

But the schizophrenia, from our point of view, that we are trying to take and provide readjustment benefits, that is the purpose of Montgomery GI Bill enhancements, we think, and yet from the other department's point of view, what they are after is recruitment and retention, makes it difficult for us to come to a common administration position. Does it justify the delay? No, but it is one of the reasons that we are still trying to hammer out within the Administration responses to the questions we have deferred.

We believe that we know in this Department where we would like to see them come out. We are still trying to work in the governmental framework, and that makes it a little difficult for me to be any more specific on time on this to you than Joe Thompson was to Congressman Evans. Some of this discussion, we are having—well, a lot of it, we are having with people who are not in our Department. But we are pushing. We think we should be able to get to this. We have just received a program evaluation that we have been waiting on that will lend a lot of light on this and that should equip us. But as for a definite time, I do not think I am prepared to get it, and I do not know if you want to add to that or not, Joe.

Mr. THOMPSON. Again, I would agree with what the Secretary said. As you know, Congressman, I was an ex officio member of the Transition Commission and was involved in the discussions leading up to most of those recommendations. For reasons sometimes out of our control, we are just not getting our act together and getting the answers up to you. I would say, however, that on a number of recommendations, we are moving ahead, particularly vocational rehabilitation aspects and working with DOL on many of the things.

We are not waiting to act on some of the Transition Commission recommendations. The ones we can move on, we are moving on.

Mr. QUINN. So you need more time. You need more time on Mr. Buyer's question, as well. You need more time on this question. You see, my problem is, at least on the benefits side, Joe, you know that what we are battling, and I have a question later about FTEs and all those things, we battle timeliness with our veterans. They are not getting their claims on time and they are taking too long, and so it is symptomatic we cannot even get responses from the Department on some things. So veterans say, why should you be surprised?

I guess for me, communication is important here. It is for all of us. And if you are having a problem, and I know that some of these are out of your hands, you are dealing with people outside the government in some cases and certainly outside of your Department, why do you not write us a 1-page letter to tell us how you are doing? We know you have not responded to 28 recommendations. We think we will have half of them in another 3 or 4 months and these other 5 or 6 are really a bear because of this, and give it to us.

Mr. WEST. We will do that.

Mr. QUINN. Thank you.

The CHAIRMAN. The gentleman from Florida, the chairman of our Health Subcommittee is recognized.

OPENING STATEMENT OF HON. CLIFF STEARNS, CHAIRMAN, SUBCOMMITTEE ON HEALTH

Mr. STEARNS. Good morning and thank you, Mr. Chairman, and welcome, Mr. Secretary and other distinguished witnesses.

I think we are all aware that this budget is an improvement and I think all of us on this committee should recognize that. Mr. Evans, the ranking member, has pointed that out, so you are to be commended on that fact.

With the passage of the Millennium Health Care Bill that we all worked on in this committee, I am concerned that your budget does rely on what appears to me a sleight of hand, and let me outline what I mean by that. The law in the Millennium Bill was very clear, and what you have done has got me concerned, because you are proposing to take money from collections and put it into the Treasury. I think our problem is that that really changes the law that we passed.

So rather than ensuring that VA keep these receipts from the Millennium Bill and use them to support veterans' programs, you would change the law, and take \$350 million from collections and put that into Treasury. I think this breaks faith with the veterans, because in the Millennium Health Care Bill, we clearly provided and planned that these would go to take care of veterans and help them. To have those funds instead deposited in the Treasury, to support non-VA programs breaches the understanding we had with America's veterans.

So I think it is a little bit disingenuous to talk about a record \$1.4 billion increase, because in proposing to take \$350 million from the collections, and put it into Treasury, you are really not increasing funding by \$1.4 billion.

I certainly want to give you an opportunity to explain that to us. If our perception, or at least my perception, is wrong, let me give you ample opportunity to explain it.

Mr. WEST. Congressman, we have always said that benefits and health care and providing for veterans was a bipartisan effort. It is something we all do together. And so I have no hesitation in saying the \$350 million of the proposed appropriation is a direct result of your effort on the Millennium Bill.

Let me put it another way. What we tried to do was in calculating the resources for providing health care for veterans for fiscal year 2001, we knew that there would be the appropriation, there would be what we were assuming we could collect, estimating we could collect in the MCCF as it was established several years ago and the problem of adjusting our expectations, trying to be realistic, each year of coming in here. It has been pointed out we did not make our number the previous year. And we estimated that that would be about \$608 million.

Now, that estimate on the collections for MCCF is the anticipated collections if we were operating under the same system as last year, that is, before the Millennium Bill. That is not touched at all by our proposal. Those collections will remain as you intended, as you established them 3 years ago.

Secondly, though, the Millennium Bill with its provision for co-payments provides the expectation of approximately another \$350 million in collections that would also go into the MCCF, and our thought was, why not, instead of having us hoping that we can collect that, working as hard as we can that we will collect it, facing the possibility we will fall short, why do we not turn that \$350 million into a guaranteed amount for veterans, an appropriation. So that is reflected in \$350 million of our appropriation. We directly trace to that.

So we do not think we have broken faith. We think we are doing it a different way, but I can certainly understand how you would see it.

Mr. STEARNS. Would you not think, though, Mr. Secretary, that if you are taking \$350 million from collections and you are putting it into the Treasury, that is breaking faith with the veterans because that \$350 million is their money. It should not go to non-veterans' programs, into the Treasury. It could end up in agricultural programs, it could end up in all kinds of programs, and that is not what we intended in the Millennium Health Care Bill.

Mr. WEST. I certainly see your point and I think that if you choose to see it that way, you can. Our thought had been, and my thought is, and I say this in all honesty, that what we are doing for veterans is assuring them that that \$350 million is going to be there and the best guaranteed form possible is part of the appropriation. I might say that should this Congress choose to see it another way, I ask only one thing. Do not fiddle with our appropriation. Let us at least make sure that we get that \$350 million in the appropriation, however you choose to do what comes from the Millennium Bill.

Mr. STEARNS. This is just a minor point, but the staff pointed out to me that you are asking for \$40 million for a brand new program for compliance. I guess the question would be, is it necessary to

hire 200 new Federal employees to “prevent and detect potential non-compliance activities”? Is not compliance with the law and the policy just part of the ongoing responsibility of the Department of Veterans Affairs, and do you not have an Inspector General to monitor and audit compliance? So why do we have to hire a 200 new Federal employees as a Federal police department or compliance department?

Mr. WEST. I think your point is correct. Of course, we expect Federal employees to comply. That is part of what they take their oath to do, and we certainly do expect it, and by proposing to hire these employees, we do not expect to let a single person off the hook.

I think this \$40 million may be for Dr. Garthwaite’s effort at better billing practices, and let me just say before he starts—I see him reaching for the microphone. He is ready to let the boss off the hook, but let me stay here a minute. Billing collections, as our experience has demonstrated over the years of the MCCF, is not a core VA competency. We just do not have employees who at this point are good at it. It is why, on the one hand, we get some third-party payees who say, you are billing me too much. Your bill does not make any sense. And on the other hand, we come in here and you say, well, you did not make your goals again.

So this is an effort to bring some realism to that process. We think it is worthwhile. If Dr. Garthwaite wants to say a word on it, perhaps he can—do you want to comment?

Dr. GARTHWAITE. I think it is important to realize exactly what the Secretary said, that we have not had to bill until recent years. It is a very complex process that even the private sector continues to have difficulty in. We have worked with the Inspector General at HCFA to understand the HCFA rules for billing and compliance. It is a much more expensive process than it would sound. It is not just compliance with your job, it is really setting up a compliance program which has everything from education and training, to setting up of hotlines so that people can have a place to call if they think they see billing irregularities. It also includes auditing and monitoring functions that are distinct particularly focusing on billing rules.

So it is something we have not done that requires extremely aggressive action and, we believe, additional dedicated employees to understand the complex rules and nature of the process.

Mr. WEST. And if you are going to do that kind of extra careful checking but still get the bills out in time for the money to come back in time to be usable, it will require more employees.

Mr. STEARNS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, I am sure that you are aware that this committee feels that those are additional benefits and in no way should have any impact on the regular appropriation process. That was the whole purpose of changing the law last year to do this.

The gentleman from Texas, Mr. Reyes, is recognized.

OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. Thank you, Mr. Chairman. I have a full statement for the record, if it can be included.

The CHAIRMAN. Certainly.

[The prepared statement of Congressman Reyes appears on p. 51.]

Mr. REYES. Within that context, in the interest of saving time and giving the Secretary an opportunity to comment on some of my concerns, I want to first thank you for being here, and in particular, thank you for listening to our concerns which we have expressed for over a year now. As I have looked at the budget, it closely resembles and comes up to the expectations of the *Independent Budget*, so I want to first and foremost thank you and tell you, on behalf of the veterans, we appreciate you listening and submitting a budget that I think is by far one of the best we have had in many years.

There are a couple of things that I want to ask you to comment on, but first, I want to associate myself with a concern about the \$350 million in collections. I hope that we can do something that gives the veterans the benefit of the doubt in terms of—you know, in baseball, they say the tie goes to the runner. I would like for the tie to go to the veterans for once in this budget and in this process. So I want to work with you in getting a better handle on that aspect of it.

With that in mind, there were a couple of areas that I personally am concerned with in the budget. The first one is the flat-line budget for medical research. As you know, Mr. Secretary, a lot of the issues that veterans come to the VA with are unique to veterans, and I think it is vitally important that we recognize that and that we provide enough money into medical research to do this kind of very important work for the veterans. So I would ask you to comment on that.

Then the second thing, and I am encouraged by our chairman's and our ranking member's comments on the State veterans' nursing homes additional funding, that is a very important issue in Texas. That is a very important issue across the country for veterans as we have an aging veteran population.

So if you can comment on those two things, and if there is time, I also want to get your thoughts on Mr. Buyer's concerns about that young lady that you brought with you to the VA and why it is important that you have somebody in there that can have a fresh perspective. You know, a lot of times we come and we complaint to you about, as we have heard here this morning, about the lack of service, the lack of responsiveness, and those kinds of things. I believe that this may be one of those instances where you bring somebody in that you have full and complete confidence, they go in there, and unfortunately, maybe there is a bit of undermining on the part of the bureaucracy or the establishment.

So if you will comment first on the medical research, then the veterans' nursing homes, and then last on that issue.

Mr. WEST. With respect to the medical research first, Congressman, as I mentioned in my opening statement, yes, you are right. I think our numbers this year are \$321 million. That is the same amount as in the current fiscal year 2000 budget. It will support a very healthy, indeed, a robust medical research program. We have seen that research is an important part of what we do. It has a direct impact on all of our care programs, so it is vitally important to us.

We have seen quite a substantial growth in the sources of research funding for VA, and let me just give you an example. The \$321 million is not the only source of funding for research in VA; it is not even the greatest portion of the resource funding. Another \$331 million comes from the Medical Care Support Account. Three-hundred-and-forty-three million comes from other Federal grants, and another \$154 million comes from grants that are not Federal, so that the total resources available to fund research at VA is close to three times that factor. It is over \$1 billion worth of research funding. These are not imaginary numbers. These are real numbers that make a difference to Dr. Feussner and his budget.

So, yes, we think that what happens in the research account from our appropriation is important for the signal it sends as to how we value it. I would not have wanted to see it come in at less. It is not by any stretch of the imagination the total amount or even the bulk of our funding for VA research.

State nursing homes——

Mr. REYES. State nursing homes, veterans' nursing homes.

Mr. WEST. Yes. I am trying to remember what our number was. That is it, \$60 million. My recollection is, that is above the amount that was in the President's budget request of fiscal year 2000, a budget we do not really want to revisit here. But it is certainly below the amount that this Congress approved. That is part of the difficulty. The other part of the difficulty is, even if we came in at that amount, that probably still will not satisfy the demands we have.

The only reason that amount is not higher is that in trying to find out where we would put the resources from this increase, we were trying to get as much as possible into clinical health care. But, yes, I believe that that is a target for improvement. It needs improvement. We need to try to figure out how to fund it better, and I say that openly.

Thirdly, on the Congressional Affairs Office, I think the points you make are important ones in adding to what I hope I said, which is we have to make sure that we do a balanced evaluation here. This is a talented person who had a mission who may have run into difficulties with the staff. I must say something about the staff. I think both she and I find that the staff at VA and in the Congressional Affairs Office is, by and large, good, effective, well-intentioned, and capable of doing the job here. That does not mean that all of the personalities and all of the efforts always come together and create a team. But there is intended here to be no statement of diminution in respect for the hard work they do there.

What happened there is something that I think is complicated by personal factors, as well. One of the things I did not say in response to Congressman Buyer's question about what did I know and when did I do something about it is that, quite frankly, that individual was reassigned in October to a different job. But that reassignment was not a disciplinary reassignment. It was a reassignment for compassionate reasons.

She was having one of the most difficult circumstances that one could have with a family member. I hesitate to go into it too much here. It is personal. But the fact is that her husband had to go to Johns Hopkins several times and has needed care and has taken

a lot of her attention right during these times when all these other things were happening.

So the point is that there are a great deal of equities on both sides of this issue and I think we want to be very careful at jumping to a conclusion that someone who has had a distinguished career to this point has suddenly turned into either an incompetent or a bad person or worse. I do not know that that evidence is there.

What I do know is the IG gave us a signal that some things needed to be corrected there. We did them. There is new leadership. In March of last year, after attending a hearing here when Members at a different committee expressed concern about turn-around time on Congressional activities. I assigned my Deputy Chief of Staff to go and sit in that office and take over responsibility for monitoring how long it takes to turn around the correspondence. I believe that has improved.

So I think we have that office back on track. I think we want to be careful about appearing to pursue an employee who, as far as the records indicate so far, was trying to do her best to do a job, but yes, ran into management difficulties in that office.

Mr. REYES. Thank you, Mr. Secretary. I would like to also be kept abreast of that, just from this perspective.

Mr. WEST. I will.

Mr. REYES. And Mr. Chairman, thank you. As you know, we have another hearing going on with the Armed Services, so I am going to be going over there to that one. Thank you very much.

The CHAIRMAN. The gentleman is excused.

Mr. Hill, you wanted to be recognized for the purpose of inserting a statement in the record?

OPENING STATEMENT OF HON. BARON P. HILL

Mr. HILL. Yes. Thank you, Mr. Chairman. I do not have any questions, but I do have a statement that I would like to enter into the record.

I would like to say that I was back in my district last weekend and I had a veterans' meeting in a place called Versailles, Indiana, population 500, and there were probably at least 100 veterans that showed up for this meeting and drove for hours to get there in some places. When I told them about the Administration's request, Secretary West, of \$1.4 billion, there was a visible sigh of relief. They knew exactly what has been happening in terms of Congressional budgets in the past and they were very happy to hear about this budget request from the Administration and I want to compliment you on it.

Mr. WEST. Thank you, sir.

[The prepared statement of Congressman Hill appears on p. 55.]

The CHAIRMAN. Mr. Filner, you are next, but if you would kindly yield to Mr. Smith, he has a 10:30 appointment with the Speaker.

Mr. FILNER. Certainly, I would yield to the gentleman.

The CHAIRMAN. Thank you.

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH

Mr. SMITH. I want to thank my friend for yielding.

The CHAIRMAN. The gentleman is recognized.

Mr. SMITH. And I thank the chairman, as well.

Mr. Secretary and your staff, thank you for being here. I do have a full statement I would ask be made part of the record.

The CHAIRMAN. Without objection.

[The prepared statement of Congressman Smith appears on p. 49.]

Mr. SMITH. Mr. Secretary, there is every indication, as you know, that Hepatitis C infection will continue to be a major problem for our veterans, especially in VISN-3, which serves the constituents in New Jersey and New York. I understand that since fiscal year 1999, almost 25 percent of those veterans who were tested for HCV in VISN-3, tested positive, which is a staggering figure. I do not want to be overly dramatic, but these results, if they persist over time, we could be looking at a full-blown crisis when the disease becomes symptomatic and veterans need liver transplants.

Thus, the budget request for an increase of \$144 million to add 484 FTEs for screening and treatment of HCV is clearly a step in the right direction, but I do believe the VA is probably going to need more assistance than that, maybe something closer to the \$240 million recommended in the *Independent Budget*. We need to make sure that every network treating HCV patients has the funding needed to provide adequate medical treatment for veterans in need.

VISN-3, for example, requested \$100 million in supplemental funding for fiscal year 2000. As you know, the VA has agreed to provide \$66 million to VISN-3. A good deal of that shortfall between the request and the VA's decision has to do with the varying estimates of treating Hepatitis C patients with symptoms.

All of us know that treating Hepatitis C is not cheap, and estimates range from \$15,000 to \$20,000 per patient per cycle. The most effective therapy available, the combination therapy of ribavirin and interferon bundled together, only works 40 percent of the time. The cost of this medication is very high, in part because one component of the therapy, ribavirin, cannot be bought and used in combination with other interferon products.

Thus, I am particularly interested in hearing the Secretary or perhaps Dr. Garthwaite's views on whether the patients and the VA would be better served if this combination therapy were unbundled and the VA could obtain separate supplies of ribavirin.

Mr. WEST. Let me say, I will allow Dr. Garthwaite to speak. I know he wants to. Congressman, thank you for that statement, because you are right. In both last year's budget and this year's budget, Hepatitis C and the challenges that it has posed for our veterans and the costly breakthroughs that have been achieved have figured prominently in our planning and in our health care funding. It remains so in this budget, as you have pointed out. Let me let Dr. Garthwaite comment further.

Dr. GARTHWAITE. Thank you, Mr. Smith. There are several things, I think, that are worth saying in terms of Hepatitis C. I do not have an answer for the unbundling question, but we will research that and provide it in writing if that is permissible.

First of all, we think that getting the word out to veterans who have not been tested is a key piece of what we need to be doing. I met last week with the American Liver Foundation, who has been working closely with us to disseminate information to veterans who

use our system on who do not use our system and encourage them to get tested. We anticipate a large mailing in the very near future.

Second is that we continue to test veterans. We did 95,000 tests in 1998, and in 1999, we did 177,000 tests. We still have a lot of testing to do and we are encouraging veterans to come in for those tests.

Our current estimate is about \$22,000 per course of treatment, and are currently finding that about 13 percent of patients either opt to and are eligible and do not have severe contraindications for treatment at this time. We are tracking those numbers. I do not know if the numbers will go up or down, but we know we are treating a significant number of patients with Hepatitis C. I have, as recently as January, made it clear to all networks that finances must not be a barrier to treating patients with Hepatitis C.

So I think, overall, we are proud of our record, but it is a big issue for veterans. We do not have yet, a firm handle on the incidence. We have the 1-day prevalence study, but we still have a lot of research to do. It is a very important issue for us and we are dedicated to leading the country in how to deal with the population issues related to Hepatitis C.

Mr. SMITH. I applaud your leadership and your concern, and again, I want to thank you. I look forward to the results of your research on the unbundling question and any other information that is relevant to this committee. Thank you very much.

(Subsequently, the Department of Veterans Affairs provided the following information:)

VHA would welcome unbundling if it would reduce the cost of providing Ribavirin/ Interferon Alpha drug therapy. VA officials are exploring other options for acquiring compounded Ribavirin prescriptions.

The CHAIRMAN. The chair recognizes the ranking member, Mr. Evans, for an announcement.

Mr. EVANS. Thank you, Mr. Chairman. I want to express Dr. Snyder's regrets for not being here. He does have a good excuse. He had surgery 2 days ago. He is doing quite well, but he wishes he could be here today instead of where he has been the last 2 days.

The CHAIRMAN. Thank you. I understand it was an emergency appendectomy, was that it?

Mr. EVANS. Correct.

The CHAIRMAN. Thank you.

Mr. Filner, thank you very much for yielding. You are recognized.

OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. I thank the chairman and I thank the Secretary and all his staff for the budget that has been presented for the next fiscal year. I know you have always felt that the men and women who have served in our uniform deserve an adequate budget for the benefits and services that you all provide. So I thank you for your work and I know the ranking member and the chairman have expressed this earlier, for advocating the largest discretionary dollar increase ever proposed for veterans' programs, and that is a significant accomplishment and we thank you.

The \$1.4 billion increase in the health care budget will certainly assure our aging and disabled veterans who need medical care, especially long-term care, emergency care, and specialized services, that their needs are a high priority. I must add my voice, however, to that of the chairman, Mr. Stump, that of the chairman of the Health Subcommittee, Mr. Stearns, and to what the authors of the *Independent Budget* will be saying in their testimony in a little bit that our intent was that the \$350 million of new resources authorized by the Millennium Act be added and not substituted for the appropriations that Congress makes.

I hope to be able to join with the chairs that I referred to in seeing that our intent is followed and I hope we can do that, Mr. Chairman. We should certainly see that, as Mr. Stearns did, as Mr. Stump did, in preparing that very important Act, that we saw this as supplemental. So I think we will all be working together on that.

I want to add to some of the concerns that my colleagues raised in other areas. I am still greatly concerned about our veterans who served in the Gulf War. As I read the budget, I do not see an increase in funding for medical research, although your explanations of that may modify what my reading is. But I think, in reality, because of costs of medical care and research, that we have a real decrease in funding. We just do not know the cause or the cure of Persian Gulf War illness, and I do not think we can relax our efforts to find that cure and that cause. And as, again, the authors of the *Independent Budget* will say in a few minutes, we ought to increase very much the funding for medical research.

Beyond that, Mr. Secretary, we are almost a decade into this situation. It is tragic for thousands and thousands of people. And beyond what the budget says, what I do not hear from the VA, and something happens to all of us when we get into bureaucracies and memos and hearings, we lose apparently some of the emotion, and in this case, I think the anger that we ought to have that we have not gone further with either a cure or a treatment.

I would like to see some of that emotion come out in budget figures, in hearings. We should not be tolerating this decade-long absence of any real answers for our people, and frankly, and I know you have a problem, you have to work with other agencies in this Administration, but the DOD has been very unhelpful in all of this. They have stonewalled it. They have refused to realize its importance. And the VA as the spokesperson or the spokespeople, the spokesagency for veterans, ought to be yelling out on behalf of our veterans, and even if it means disagreeing with some of the folks over at DOD, because we are looking to you to find this.

Some of us are so frustrated that we have legislation and other procedures to try to take away the whole issue from DOD and the VA if nobody will look at this seriously. There are researchers all over this country who have come up with credible theories about what is going on. They are not funded, they are not given any recognition, and the tragedy goes on for many thousands of veterans.

So I would hope that we look at this as somehow a priority, with some emotion, some anger, more than beyond just budgetary figures and hearings, the kind of talk that we do at hearings.

I join, again, my other colleagues who will try to do something about the real decrease in funding for State homes and I hope that we add to that in the Congressional budget.

I thank you for adding the new staff to deal with claims adjudication, compensation areas, and I know Joe will appreciate that I say we cannot expect instant results from the new staff, but we are looking for continued and significant increase in the quality of that claims adjudication.

I am more than disappointed, as Joe put it, that the GI Bill is not greatly increased. We have talked in this committee, and I know you all recognize that not only for the VA, but for retention and recruitment in our armed forces, that that would be a very significant boost to our efforts to keep our military at sound levels and benefits appropriate to the 21st century for our veterans.

I have talked with your Secretary-designate for Memorial Affairs. We are going to do a lot more for the National Cemetery System, which is in many places a disgrace, and I thank you for putting that in. I appreciate the efforts of all the folks on your left and right who have tried to help this process that Mr. Quinn talked about, the communication and talking to us more informally and visiting with us and being available. That has helped us understand what is going on and helps us work together on behalf of our veterans.

So, Mr. Chairman, thank you for your words earlier. I do not want to put words in Mr. Quinn's mouth, who is chairman of the Benefits Subcommittee. I serve as his ranking member. I wonder, Mr. Chairman, you might just think in some of these hearings as we go by, we are going to reverse some of the order in our hearings, with all due respect to the Administration, and allow, say, the public and the VSOs to have their say and let the folks from the Administration listen to them and maybe even respond to them, because as you know, attendance differs for different panels, and we know from debates in our own campaigns, whoever is first or second has different advantages. So maybe we might have the *Independent Budget* folks come first the next time, let the Administration follow and have some fairness in that. But I thank you, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. WEST. Mr. Chairman, could I just say one word in response?

The CHAIRMAN. Mr. Secretary, sure.

Mr. WEST. I accept and thank you for your comments. I accept what you say about passion in terms of getting to the bottom of the concerns of our Gulf War veterans, but I do not think I could go without saying something that I think this committee knows, which is that the long list of ways in which VA, and, in fact, this Nation through VA are attempting to help our Gulf War veterans is, I think, full of passion just in its recitation. From our outreach efforts and from the fact that Joe's list of presumptions is the greatest for Gulf War-related symptoms, often in all the other different eras of veterans, to the fact that our health care efforts—our research may not have gotten the ultimate answer, but it does not mean that it is any the less vigorously pursued or less well-funded.

The only final thing I would say, Mr. Chairman, is I and Joe and Tom and Mike listen to the VSOs all the time.

The CHAIRMAN. Thank you, Mr. Secretary.

I failed to mention that Mr. Filner is our ranking member on our Benefits Subcommittee, and if you think it is worthwhile looking into, we will look into it—anything to get some more people here at these meetings. I guess the only good thing we can say today, at least we are not going to be interrupted by votes.

The gentleman from Mississippi, Mr. Shows, is recognized.

OPENING STATEMENT OF HON. RONNIE SHOWS

Mr. SHOWS. Thank you, Mr. Chairman, we appreciate it, and Secretary West, we appreciate you coming today with your comments and certainly appreciate the increase in the budget.

As you know, I am pretty interested in the health care of our military retirees and veterans by the bills that we sponsor and a lot of cosponsors on this committee, which I appreciate.

But last year, you stated the Administration planned to open 89 new outpatient centers this year, and I know you are trying to open an additional 63. Are you on target for reaching the goal of 89 and do you think we will be able to open the additional 63, and what percentage do you think the third-party collections will play into this?

Mr. WEST. First, on outpatient clinics, at the time we proposed it in the last budget, there was a great deal of skepticism, frankly, because of the budget. We are at about 77 of those right now, I think, and I think our determination is to complete that and then to go on to our next list. So I think I am feeling pretty comfortable. But you have the expert here on my right, if you want him to speak to that.

Secondly, on collections, the \$608 million that is reflected there is itself about 20 percent less than what we estimated last year. I think that is an effort at being as realistic as we can, at better predictions. That should mean that we have greater confidence in this year's number than last year's. And, in fact, the \$608 million number is actually \$900-and-some when you add in the \$350 million for the Millennium Bill as well that we have to collect. So we should have better confidence.

Now, in fact, there are some other factors that that 20 percent reduction does not represent. It is all the efforts that Dr. Garthwaite has underway. I call it honesty or truth in billing, the effect of that. On the other hand, that may be counteracted by the rate change. So we should have greater confidence in the number, but the fact is that there are still factors at work that mean that we will have to work as hard as we can flat out, but we intend to try to get there.

Mr. SHOWS. How about Natchez? We were supposed to have an outpatient center in Natchez, so I will be interested in finding out—I will get that from you later.

Mr. WEST. I think we may have a date.

Mr. SHOWS. Okay. That is great.

Mr. WEST. I will check and make sure, but I think I can say to you here that we have a date.

Mr. SHOWS. Okay, great. Mr. Chairman, thank you, Mr. Secretary.

(Subsequently, the Department of Veterans Affairs provided the following information:)

VISN-16 has submitted a proposal to VA Headquarters to establish a Community Based Outpatient Clinic (CBOC) in Natchez, MS. The proposal is currently under review and we expect to complete that review and submit it to the Appropriations Committees for informal review in the near future. Assuming approval will be received, we expect to have the clinic open before the end of the fiscal year.

Mr. SHOWS. I would like to enter a statement into the record.

The CHAIRMAN. Without objection, certainly.

[The prepared statement of Congressman Shows appears on p. 56.]

The CHAIRMAN. The gentlelady from Nevada, Ms. Berkley, is recognized.

OPENING STATEMENT OF HON. SHELLEY BERKLEY

Ms. BERKLEY. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for giving me the opportunity to speak with you today.

This time last year, when I was brand new to Congress, the first meeting that I attended of any committee was this one, and it was when you were speaking and presenting the Administration's budget. At that time, I had an opportunity to share with you publicly the needs of my community and how unique they were because of the extraordinary growth in Southern Nevada, and I shared with you at that time the needs that had been discussed with me throughout my campaign with my veterans and how extraordinary the needs were.

Immediately after the hearing, your staff contacted me and we sat down and spoke of those needs and you sent out Deputy Secretary Gober, who spoke with my veterans personally, and throughout the year, we have been working very closely together to address those needs.

Now, as you know, I have got the fastest-growing veterans' population in the United States. That, coupled with the fact that I also have the fastest-growing senior population in the United States, makes the needs of these aging veterans that are pouring into Southern Nevada extraordinary and extraordinarily difficult to keep up with.

Now, while I also have continuing problems of homeless veterans and veterans who, unfortunately, have serious alcohol and drug abuse issues, I would reiterate to you the dramatic health care needs that people in my district continue to have, and you and I have spoken as recently as a couple of days ago and I shared with you the continuing needs that we have.

I am delighted that there has been an increase in the budget from last year because that will mean that my veterans will get additional services and additional help, perhaps now, in addition to the mammogram machines that we discussed and the MRIs that we discussed that my veterans are urging me and begging me to put in that clinic so that they could have one-stop shopping, in addition to the fact that we still have a lengthy time between the time that they go in for testing or go in to see a doctor and actually do, although the time has shortened dramatically, that is still a very large need in my community.

Perhaps one of the most important things, and since Nevada has the fourth-highest remand rate in the United States, one of the issues that consistently comes up when I speak with my veterans is the need for administrative services and to be able to get help with their benefit needs quicker.

Now, I have got 67 percent of the State population in my district, and as you know, the benefits in the Administrative offices of the VA are located in Reno, Nevada, which is several hundred miles away from Las Vegas. If, in fact, we cannot move the Administrative office down to where the population is, then perhaps a satellite office would be the appropriate thing to do. It will help my veterans immeasurably, and I know that you are very sensitive to that issue.

I hope that we will start examining where we put the finite resources that this government can give to the Veterans' Administration. For those of us who represent districts in the Western United States that have increasingly large populations and growing populations, aging populations, an extraordinary number of veterans pouring into those districts, we need to reallocate the resources across the United States and make very hard decisions of which clinics must be closed because they are serving populations that are not there anymore and moving the resources to the areas of the greatest growth, because we have got extraordinary problems and no additional amount of funding, if it is \$1.4 billion or \$10.4 billion, is going to solve the problem if the resources still are not being allocated appropriately to where the veterans' populations are residing. So I ask you to take a good look at that and help me to help my veterans who are begging, begging for the resources that they very justly deserve.

Thank you very much.

Mr. WEST. Congresswoman, as you have pointed out, not only this time but on other occasions, including my recent visit, the need to have administrative claims processing and other kinds of benefit resources, one-stop shopping that is right there at the clinic. I believe that Under Secretary Thompson is moving in that direction, is that not correct?

Ms. BERKLEY. Is he moving to Las Vegas?

(Laughter.)

Ms. BERKLEY. Everybody else is.

Mr. THOMPSON. We are building up the resources we have in Las Vegas. We will be on the same grounds with the clinic. We recognize that the population is growing, just as you described. The claims processors need not be collocated with veterans, but the people who do the public contact that veterans come into for help obviously do have to be closely located. We are well underway with that. Most regional offices have actually been declining in staffing for 7 years in VBA. This is the first year we will end the year with more people on board than we started with.

Reno actually has had an increases in resources over the last couple of years because we recognize that the veteran population has shifted that dramatically.

Ms. BERKLEY. If I may, please keep in mind that I have 5,000 new residents a month moving to Las Vegas and a large number of those are veterans over the age of 65. So you cannot locate these

resources fast enough, in my opinion. And let me compliment you on the opening of the Pahrump clinic. I was there. It was a need that you addressed and we appreciate it. The clinic is wonderful. The day that it opened, it was fully serviced and fully staffed and, I can assure you, fully utilized.

The CHAIRMAN. The gentleman from Florida, Mr. Bilirakis, is recognized.

OPENING STATEMENT OF HON. MICHAEL BILIRAKIS

Mr. BILIRAKIS. Thank you very much, Mr. Chairman, and I want to apologize to you and to the Secretary and the others for my tardiness. I had a pretty good reason, but I will not go into that.

Mr. Secretary, first, you are personally invited to the groundbreaking of the new spinal cord injury center that is going into the Tampa, FL, James Haley Medical Center on the 31st of March. I also wanted to thank you and all of your people, really, for your courtesies over the years. We have not always gotten what we wanted. We have struck out quite often and that sort of, but in terms of availability and courtesy and willingness to talk, it has always been top notch. I did want to express that because I know you get an awful lot of the negatives and the barbs. You should get maybe some of the gratitude, too.

The only question that I have, and it is really probably not directly related, if the chairman will allow me, have you taken a position on the legislation that would afford the military retirees the opportunity to buy in, if you will, into the FEHBP?

Mr. WEST. The short answer, sir, is no, I have not taken a position on it. I am generally aware of it. It is, of course, not a VA thing—

Mr. BILIRAKIS. It is not directly related.

Mr. WEST. My reaction to that legislation is the same as my reaction to any effort to improve the benefits of those who have served. I think it is a sign that Congress continues to be concerned about that. It offers an opportunity to address what has been a very serious concern, that gap at age 65 and beyond. But I think I will leave it to my colleagues at the Department of Defense to comment further.

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

The CHAIRMAN. Thank you.

Mr. Evans, any further questions?

Mr. EVANS. No.

The CHAIRMAN. Mr. Filner?

Mr. FILNER. Just briefly, Mr. Chairman. I think the Secretary and his staff have set the basis a little different than we had last year. I know we were all pained by some of the disagreements during the year and I hope that we have the basis for coming together on a budget that we all can agree on for our veterans and for this Congress, so I thank the chairman.

The CHAIRMAN. Thank you. Mr. Secretary, I have one short question and then one comment. Many veterans are expressing concern about the effects of the Morton case. They are worried that the VA is no longer going to help them process their claims. Will you com-

ment on this, Mr. Secretary, and is the VA going to help these people?

Mr. WEST. Yes, sir. The short answer is yes, and the VA continues to believe that its obligation is not just to help, but to be forward reaching in its help, to be able to reach out to veterans and assist them.

I am well aware of the Morton decision. I think you know that Under Secretary Thompson has regulations on the street that are attempting to address that which we think should be given a chance to be looked at. We have gotten lots of comment in, but no, we believe that we have an obligation and we will try to implement it with our regulations.

The CHAIRMAN. Thank you. Let me just make one comment, if I may, please. It seems like the benefits processing just keeps getting worse and worse. It is my understanding that a first-time claim takes about 210 days to process. If there are appeals made, which there are many, many of them, that time jumps to now an average of about 745 days, an increase of some 59 days from last year. This committee is concerned and our oversight committee is going to look into this. If you think it is personnel or whatever it is, we are going to work with you. But that number of days that it takes, I think is just totally unacceptable to this committee. Mr. Secretary, if you would look into that.

Mr. WEST. Yes, sir.

The CHAIRMAN. It is something we all need to be aware of because many of these old veterans are dying off before their claims are processed. Thank you.

Mr. Quinn, did you have any other comments for the Secretary?

Mr. QUINN. No. I am discombobulated here. I know what it feels like, Mr. Secretary. I do, Mr. Chairman, but I will wait. Thanks.

The CHAIRMAN. All right. There will be some questions, Mr. Secretary, probably submitted in writing, if you would, please, sir, if you could answer those.

Mr. WEST. Yes, sir.

The CHAIRMAN. Thank you, sir, and thank you, gentlemen.

Mr. WEST. And thank you.

[The prepared statement of Secretary West appears on p. 60.]

The CHAIRMAN. We have another panel, if those that are leaving would do so very quickly.

[Pause.]

The CHAIRMAN. Would our guests please be seated or exit the room for your conversations. The meeting will come to order, please.

Our second panel consists of four veterans' service organizations who have prepared the *Independent Budget*, Gordon Mansfield from the PVA, Dave Gorman from the DAV, Dave Woodbury from AMVETS, and Dennis Cullinan from the VFW. Gentlemen, welcome. You each have 5 minutes. If you choose, you may proceed in any way you see fit.

STATEMENTS OF GORDON H. MANSFIELD, EXECUTIVE DIRECTOR, PARALYZED VETERANS OF AMERICA; DAVID W. GORMAN, EXECUTIVE DIRECTOR, DISABLED AMERICAN VETERANS; DAVID E. WOODBURY, NATIONAL EXECUTIVE DIRECTOR, AMVETS; AND DENNIS CULLINAN, NATIONAL LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS

STATEMENT OF GORDON H. MANSFIELD

Mr. MANSFIELD. Mr. Chairman and members of the committee, I am Gordon Mansfield, Executive Director of the Paralyzed Veterans of America. I am here along with my colleagues to provide you with an overview of the 14th annual *Independent Budget* making our policy and budget recommendations for the Department of Veterans Affairs' budget for fiscal year 2001. I will provide an overview of the VA medical care and research portion of the budget. Mr. David Gorman, Executive Director of the Disabled American Veterans, will review the veterans' benefits section. Dennis Cullinan, Legislative Director of the VFW, will discuss VA construction matters, and Dave Woodbury, Executive Director of AMVETS, will present our recommendations on VA's cemetery and memorial affairs, if that meets with the committee's approval.

The CHAIRMAN. Thank you, sir.

Mr. MANSFIELD. Mr. Chairman, last year at this time, we were facing the possibility of the fourth year in a row of virtual straight-line funding for the VA health care system. Our recommended \$3 billion increase became the benchmark which was used to help the Congress and the Administration jump-start the VA out of that situation. On behalf of the members and the endorsers of the *Independent Budget* project, I want to thank this committee for its leadership here Mr. Chairman, and on the House floor for its effective advocacy. We wish to thank the chairman and ranking member and all the members for your hard work and efforts on behalf of veterans.

This year, the Administration has come forward for the first time in many years with a reasonable increase for health care. The \$1.5 billion total increase, including \$1.355 billion for health care, is a good and welcoming beginning. In contrast, the *Independent Budget* is recommending \$1.9 billion in health care alone. We believe that this figure is realistic and, as usual, is based on careful analysis of present and future health care trends. We also believe it is closer to what the VA asked the Administration and OMB to provide the agency itself.

Included in our request is funding to cover the increasing cost of care for Hepatitis C, as well as paying for the new initiatives authorized in the Veterans' Millennium Health Care and Benefits Act for long-term care and emergency care. Our recommendation also contains nearly \$1 million to cover salary increases and inflation costs. We request an additional \$6 million for the MAMOE account to enhance VA's quality control efforts.

And to continue the important investment in VA research, we are recommending \$386 million, or \$65 million over the Administration's straight-line request. As you know, Mr. Chairman, the President and administration have recommended proposed increases for NIH of six percent and even higher. We fail to under-

stand why the VA research funding should not be increased, as well.

We encourage the committee to match or exceed the Administration's \$59 million increase for prosthetic and sensory aids. Increasing demands on the prosthetics budget have put great strain on the VA's ability to meet the routine needs of veterans, let alone the provision of new high-tech assistance devices.

Advancements in technology and adaptive equipment are opening new doors for people with disabilities almost every day, maximizing function and independent living. Computer-enhanced artificial limbs and other technologies for people with mobility and sensory impairment continue to enter the marketplace. New mobility devices that climb stairs and can traverse almost any terrain are also being developed and marketed. Disabled veterans deserve the right to have access to the best this Nation and technology have to offer, but they can only do so if there are sufficient resources to make that new prosthetic equipment available.

Finally, we strongly oppose the Administration's proposal to consolidate MCCF collections and instigate the \$350 million loan, requiring the VA to pay back that loan from collections. In the first place, *Independent Budget* policy has always been skeptical of using VA collections and reimbursements for any other purpose other than to enhance VA health care. We have adamantly opposed any instances where appropriations would be offset by collections. This budget sleight of hand would loan the VA \$350 million and require a pay-back to the Treasury from accumulated collections, a direct offset. The collections contained in the Millennium Bill were earmarked specifically to enhance VA long-term care programs, not to be lumped into some new alternative funding mechanism for the entire VA health care system, and we urge the committee to reject this proposal.

Finally, Mr. Chairman, we are pleased that the Administration has taken this first step in the budget process this year. We urge the committee and the Congress to complete the process and bring VA funding levels up to *Independent Budget* levels. But an increase one year or the next after years of virtual straight-line funding will not solve the VA's long-term budget needs. VA needs the assurance that it has multi-year dollars to plan, to develop, to innovate, to hire doctors and nurses to maintain continuity to care for veterans. Without that assurance, the health care system will only stagnate.

Thank you, Mr. Chairman. I will now move to Mr. Gorman.

[The prepared statement of Mr. Mansfield appears on p. 70.]

The CHAIRMAN. Mr. Gorman.

STATEMENT OF DAVID W. GORMAN

Mr. GORMAN. Good morning. Thank you, Mr. Chairman. As Mr. Mansfield said, my remarks today will primarily address the benefit programs, which is the DAV's primary interest and responsibility in the *Independent Budget*.

The President's budget this year proposes a cost-of-living adjustment for compensation and dependency and indemnity compensation. The *Independent Budget* also recommends an increase because compensation must be adjusted annually to avoid erosion of its buying power. To stay even with the cost of living, compensation

must be increased by the same percentage as the annual increase in the cost of goods and services as measured by the CPI.

Under temporary deficit reduction measures, Mr. Chairman, scheduled to expire at the end of fiscal year 2000, COLAs have been rounded down to the nearest dollar. Although we now have no reason whatsoever to impose this burden upon disabled veterans and their families, the Administration again recommends legislation to make this a permanent requirement.

Mr. Chairman, we all know that many disabled veterans can barely survive on the modest compensation they now receive. It is bad enough to reduce benefits to disabled veterans in the name of budget reconciliation, but we simply cannot again understand why the Administration wants to take such advantage of our Nation's disabled veterans when no reason exists for doing so other than the knowledge that they have the power to do so. To us, Mr. Chairman, that is certainly not in keeping with the obligation this Nation has to care for those disabled in service to her country, to their country.

Fortunately, Mr. Chairman, the President cannot do this without your concurrence. Because the need for this deficit reduction measure no longer exists, we not only urge you to reject the President's outrageous proposal, we also urge you to work for repeal of the round-down provision for fiscal years 2001 and 2002.

Also, Mr. Chairman, we urge you to reject the President's proposal to make permanent the user fees and other deficit reduction measures imposed upon veterans.

The budget also proposes and recommends the repeal of the provision requiring delayed payment for compensation benefits for September of this year. Assuming, as we do, that no pay-as-you-go offset against other veterans' benefits would result, we support that proposal.

If I may, Mr. Chairman, let me turn briefly to the delivery of benefits. For years, the VA has struggled to overcome poor quality and large backlogs in its compensation pension claims processing. By hiring 287 new employees and reassigning 299 more, the Administration's budget proposes to increase staffing by 586 full-time employees for claims processing. While certainly we applaud that plan, we believe that any gains from increased staffing will be more than offset by lost efficiency and productivity from the court-imposed procedure regarding well-grounded claims.

As we explain in detail in the *Independent Budget* and in our written statement, the Court of Appeals for Veterans' Claims has construed a longstanding principle in VA administrative practice to mean something entirely different from what it has meant since the 1920s. As a consequence, Mr. Chairman, the court has imposed additional procedural requirements upon both veterans and the VA. With added complexity and the additional work that must be done on each case, more time and effort will be required to dispose of individual claims.

Where VA could previously dispose of a benefits claim with one decision in most instances, it now must make a minimum of two decisions, and in many instances more than two decisions. This added formality and work accomplished nothing beneficial for VA or for veterans.

Mr. Chairman, veterans, VA, and your committee are regularly faced with unavoidable challenges and complications, and that, it seems, is inherent in the nature of this large, complex program, and just by the nature of things, serious problems seldom have simple solutions. However, the problem related to the court's "well-grounded" requirement could be easily avoided and simply solved by legislation to restore the process that existed before the court has changed it. Such legislation exists, Mr. Chairman. Many of the members of this committee have cosponsored that legislation and we will sincerely appreciate your endorsement and your rapid consideration and support of H.R. 3193.

With each new major decision on the "well-grounded" issue, the court seems to complicate the process even more. The *Independent Budget* includes several other proposals, Mr. Chairman, to improve the benefits and their delivery. We ask that the committee give them their full consideration. With less divisiveness on the funding levels proposed in the budget this year, we hope you will be able to address some of those issues.

Mr. Chairman, I want to thank you for allowing us to be here today, and before I close, I want to echo what Mr. Mansfield said. Last year when we sat up here, it was a difficult year. It proved to be difficult all the way through the process, the budget process, and I think finally justice has prevailed in the way that this committee and the entire Congress has treated veterans and recognized their true needs. I hope that the *Independent Budget* process has lent some credibility to that process and has helped you along the way, as is certainly intended to do, and for that, I wanted to say thank you very much.

[The prepared statement of Mr. Gorman appears on p. 76.]

The CHAIRMAN. Thank you, Mr. Gorman. Let me assure you that the work you do, all of you do, is a tremendous help to us when we contemplate our budget. Mr. Woodbury?

STATEMENT OF DAVID E. WOODBURY

Mr. WOODBURY. Good morning, Mr. Chairman, members of the committee. I am Dave Woodbury, AMVETS National Executive Director. It is a pleasure to appear before you today to testify on behalf of the Department of Veterans Affairs' fiscal year 2001 budget.

Just a few months ago, we were wrestling with the daunting task of how to make up for a \$3 billion shortfall between the Administration's fiscal year 2000 budget proposal and our *Independent Budget* assessment. That budget is now in place, and thanks to your leadership and the support and determination of this committee, a significant portion of the funds were restored. Your efforts in this regard were certainly appreciated.

Today, as we examine the VA's budget requirements for fiscal year 2001, there seems to be a different dynamic in place. With the Administration's announcement last week of the "largest increase in discretionary spending for veterans ever proposed by any President," one of two possible conclusions can be drawn. Either the Administration has finally recognized that their straight-line budget approach of years past served to seriously disadvantage veterans and needed to be changed, or political pragmatism has once again

been inserted within the budget scenario. We are now in an election year and veterans vote.

In either case, the President's 2001 VA budget proposal provides an encouraging signal that this year, veterans' interests are being responsibly addressed. AMVETS supports it as an essential first step in this year's budgetary process.

This year, a comparison between the Administration's proposal and our *Independent Budget* analysis reveals a shortfall of approximately \$500 million. That is a far cry from last year's \$3 billion difference. Accordingly, we are encouraged that with this as a starting point, we can work together during the ensuing months to craft a VA budget that fully funds VA programs in a way which truly serves veterans.

And as a corollary, Mr. Chairman, we would hope that this year we could agree on a process which brings consistency to the VA budgets by recognizing the need for a multi-year fiscal plan. As you well recognize, it is very difficult to manage programs as complex and all-encompassing as those within VA based solely on the current fiscal year appropriation. These programs carry multi-year fiscal implications. It would be helpful to recognize this dynamic and account for it so that longer-term managerial decisions may proceed in a logical and efficient manner. To the extent we can remove the fiscal uncertainties from the budgetary process, we believe we can directly assist VA in achieving the managerial efficiencies we all seek.

My colleagues here either have or will discuss specific sections of the proposed budget. Let me turn to the subject of the National Cemetery Administration and what we believe to be its funding requirements for fiscal year 2001. The President's proposed budget requests \$110 million, \$13 million above the fiscal year 2000 appropriation. Our assessment is that while this proposed increase offers an initial step, it is nevertheless approximately \$5 million below what will be required to sustain NCA in the face of increasing demand for burial space and related support costs.

In recent years, the NCA has struggled to maintain its massive network of cemeteries. Currently, they maintain in excess of 13,000 acres containing over 2.2 million gravesites and columbarium niches across a system of 117 national cemeteries in 41 States and Puerto Rico. They also maintain 34 soldiers' lots and monument sites.

This is a formidable challenge in and of itself, which today is further complicated by the growing demands of an aging veterans' population. For example, during the past 5 years, the annual interment rate has steadily increased. This year, it may exceed 80,000, and based on the 1990 census, the veteran death rate projections are estimated to be growing at an annual rate of nine percent, from 550,000 in 1998 to 601,000 in 2003. It is expected to peak at 620,000 by 2008.

These trends, particularly in the next 5 years, will continue to stress NCA's ability to provide the services required from within currently projected resources. To respond to these requirements, NCA has revised its strategic plan. Even so, it remains unclear whether the system will be able to respond during the period of greatest demand for burial services. Accordingly, we recommend

that Congress appropriate funds this year to ensure that appropriate planning and fast-track construction of needed national cemeteries can proceed.

And still in other areas, the Veterans' Benefit Improvement Act of 1998 enhanced the State cemetery grants program significantly by increasing the Federal share for the construction of new cemeteries to 100 percent. To date, however, State participation continues to be low, in part due to the recurring maintenance costs and the *low flood* plot allowance of \$150 which is set aside only for wartime veterans. For these reasons, we recommend Congress fund the State Cemetery Grants program at \$19 million and that the plot allowance be increased to \$350 and eligibility be expanded to include all veterans who are eligible for burial in a national cemetery.

Yet another major challenge confronting NCA is to ensure all national cemeteries are maintained in a manner befitting their status as national shrines. Current resources do not adequately support this requirement, which forces the system to focus on interments and only the highest priority projects. Preventive maintenance is consistently deferred. Of 117 national cemeteries, 59 are historic sites listed in the National Register of Historic Places. Due to their age and historical designation, these sites are often more costly to maintain and repair.

Accordingly, we recommend Congress provide adequate funds to respond to these requirements throughout the National Cemetery System. Within the \$115 million which the *Independent Budget* has proposed for NCA, we recommend that \$35 million be provided to support maintenance and related costs so that our National Cemetery System properly reflects an environment worthy of a national shrine.

Mr. Chairman, I appreciate the opportunity to appear before you today. We are encouraged by the Administration's proposed VA budget for fiscal year 2001 and hope it signals renewed recognition of the debt our Nation owes its veterans for their sacrifices, patriotism, and unswerving commitment to protecting the freedom we all enjoy. This concludes my testimony.

The CHAIRMAN. Thank you, Mr. Woodbury. I am sure you are aware that we required under the Millennium Bill last year for the VA to come up with a thorough study of our cemetery problem, and this committee is very much aware of what we are going to need to do out there.

I might also add that I was successful in acquiring 42 or 44 acres up there in the area of the Naval Annex to be added on to Arlington.

Mr. WOODBURY. Yes, sir.

The CHAIRMAN. Now, if we could just get the eligibility changed, we will be all right.

[The prepared statement of Mr. Woodbury appears on p. 83.]

The CHAIRMAN. Mr. Cullinan.

STATEMENT OF DENNIS CULLINAN

Mr. CULLINAN. Thank you very much, Mr. Chairman. Once again, the VFW is proud to be one of the coauthors of the *Independent Budget*. As in the past, we will be addressing the construc-

tion portion of the budget. I would add, however, that as an organization comprised of nearly two million combat theater veterans, we are greatly concerned with all aspects of the VA budget, from health care to the Veterans Benefit Administration to the National Cemetery System.

The VFW and all constituent members of the IB are deeply troubled that the President's budget for fiscal year 2001 would only provide \$62 million for major construction projects, \$114 million less than is prescribed by the IB as being necessary to meet true need in this vital area. Similarly, the President's recommendation for minor projects falls \$29 million below the IB level of \$191 million. In total, the Administration's budget for VA falls \$161 million below the funding level IB has identified as being absolutely essential to properly accommodate current construction needs while preparing for the future.

In this year, a situation continues where an inadequate funding for major and minor construction programs has compromised VA's ability to provide high-quality patient care in safe and clinically appropriate physical settings. We note that insufficient resources and having to partially or even totally fund renovation and facility conversion projects with non-construction dollars has led to cost-cutting methods that are neither as fiscally efficient nor clinically sound as they should be.

Congress must ensure that there are adequate funds for both major and minor construction programs so that the Veterans Health Administration may address urgently needed projects and the system's antiquated infrastructure.

With respect to the issue of infrastructure and capital assets planning, VA is forced to divert scarce resources to the maintenance of a large inventory of vacant buildings that should be otherwise spent on patient care programs. The VFW and the IB recommend that VA must restructure its capital assets to ensure the delivery of high-quality and timely care for all enrolled veterans while remaining and retaining its legislative mandated missions.

VA must also develop a systematic national approach to acquiring complete factual information and providing unbiased analysis to support the divestiture process. All revenue resulting from divestiture of capital assets must be reinvested in veterans' programs, and I have emphasized here, Mr. Chairman, all that VA is today belongs to America's veterans and it must remain that way. Any change of mission, any realignment, any change of structure must only serve to benefit veterans and no other purpose.

With respect to planning and oversight, the Veterans' Integrated Service Networks need to undertake more extensive construction planning and national managers must oversee this process. Again, the IB recommends that the Congress increase construction budgets to allow appropriate program consolidations, facility realignments, and other changes necessary to implement VA's changing national health care strategy. Network directors must have the authority and flexibility to alter their construction projects based on changing operational needs without fear of losing already approved constructions.

With respect to minor construction, as already mentioned, the President's minor construction budget recommendation is inad-

equate to meet the needs of VA's vast and aging infrastructure. Congress should fund the minor construction at the IB-prescribed level of \$191 million to ensure that needed facility renovations and repairs are completed in a timely manner.

In conclusion, we must turn an inadequate budget into something that the VFW, the IB, veterans, and you and I can all agree is beneficial for veterans. Nothing else will do. This concludes my statement. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

[The prepared statement of Veterans of Foreign Wars appears on p. 87.]

The CHAIRMAN. Before we go to the next questions, let me remind the panel we do have one more panel of three to be heard from today. Mr. Quinn.

Mr. QUINN. Thank you, Mr. Chairman. Gentlemen, thank you for your input here today. More than a question, just an observation, Mr. Chairman, if I may.

Mr. Filner and I, on the Benefits Subcommittee, this was mentioned while I was out of the room and I appreciate Bob mentioning it, we are going to this year on our subcommittee reverse the order of hearing witnesses a little bit so that we have—with your permission, of course, Mr. Chairman—we think that folks at the VA and the Department of Labor and anywhere else ought to hear what you have to say in person. It is vitally important and a lot of thought goes into it, so we are going to change that around this year.

In any event, looking at the *Independent Budget*, of course, and it was sent up here for us to look at, there were a number of things that what you highlighted today, certainly you do not find any disagreement here. Mr. Stump has already pointed out with cemeteries and so forth.

One of the things that strikes me, in terms of our treatment of veterans, and that is why we exist, Mr. Cullinan, you are right, we take some hits from the Secretary right on down to us in our districts, which is the way it is supposed to work. We are not treating veterans properly, whether it is health care, whether it is benefits, timeliness, all of those kinds of things. It seems to me that the least we could do, at the very least, is to properly take care of cemetery concerns, if nothing else. It is a long road to there. It was not especially great for a number of reasons. Why can we not do—and we know what those fixed numbers are and I agree with you that this budget is inadequate right now, so we stand ready to help with that.

One other point, and it is mentioned in here, that is taking a lot of our time, Bob and mine and others on the subcommittee, is the issue of credentialing and licensing as well as homelessness. Mr. Chairman, as a note to this document that we have, I met with the Under Secretary of HUD this past week in my office and we have Secretary Cuomo's attention to talk about how homeless veterans are treated in this country, not only from this budget and Al Borrego's work and others, but also at HUD, and I think we have begun some new discussions there. So I appreciate the fact that it is mentioned in here, in the IB, but also to let you know that we are going to take a strong look at that this coming year.

I yield back the balance of my time.

The CHAIRMAN. Thank you, Mr. Quinn. Mr. Filner.

Mr. FILNER. Thank you, Mr. Chairman.

I, too, want to thank the authors of the *Independent Budget*. I think, Mr. Mansfield, that you laid out the significance of the budget for last year. It not only set a benchmark and helped us raise that budget, it gave all of us, I think, the confidence and the firm numbers and the professional analysis that we could speak with some real confidence that the money would be used in good fashion and not just, you know, we want more money, but where is that money going to go, how is it going to be used, and how exactly would it affect our services to veterans. So we thank you for that.

This year's budget, I hope, will serve the same function. The difference between the Administration and your budget is less this year, but I certainly endorsed your budget last year. I endorse it this year and think it sets us this time not a benchmark but a goal to try to reach in terms of how we will look at the Administration's budget. You heard a lot of support for many of the things that you were talking about from both sides of the committee aisle and I hope we will be working together to achieve much of what you requested in that budget. Thank you very much.

The CHAIRMAN. Mr. Bilirakis.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

In looking at the figures, and I am not going to go into these for lack of time, but they do not add up as far as I am concerned. I do not know how you get from \$986 million, adding a few additional dollars to it, and then coming up with \$942 million, which is a lesser figure. But I am told that the \$23,010,000,000 at the bottom is the correct figure, so as long as that is the correct figure. But taking that and breaking it down up here just does not work out, but that is another thing.

Mr. Woodbury, I very much appreciate your going through the scenario of last year because it resulted in awfully bad times for all of us up here who do the best we can for veterans. But it is a very, very sensitive area and a very terrible period of time we went through. You know the story behind all that.

Mr. WOODBURY. It was not a happy time for us, either, sir.

Mr. BILIRAKIS. I guess it was not a happy time for you, either, but basically, you caused it in a way. And I am a member of the AMVETS and a VFW, and in the next panel, NCOA and the American Legion, and I guess I am going to ask the question, and they are in the audience, why are you all not united on this budget, all of the veterans' service organizations? Does anybody want to answer that? That is the only question I have, really.

Mr. MANSFIELD. Sir, I would say that if you look at the list of endorsers, that we are pretty much united. I would also suggest that there are a few little fault lines of difference that have developed with the problem times that we have had with people having to look out specifically for their own membership, perhaps, that over the last few years has caused some concerns.

What we have to do in the *Independent Budget* is look at being able to come to common agreement, and the way we operate is that unless all of the members of the group here agree on something, it does not get in here. So I think that may be part of the under-

standing that maybe we need to do a better job. But we attempt to work with all of the military and veterans' organizations in an effort to get their concerns involved and included in here. Sometimes, we cannot get all of them.

Mr. BILIRAKIS. Just speaking for myself, with all the credibility that there is, that others mentioned and I agree with them, with the *Independent Budget*, I think it would have even stronger credibility if it were basically all the veterans' organizations. None of us ever agree on everything. There is always give and take. But it would be a much stronger, I guess I will say coalition, in my opinion.

Mr. MANSFIELD. Sir, that is my goal, for sure.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman from New Mexico, Mr. Udall, is recognized.

OPENING STATEMENT OF HON. TOM UDALL

Mr. UDALL. Thank you very much, Mr. Chairman, and thank you, members of the panel, for being here today.

Let me first of all thank you for the *Independent Budget*. I think it gives us a real opportunity to analyze everything that comes before us, the Administration budget and any other proposals, to really see what is adequate for our Nation's veterans.

Let me also echo what others have said with regard to cemeteries. We have the Santa Fe National Cemetery in Santa Fe, NM, which is running out of space very, very quickly. There are proposals to go to flat markers rather than headstones, and I think that has been a controversial one. So I think that we really do need to make an effort to make sure that we expand these cemeteries, and I look forward to working with other members of the committee on that.

So thank you for being here today.

Mr. MANSFIELD. Mr. Chairman?

The CHAIRMAN. Mr. Mansfield?

Mr. MANSFIELD. One comment to Mr. Bilirakis. I would make a comment, sir. I am going to have folks from the staff get with your folks to go over the numbers, because I am concerned that we have a problem here. So we will follow up with that, for sure. Some of it may be—

Mr. BILIRAKIS. I hope it is not a problem, but if we are talking about an approximately \$600 million difference based on this bottom line figure, is it truly \$600 million or might it be \$700 million or a little more because of the addition? I do not know. That is the reason I asked the question.

Mr. MANSFIELD. My understanding is it is \$561 million, but that was this morning, too.

Mr. BILIRAKIS. Well, whatever. Thank you.

Mr. GORMAN. Mr. Chairman?

The CHAIRMAN. Mr. Gorman?

Mr. GORMAN. Without belaboring the point, could I just respond also to Mr. Bilirakis. Not to repeat what Mr. Mansfield has said, but I think the bottom line, and I share your concern about the entire veterans' community coming together and being supportive, and you are right, we all do not agree on certain issues, but I think

last year really proved the point that when it comes right down to the fundamentals and basic philosophy of what VA should be doing and how they could not do it with what the Administration proposed last year, the community really came together and melded as one and presented a unified voice from a fundamental basis that this is what needs to happen or the VA as we know is going to collapse and implode. So with your help and, I think, the community coming together last year, I think that was really a benchmark.

The CHAIRMAN. Gentlemen, thank you and—

Mr. QUINN. Mr. Chairman, excuse me. Will the gentleman yield for just a second?

The CHAIRMAN. Mr. Quinn?

Mr. QUINN. I want to take the opportunity to take Mr. Udall up on his offer in terms of cemeteries. We are going to get some information to you, and what we end up with, as you already know, is that the committee, the full committee, are the advocates. We need to get out and work the rest of our members on the floor and in your State and in your caucus, and we do the same thing over here. But thanks for the offer. I think we are going to make some headway this year. Thank you.

The CHAIRMAN. Gentlemen, thank you, and thank you once again for the work you and your respective organizations do. As has been said here many times today, we do not always agree, but it is very helpful to us when we go to compiling our budget. Thank you once again.

Mr. MANSFIELD. Thank you, Mr. Chairman.

Mr. GORMAN. Thank you, Mr. Chairman.

Mr. WOODBURY. Thank you, Mr. Chairman.

Mr. CULLINAN. Thank you, Mr. Chairman.

The CHAIRMAN. One more panel, if they would come forward, please.

The meeting will please come to order. Our final panel today consists of Philip Wilkerson from the American Legion, Larry Rhea from NCOA and also testifying on behalf of the National Military Veterans Alliance, and Rick Weidman of the Vietnam Veterans of America. Gentlemen, you may proceed in any way you see fit. If you can do it in 5 minutes each, we will appreciate it. Who wants to be first? Mr. Wilkerson?

STATEMENTS OF PHILIP WILKERSON, DEPUTY DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY JOHN VITIKACS; LARRY D. RHEA, DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION, ALSO ON BEHALF OF THE NATIONAL MILITARY VETERANS ALLIANCE; AND RICHARD WEIDMAN, DIRECTOR, GOVERNMENT RELATIONS, VIETNAM VETERANS OF AMERICA

STATEMENT OF PHILIP WILKERSON

Mr. WILKERSON. Thank you, Mr. Chairman. This morning, with your permission, I am accompanied by Mr. John Vitikacs of our staff who can respond to any questions in particular regarding the VA medical care portion of the budget.

The CHAIRMAN. Certainly.

Mr. WILKERSON. The American Legion appreciates the opportunity to comment on the Administration's budget request for fiscal year 2001 for the Department of Veterans Affairs. Mr. Chairman, the American Legion wishes to thank you and the members of this committee for helping to obtain a record increase in VA's fiscal year 2000 health care budget. We also wish to commend your efforts in the passage of the Veterans' Millennium Health Care Act, as well. These two initiatives help improve the medical care programs for the Veterans Health Administration at the beginning of a new decade and a new millennium. The American Legion believes the fiscal year 2001 VA budget and all subsequent budgets must build on the foundation of the above-mentioned accomplishments.

For fiscal year 2001, the President recommends a budget authority of \$47.6 billion for VA programs and services. This amounts to an increase of \$1.7 billion over current year spending. By function, that equates to an increase of \$1.3 billion for the Veterans Health Administration, an overall increase of \$200 million in entitlement programs, and an increase of \$100 million for other discretionary spending.

The Veterans Health Administration is projecting medical care efficiency savings of \$360 million and medical care cost fund revenues of \$600 million to achieve a total medical care budget of \$20.9 billion. If all budget assumptions and estimates were accurate, total revenues available for VA health care would increase by approximately \$2 billion for fiscal year 2001.

However, Mr. Chairman, rarely is it so easy to realize all budget estimates. We believe the Administration's medical care budget relies far too heavily on achieving substantial cost savings through enhanced medical efficiencies and nearly \$600 million in medical care cost fund collections. This is why the American Legion recommends increasing the fiscal year 2001 health care appropriation by \$1.5 billion over current year funding, or nearly \$200 million above the President's request.

Overall, VHA will require a health care funding increase of nearly \$2 billion for 2001. Through direct appropriations of \$20.5 billion and a combination of realistic efficiency savings and medical care cost fund revenues, the goal of a \$2 billion increase above current funding, we believe, is more achievable.

Within this increase, nearly \$1 billion in additional funding is needed to implement all provisions of the Veterans' Millennium Health Care Act for fiscal year 2001. The President's recommended \$1.3 billion in appropriations for VA health care would leave little funds remaining for other current service adjustments, program initiatives, and all other fixed cost increases.

Mr. Chairman, the American Legion strongly believes the additional non-appropriated revenues must still be identified and developed to help sustain VA health care. The American Legion suggests that the various aspects of the American Legion's GI Bill of Health proposal should be incrementally initiated to provide sufficient revenues to VHA to achieve the goal of providing accessible and affordable health care to all veterans, military retirees, and to their qualified dependents.

The areas of the President's fiscal year 2001 budget where we take greatest exception are the funding recommendations for VA's medical care, for VA's medical and prosthetics research program, major and minor construction programs, and the State extended care grants program. The American Legion respectfully requests this committee thoroughly review the Administration's fiscal year 2001 budget request for these programs in light of their realistic budget requirements and their overall contribution to supporting VA's mission.

The American Legion commends the Administration for its fiscal year 2001 budget recommendations for the National Cemetery Administration and the State Cemetery Grants program. The American Legion is also supportive of the Administration's budget recommendations and program initiatives for the Veterans Benefits Administration. We believe it is essential the Administration continue to support VBA's long-term efforts to improve the efficiency and performance of its personnel and its offices, as well as the level and quality of service provided to the veterans of this Nation.

In the final analysis, Mr. Chairman, the American Legion believes that the President's fiscal year 2001 budget for VA is a responsible proposal that leaves room for further critical improvements. The American Legion has confidence this committee will make those necessary improvements, particularly after some of the members' very positive comments this morning.

That concludes our statement, Mr. Chairman, and we will be glad to respond to any questions the committee may have.

[The prepared statement of Mr. Wilkerson appears on p. 89.]

The CHAIRMAN. Thank you, Mr. Wilkerson. Mr. Rhea.

STATEMENT OF LARRY D. RHEA

Mr. RHEA. Thank you, Mr. Chairman. Good morning to you and to the distinguished members of the House Veterans' Affairs Committee. The Association thanks you very much for this opportunity today, and as expressed in our prepared statement, Mr. Chairman, the Association is indeed grateful to all of you for the leadership and the dedication that you have shown in your efforts to improve veterans' programs and benefits. When we look back over what has occurred in the last few years, there are many magnificent things that have been accomplished and we salute you all for that.

We are also grateful that the Administration has a budget proposal that provides a basis for this committee to build upon and, hopefully, improve. We are perhaps less pleased, however, with the budget because of its one glaring omission, and that is an omission regarding a proposal on veteran education benefits.

Mr. Chairman and distinguished members, if you are able to do only one thing this year to improve veterans' programs and benefits, NCOA believes the Montgomery GI Bill is the issue. It is an issue now with national security implications and it is an issue which we believe Congress cannot delay action any further.

While the evidence continues to accumulate that the Montgomery GI Bill is not having its desired effect either as a recruiting incentive or as a transition benefit, we continue to wait, and for what, NCOA has absolutely no idea. Last year's hearing before the Subcommittee on Benefits identified the problems. The facts are known

to this committee. You have two good bills, your bill, Mr. Chairman, and the bill by Mr. Evans. But in the strongest possible terms that we can muster here in our testimony today, this year, now, and in the budget views and estimates that you are going to have to prepare and submit by February 25, you must include money for Montgomery GI Bill enhancements. At the minimum, in our view, your views and estimates must provide for a substantial boost in the monthly stipend.

While we continue to wait for program evaluations and for DOD, we also seem perplexed with the military services' inability to meet their recruiting goals. Recruiting, as you know, Mr. Chairman, is at its lowest point, even though recruiting requirements have declined by 33 percent. Sixty-five percent of high school graduates go on to post-secondary education. Only about 16 of 100 youth are available in the recruiting pool. But the reason that those who do enlist give, education is the reason.

Instead of being first, though, when Federal public education policy is considered, it seems like the veteran education benefit is last, or more aptly in recent years, it has not been even considered at all. It is one thing, Mr. Chairman, we believe, to wait and consider and further debate a completely new Montgomery GI Bill as embodied in your legislation or as embodied in Mr. Evans' legislation, but it is another thing and another issue altogether to wait to do nothing. It is NCOA's understanding that a solid recommendation was placed on Secretary West's desk by his advisory committee on education and training, yet VA indicated to us this morning that they are going to wait a little bit longer on things.

NCOA fully appreciates the multitude of important issues that this committee must consider on which you must make budgetary recommendations and the difficulty of that task, but we suggest to you here this morning that none is more pressing this year than enacting some type of meaningful reform to the education benefit. The committee has made marvelous strides in recent years in every area of veterans' programs and benefits except one, the Montgomery GI Bill.

Our request to you this morning for the fiscal year 2001 budget, let the exception rule in this one. If you do that, combined with what you have done in health care and other important veterans' programs in recent years, if we can elevate that education benefit, I think the 106th Congress could very likely go down as one of the greatest Congresses ever as far as veterans' programs and benefits. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Rhea. Let me assure you that this committee will deal with that problem. In a hearing before the Armed Services Committee the other day, I questioned the Secretary of Defense, Secretary Cohen, asking him to help us, if for no other reason as a recruitment tool. As you mentioned, only the Marines met their quota last year and the others did not even come close. Several people questioned him on this, and I believe we got a commitment out of him to try to work together between the two committees to come up with something.

[The prepared statement of Mr. Rhea appears on p. 96.]

The CHAIRMAN. Mr. Weidman.

STATEMENT OF RICHARD WEIDMAN

Mr. WEIDMAN. Mr. Chairman, on behalf of Vietnam Veterans of America, I thank you for this hearing and once again want to second the thanks from my colleagues for all the work that this committee has done and continues to do on a bipartisan basis to foster action to do all that our Nation can to assist America's veterans.

Secondly, I wish to salute the *Independent Budget* that the veterans' service organizations, and mention both to you, Mr. Chairman, the full committee, and Mr. Bilirakis, that VVA has wholeheartedly endorsed it, has worked behind the scenes and just thinks that it is one of the most important developments in the veterans' community in a long time and has shown the way about how to get together on various issues. The veterans' preference is an example, the Small Business Act that passed last year, many other things.

The veterans' community is coming together more and more around individual issues and a broader array of issues. Toward that end, Vietnam Veterans of America has just affiliated with the Federation of Military and Veterans' Organizations in order to reach over and make sure that we are doing right by our retirees. But I thank you very much for your encouragement of that effort, sir.

As you know, Mr. Chairman, Vietnam Veterans of America is deeply committed to the wellness model, if you will, that all veterans' programs should be tested against, no matter whether they are Department of Veterans Affairs benefits or Veterans Health Administration or whatever against how do they contribute to the overall wellness and fullest possible degree of autonomy and independence for that individual man or woman who has served their country in time of need, and that should be the litmus test.

The problems that we have with the budget in terms of overall figures is that it is within \$500 million. As I mentioned, we support the IBVSO. If the \$350 million of MCCP money is added back in, then you are about \$150 million off. But what is lacking here is a commitment of VA to get back to the basics of let VA be VA.

There is an important initiative that, in fact, the Under Secretary for Health, Dr. Garthwaite, has undertaken, the Veterans' Health Initiative, which is focused on military history and asking the basic question that should be asked at the front door of every single man and woman who goes to the VA for service, which is, "What did you do in the war, Dad," "What did you do in the war, Mom," and it is just that simple, and use that and test that individual for everything that he or she conceivably might have been exposed to by virtue of their military service and use that in a diagnosis and treatment plan so we do not have people cycling back through VA burning up precious resources in acute care but never getting well, never being able to be fully autonomous, never being able to go on and lead the kind of productive life that those individuals can lead within the context of general American society and contributing to a growing economy.

Toward that end, we suggest that we do not believe that anyone really knows exactly how much money is needed. VHA has not done a thorough needs assessment of looking at things from that wellness model, if you will, from the basis of doing a complete picture of every man and woman who goes into a VA facility.

The target date on the implementation of the VHI initiative, which is supposed to go in all the VHA computers, is January 2001. We were perplexed, and hopefully when we finally get the budget the last week of this month, it will have something in it, but there was nothing in what the Secretary said today nor in the briefing sheets that would lead us to believe that the Secretary is focused on this model of wellness, which, frankly, comes right back to our major critique in the past that we were not able to offer today because we do not have the actual budget, and that is how much does VA, after doing a needs assessment, do a plan. The budget figures themselves speak to what are you going to do with this and are you going to provide the most effective service and get the bang for the buck.

We encourage and would urge you, Mr. Chairman, and this committee, either through the subcommittees or through the full committee, to do a hearing on that plan that is submitted with the budget figures of looking at whether or not it is, in fact, an operational plan on which VA managers can proceed and be held accountable for—and be held accountable for. What is the performance-based system within the VA to hold people accountable? Rewards and sanctions work and there are not any right now, particularly on the medical side of the house.

And so all too much of the VA health care budget is predicated on where are we now as opposed to looking, where were we in 1996, and more importantly, what are the needs of the veterans in Arizona, in New York, in Florida, across the board, and what do we need to put into place to best service those veterans to make them well, and for those of a working age, to help them become employable and employed again.

So our overview on that is that this is a good start. It is certainly much better than last year and we commend the Administration, but frankly, we would commend the IBVSO and our colleagues in the veterans' community for keeping the pressure on the Administration in the wake of the real debacle last year that was foisted upon this body by the Administration's irresponsible action.

We would just make a couple of mentions and second what Mr. Reyes said about the GI Bill. Once again, talk about something that is performance-based. It is the most effective, cost-effective, cost-efficient veterans' program in the history of this country and probably the most cost-effective, cost-efficient social program of any sort because it is performance-based and the individual veteran has the ability to choose what is going to work for him or her in order to help them become employable and lead the most productive life.

In addition, we think also that this budget, at least at first blush, underestimates the need of Hepatitis C. What we know, and all of their estimates of this budget are based on those who currently use VA. In fact, 80 percent of veterans do not go near VA and they do not have a plan to test those people. We commend Dr. Garthwaite and we are working closely with our colleagues from the Legion, the DAV, VFW, PVA, and AMVETS and the American Liver Foundation, as well as with the VA, to try and reach that 80 percent of veterans who need to get tested, and if positive, treated. But the VA does not have a plan to reach those folks and provide testing

and treatment in time to prevent a huge bulge about 2010, 2015, of veterans in need of liver transplant.

Is it expensive now? One can argue that it is, but how expensive just in straight fiscal terms, never mind in human terms, will it be 10 years down the road if it is not addressed properly at this time?

Mr. Chairman, thank you very much for this opportunity, and as always, we are grateful to you and to your distinguished colleagues for your leadership.

The CHAIRMAN. Thank you, Mr. Weidman. Mr. Quinn.

Mr. QUINN. Thank you, Mr. Chairman.

Gentlemen, thank you for your testimony and your ongoing assistance during the year. It is an opportunity for me now, particularly with the Legion, and if you would tell Jim Hubbard I appreciate his work on our licensing credential effort later on this spring.

Thanks for the straight-on comment on the Montgomery GI Bill. You cannot get any clearer, Larry, and all of you. We appreciate it. You have heard what the chairman has said and I think all of us share his views. We just need to make believers about the rest of the 430 members who work with us over here. With your help, we will be able to do that.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Bilirakis.

Mr. BILIRAKIS. Just, Mr. Chairman, to thank these gentlemen and to assure the Legion and the NCOA and the others that are not a part of the Unified Budget that the credibility of their plans and their proposals is certainly not to be belittled. It is very significant and will be taken just as seriously as the others. It is just that I always think that there is more strength in unity than the other way around, and so that is why I made my comments, but certainly not to belittle. I belong to both of your organizations. I certainly do not mean to belittle those. Thank you.

The CHAIRMAN. Mike, do you have any questions from any of your members?

Mr. DURISHIN. No.

The CHAIRMAN. Gentlemen, if there are no more questions, we thank you for appearing before us. We look forward to working with you. The committee may have some questions that it would like to submit for the record, if you would not mind answering them. Thank you.

The meeting stands adjourned.

[Whereupon, at 11:58 a.m., the committee was adjourned.]

A P P E N D I X

**OPENING STATEMENT
CHAIRMAN BOB STUMP
FULL COMMITTEE HEARING ON VA FY 2001 BUDGET
FEBRUARY 17, 2000**

THE COMMITTEE WILL COME TO ORDER.

**TODAY WE ARE MEETING TO HEAR TESTIMONY ON THE
VA'S BUDGET FOR FISCAL YEAR 2001.**

**WE WILL HEAR BOTH FROM THE DEPARTMENT OF
VETERANS AFFAIRS AND FROM VARIOUS VETERANS
SERVICE ORGANIZATIONS.**

**I WANT TO START THE HEARING BY WELCOMING THE
SECRETARY OF VETERANS AFFAIRS, TOGO D. WEST, JR.**

**THIS IS SECRETARY WEST'S THIRD APPEARANCE BEFORE
THE FULL COMMITTEE.**

**AS YOU KNOW, MR. SECRETARY, EACH YEAR WE VIEW
THE BUDGET AS A MEASURE OF HOW WELL WE ARE
MEETING OUR COMMITMENTS TO VETERANS.**

**I THINK WE'RE ALL AWARE THAT YOU ARE PROPOSING A
MUCH BETTER BUDGET THAN YOU BROUGHT TO US LAST
YEAR.**

THE PROPOSED FUNDING LEVELS FOR VHA, VBA AND THE CEMETERIES ALL LOOK PRETTY GOOD.

BUILDING UPON THE SUCCESS CONGRESS HAD LAST YEAR, THIS BUDGET WOULD HELP VETERANS MAKE SIGNIFICANT PROGRESS IN THEIR EFFORTS TO ACCESS VA HEALTH CARE AND RECEIVE DECISIONS ON DISABILITY CLAIMS IN A MORE TIMELY FASHION.

IN SOME AREAS, SUCH AS MEDICAL RESEARCH AND THE STATE HOME GRANT PROGRAM, WE WILL PROBABLY RECOMMEND HIGHER FUNDING LEVELS THAN THE PRESIDENT'S PROPOSAL.

I MUST ALSO HONESTLY TELL YOU THAT THE PROPOSED LEGISLATION CHANGING THE ACCOUNTING STRUCTURE FOR COPAYMENTS THE VA MAY COLLECT THROUGH AUTHORITY GRANTED IN THE MILLENNIUM HEALTH CARE ACT JUST A FEW MONTHS AGO WILL BE MET BY SOME RESISTANCE BY THIS COMMITTEE.

CONGRESS WORKED VERY CLOSELY WITH THE VETERAN SERVICE ORGANIZATIONS LAST YEAR TO DEVISE A PLAN FOR THOSE COPAYMENTS THAT WOULD MAXIMIZE INCENTIVES AT THE LOCAL LEVEL TO COLLECT AND USE SUCH PAYMENTS ON VETERAN'S HEALTH CARE AT EACH FACILITY.

**THE PRESIDENT SIGNED THAT BILL INTO LAW ON
NOVEMBER 30, 1999.**

**I'M DISAPPOINTED THAT LESS THAN THREE MONTHS LATER
HIS BUDGET NOW RECOMMENDS THAT WE BREAK FAITH
WITH THE VETERANS' ORGANIZATIONS ON THAT
LEGISLATION.**

**I ALSO WANT TO REMIND MEMBERS THAT WE ARE
FOLLOWING A DIFFERENT PROCEDURE THIS YEAR FOR
SENDING OUR VIEWS AND ESTIMATES TO THE BUDGET
COMMITTEE.**

**IN ORDER TO MEET THEIR REQUESTED DATE OF FEBRUARY
25, MR. EVANS AND I WILL CIRCULATE TO YOU A COPY OF
THE LETTER WE ARE SENDING TO THE BUDGET
COMMITTEE, INCLUDING COMPARISON CHARTS.**

**BECAUSE WE ARE OUT OF SESSION ALL NEXT WEEK,
THERE IS SIMPLY NO OTHER WAY TO PROCEED.**

**IF ANY MEMBER WISHES TO SUBMIT ADDITIONAL VIEWS,
THEY NEED TO HAVE THEM TO THE VA COMMITTEE'S
STAFF DIRECTOR BY CLOSE OF BUSINESS FEBRUARY 24.**

**THEN ALL VIEWS WILL BE TRANSMITTED TO THE BUDGET
COMMITTEE IN ONE PACKAGE ON THE 25TH.**

**AFTER SECRETARY WEST'S STATEMENT, MEMBERS WILL
BE RECOGNIZED UNDER THE FIVE-MINUTE RULE FOR ANY
STATEMENTS AND/OR QUESTIONS.**

**I NOW YIELD TO THE RANKING DEMOCRATIC MEMBER, THE
GENTLEMAN FROM ILLINOIS, MR. EVANS.**

PREPARED STATEMENT OF HON. CHRISTOPHER H. SMITH
"Reviewing the Fiscal Year 2001 Veterans Budget Request"

I am very pleased to have the opportunity this morning to review President Clinton's fiscal year 2001 budget for the Department of Veterans Affairs with Secretary West and our other distinguished witnesses today.

First, I want to say that this is a much better budget than the President submitted last year, and the improvement is greatly appreciated. So the fiscal year 2001 budget thankfully marks an end to the budgetary shell games that were a grave disservice to our Nation's veterans.

I have reviewed both the \$22.4 billion discretionary VA request, as well as the \$23.1 billion "Independent Budget" proposal put together by outside Veterans' Service Organizations (VSOs). As the author of a key respite care provision in the Veterans Millennium Health Care Act (P.L. 106-117), I am heartened to see the Administration include in the budget much needed additional funding for veterans' emergency and long-term care. As many of you know, I am currently serving as a Co-Chair of the Congressional Task Force on Alzheimer's Disease, and there are many thousands of caregivers of veterans stricken with Alzheimer's whose families desperately need these respite care services. And given the pressures on the VA budget, it is to everyone's benefit that caregivers get this respite or relief, because the alternative is a very expensive stay in a VA nursing home.

Since the Millennium Health Care Act was enacted, I have received strong, positive feedback from constituents about the new opportunities for the delivery of respite care and home care outside of VA facilities. Many of them have already called or written me asking for help in getting the VA to provide respite care assistance at their home. Sadly, these families have been told that the VA cannot provide them with respite care services at home yet because the implementing regulations have not been written and approved. Therefore, I want to strongly encourage the Secretary in his efforts to implement the Millennium Health Care Act promptly.

On other issues, there is every indication that Hepatitis C (HCV) infection will continue to be a major problem for our vets—particularly in VISN-3, which serves constituents in New Jersey and New York. I understand that since fiscal year 1999, almost 25 percent of those veterans who tested for HCV in VISN-3, tested positive. This is a staggering figure. I do not want to be overly dramatic, but if these results persist over time, then we could be looking at a full blown crisis when the disease becomes symptomatic and vets need liver transplants. Thus, the budget request for an increase of \$144.7 million to add 484 FTEs for screening and treatment of HCV is clearly a step in the right direction. But I believe the VA is probably going to need more assistance than that—maybe something closer to the \$240 million recommended in the "Independent Budget." We need to make sure that every network treating HCV patients has the necessary funding to provide adequate medical care for veterans in need.

VISN-3, for example, requested nearly \$100 million in supplemental funding for fiscal year 2000. The VA has agreed to provide \$66 million to VISN-3. A good deal of the shortfall between the request and the VA's decision has to do with varying estimates of the cost of treating Hepatitis C patients with symptoms.

As all of us know, treating Hepatitis C is not cheap, and estimates range from \$15,000 to \$20,000 per patient, per cycle. The most effective therapy available, the Rebetron combination therapy of ribavirin and interferon bundled together, only works 40 percent of the time. The cost of this medication is very high in part because one component of the therapy, ribavirin, cannot be bought and used in combination with other interferon products. Thus, I am particularly interested in hearing the Secretary's views on whether the patients and the VA would be better served if this combination therapy were "unbundled" and the VA could obtain separate supplies of ribavirin.

Lastly, I believe this Congress needs to address the Medicare subvention issue. The VA must be allowed the authority to contract for medical care collections. The VA should be able to bill for, and retain payments from, the Medicare program for the treatment of higher income (priority 7) Medicare-eligible veterans. It is only fair that VA services provided to senior VA Medicare patients be billed for and reimbursed by Medicare to the VA.

PREPARED STATEMENT OF HON. CLIFF STEARNS

Mr. Secretary, we're all aware that you're proposing a better budget than you sent up here last year, and I commend you for that. I am concerned, however, that this budget relies on a gimmick to support the funding level you've requested.

This Committee worked hard last year to enact a historic piece of legislation, the Veterans Millennium Health Care and Benefits Act. Among its provisions, the Act gave VA authority to bring in additional revenue through copayments. But the law is very clear that those receipts are to be used to improve VA care and that those funds are to stay with the local facility. That's an important incentive.

Just months after the President signed this bill, however, the Administration is proposing to undermine it. Instead of attempting to implement the Millennium Act in full, the Administration is proposing to change the core element of the new revenue provisions. Rather than ensure that VA will keep new receipts and use the funds to support veterans' programs, this budget proposes a permanent change in law to require VA to skim the first \$350 million from all collections and deposit that money in the Treasury. This completely breaks faith with veterans, who should not be asked to make payments to support non-VA programs. In short, Mr. Secretary, it's a little misleading to talk about a record \$1.4 billion request, because, in truth, you're also proposing to give away \$350 million you're entitled to under current law.

But this is not just a matter of perception. The rub, Mr. Secretary, is that no matter what incentives you say you're creating, we don't believe it is possible for VA to collect \$350 million in new receipts in fiscal year 2001. Your budget states that half of that money will come from DOD reimbursements under the Millennium Act. Since the DOD reimbursement provision of the Act is to be phased in over several years starting some time after the summer of 2001, I'll welcome an explanation of how VA will collect \$182 million from DOD next year.

Congressman Silvestre Reyes
House Committee on Veterans Affairs
Full Committee Hearing on the Department of Veterans Affairs
Budget Request for FY2001
February 17, 2000
9:30 a.m.
Cannon 334

Good Morning, Chairman Stump and Congressman Evans, and to all the members of the Veterans Affairs Committee.

I want to join in welcoming Secretary of Veterans Affairs Togo West to this hearing

Prior to today, I had an opportunity to speak with the Secretary in my office about the concerns of Veterans.

At that time, I was able to share some specific concerns of mine to the Secretary, and I want to commend the Secretary for his efforts to listen to the issues of our individual constituents and of all veterans.

The administration's VA budget proposal for Fiscal Year 2001 sets forth a strong budget for our veterans and reflects his advocacy for our nation's men and women who served our country so proudly.

The budget proposal of approximately \$48 billion for the Department of Veterans Affairs for FY2001, including a \$1.5 billion increase in budget authority is the kind of serious commitment to maintaining the health care and benefits that our veterans deserve.

The move away from another flat line budget, in light of our aging veterans population and the recruitment and retention challenges our military is currently facing, is the proper step to take for our veterans

Each year we look at these budget proposals by the Administration and compare them to last year's funding and to the Independent Budget developed by AMVETS, DAV, PVA and VFW.

As I have analyzed the administration's budget within this context, the \$1.5 billion dollar increase closely meets the recommended funding levels of the Independent Budget.

After last year's budget battles and the \$1.7 billion increase provided by Congress, I am pleased that with this budget there is a recognition that our Veterans will not and must not be taken for

granted

Overall, this year's budget proposal signals our veterans that we are serious about maintaining the health care and benefits they deserve

Moreover, with our passage of the Veterans Millennium Health Care Bill in the last session, I am pleased that this budget provides substantial funding for the concerns addressed in that bill.

The increases for emergency and long term care, the treatment of Hepatitis C, and special disability therapy and programs are welcome and long overdue.

Furthermore, the additional resources directed to special mental health care services and prosthetics addresses priority issues for the unique challenges of veterans who need this type of specialized care

I am concerned, however, with several items that I wish to emphasize as we hear from the Secretary and veterans service organizations today

First, the administration's proposal to redirect to the treasury the first \$350 million in collections of co-payments for pharmaceuticals and long term care resulting from the Millenium Health Care is misguided and premature

We are just beginning to implement this statute and we should not change course midstream

In my view, these payments were intended to stay with the local VA Health Care facilities. This was intended as an incentive to local facilities to improve the care and treatment to the veterans they serve.

I am also concerned that while the budget significantly increases funding for VA Health Care there is not a similar commitment to medical research.

The flat line budget for medical research in this year's budget proposal erodes the ability of our Veterans Health Care system to remain at the forefront of diagnosis, treatment and care.

We can not afford to let the foundation of health care erode by not properly supporting medical research for our veterans, especially when the VA has historically been on the cutting edge with regard to treatment for disabilities and injuries unique to our veteran population.

We must look at additional support for medical research and I look forward to working with you Mr. Secretary and the Veterans Service Organization to reach an adequate level for medical research.

I will urge my colleagues to raise the amount to a level necessary to allow VA medical research to continue making breakthroughs for our veterans

Additionally, as a representative with over 67,000 veterans and military retirees in my district, I am extremely concerned about the needs of our aging veteran population which is rapidly increasing and must be a top priority.

These veterans require additional services and more personal and specialized care.

As a consequence, construction of State Veterans Nursing Homes is essential to care for the aging veterans in my district, in Texas and around the country.

With the aging demographics of our veterans, I can not emphasize enough the need to significantly increase amounts for state nursing home grants.

This year's budget proposal requests only \$60 million, regressing from the \$90 million that Congress appropriated last year to address this need.

This is at a time when construction of new homes and long overdue renovations of existing homes is only becoming more of a pressing issue

There are currently more than \$77 million in renovations across the country awaiting to commence.

Equally important, in large veteran population states like Texas which never had State Veterans homes, there is a dire need to construct homes.

All of these projects are competing for extremely limited funds when in fact there are mounting needs.

Specifically, with regard to my state, the Texas General Land Office has made a commitment to set aside Texas matching funds for seven homes in Texas over the next 2-3 years.

Even these seven homes will not be enough, and Texas like other states deserves a chance to seeking priority funding for two new homes in the fiscal year 2001 budget.

For that to happen, we must significantly boost funding for FY 2001 not only to last year's \$90 million level, but substantially more.

We need these homes; we deserve these homes; and we can not allow these projects to get side-tracked.

I ask the Secretary and the Veterans Service Organizations to offer their added support to this

committee's efforts to address the needs of our veterans through the State Nursing Home Grant program.

With this in mind, Secretary West, I look appreciate your testimony today, and I am confident that you will remain dedicated to our men and women who have so proudly served our country, and who look to you for adequate quality health care and benefits for their well being.

I appreciate your efforts with regard to this years budget proposal, and I look forward to working with you during this budget cycle to further strengthen our commitment to veterans.

Our veterans have earned these benefits and health care, and we owe it to them to fulfill this obligation.

Thank you

**Congressman Baron P. Hill
Statement for the Record
House Committee on Veterans' Affairs
Full Committee Hearing on the
Department of Veterans' Affairs
Budget Request for FY2001
February 17, 2000**

I want to thank Secretary West and all the representatives from Veterans' Service Organizations who have come to testify before the Committee today. We are pleased to have the opportunity to hear your comments on the Administration request and your own ideas about the needs of our country's veterans.

I have a friend who is the county Veterans Service Officer in my hometown, Seymour, Indiana. He talks to me about veterans priorities. He always has three healthcare, healthcare, and healthcare.

I believe Congress could have done better by our veterans last year. I took to heart the recommendation of last year's Independent Budget. It called for an increase of \$3 billion increase in veterans' healthcare. We ended up with about half of that.

This year's budget request includes a \$1.4 billion increase in veterans' healthcare. That is a good start. I look forward to working with the Administration on this budget. We have a real chance this year to address many of the problems our veterans are confronting.

I want to thank the Veterans of Foreign Wars of the United States, the Disabled American Veterans, Paralyzed Veterans of America, AMVETS, the American Legion, the National Military Veterans Alliance, and Vietnam Veterans of America for their leadership on veterans' funding issues. I join my colleagues in welcoming all of you.

Congressman Ronnie Shows
Full Committee on Veterans Affairs
February 17, 2000

Opening statement:

Thank you Mr. Chairman.

Good Morning Mr. West. I am very encouraged by the funding for veterans in the President's budget. The commitment for more outpatient centers, efforts to reduce waiting times for VA patients, and increased funding for medical care demonstrates that the administration is listening to the concerns that veterans and many of us on the committee as well as our colleagues have had some influence on the President.

[Secretary] Cohen, speaking to the House Armed Services Committee, said the administration is working to expand health care access. "We have made a pledge, whether it's legal or not, it's a moral obligation that we will take care of all of those who served, retired veterans and their families, and we have not done so," said Cohen.

I am also encouraged by his words. But actions speak louder than words. We must continue to take the necessary action to ensure that our veterans and military retirees have access to needed healthcare.

I introduced H.R. 2966 and H.R. 3573, the Keep Our Promises to Military Retirees Act. I joined my colleague, Congressman Norwood, in introducing this important and needed legislation because the United States Government must maintain credibility and a commitment to those who served and will serve.

I have a couple of questions, Mr. Secretary

Last year, you stated that the administration planned to open 89 new outpatient centers this year and I know you are trying to open 63 additional centers. Are you on target for reaching the goal of 89 and do you think you'll be able to open 63 additional ones

To what extent are you relying on funds from third-party collections to open those outpatient centers?

I recently introduced a discharge petition that would permit a bill to come to the House Floor that would lower the price of prescription drugs for seniors. I have received prescription drug bills from my constituents that total nearly a thousand dollars. It's a shame. The Veterans Administration is able to purchase drugs at a reduced cost. How has the VA benefit from the legislation that resulted in the current policy (of purchasing drugs at a lowered cost)? On average, what has been the yearly spending for the purchase of pharmaceutical drugs?

I know you don't have a crystal ball, but do you foresee legislation such as the Allen bill as driving up the cost of your yearly budget for pharmaceuticals?

Thank you, Mr. Chairman. I have no further questions.

**Statement of Representative Helen Chenoweth-Hage
Committee on Veterans Affairs**

Regarding the FY 2001 Budget Recommendation

February 17, 2000

Thank you Mr Chairman I appreciate the Committee for holding this hearing to review President Clinton's Fiscal Year (FY) 2001 budget request for the Department of Veterans' Affairs. I cannot overstate the importance of this issue to veterans in Idaho This hearing is very welcomed, and I thank Secretary Togo West, as well as the other panels of witnesses for being here today

Mr. Chairman, I must say that it was a pleasant surprise to learn that the Clinton Administration's budget called for an increase of \$1.3 billion for veterans' healthcare This funding request is long overdue. The simple fact is, the Administration has ignored the interests of veterans for years, especially since this is the first proposed VA health care increase in nearly four years.

As you're well aware, in 1999 my colleagues in this committee and I had to fight long and hard to secure more funding for veterans I was deeply concerned that President Clinton permitted VA health care to be under funded by one billion dollars in FY2000. If we had accepted the President's disastrous proposal, then many veterans from Idaho and around the nation would have had to use 100% of their monthly checks just to pay for their medical care. This is outrageous. That is why I must especially thank Chairman Stump for his leadership in securing the \$1.7 billion increase. I appreciate your leadership on this issue, Mr Chairman

During last year's budget process, the Republican-led Congress sent a strong message to the Clinton Administration: you can't brush veterans aside like yesterday's newspaper. Unfortunately, the current Administration still doesn't get the message It is a disgrace that the current Administration is failing at its job to take care of the men and women who have fought so hard to defend us. The simple fact is, this Administration has simply ignored the interests of Idaho veterans. In Idaho, the veterans have had to endure two very unfortunate matters

Take the waiting list issue for Idaho's veterans seeking health care. Last year, we had 700 veterans who waited an average of three months before they could even be examined by a doctor at the Boise VA Medical Center. I cannot believe the current Administration would subject our veterans to such treatment.

I contacted the Administration to find when these waiting lists would be eliminated To my surprise, no one seems to know the answer One bureaucrat told me that waiting list would be eliminated by summer while another bureaucrat said the list would be eliminated by the end of 2000. We were led to believe that last year's \$1.7 billion VA health care increase would have taken care of the long waiting lists. Yet, the lists continue to grow, and there's no hope that this situation will be corrected soon I am puzzled as to why the Administration is allowing this to happen What is the Administration doing with the \$1.7 billion increase? Why is the Clinton Administration ignoring Idaho's veterans?

Fortunately, a community-based clinic was opened in Twin Falls, Idaho which will make veterans happy in eastern Idaho and reduce the numbers coming to Boise for care. Veterans in southern Idaho now have an option of either going to Boise or Twin Falls for treatment. I am glad our veterans made so much of what the Administration gave them. Our veterans have asked that the VA approve \$850,000 for the Boise VA medical center to contract with physicians to help veterans with knee, hip, urology, and eye problems. I hope, Secretary West, that you will not deny health care to aging veterans. Our World War II veterans can wait no longer.

The second critical need I want to bring to your attention is the lack of a veterans' cemetery in Idaho. As you know, Idaho is the only state in the nation without a national or state veterans' cemetery. Approximately 80,000 Idaho veterans don't have the option of being buried on their home soil. This is not right, and it is more than due time that we remedy this problem.

I am very proud of the way Idaho has pulled together to make the dream of a Veterans cemetery a reality. With the generosity of Mr. Joe Tertling we have obtained 42 beautiful acres behind the Dry Creek cemetery in Boise, Idaho. I am eager for the day we can walk through that gracious place and see the testament to the price of freedom.

Secretary West, my state of Idaho has begun the process of submitting an application for a grant from the State Veterans' Cemetery Grant Fund, a program I worked with the Chairman last year to fully fund. This grant will provide the state with the necessary resources to construct the cemetery our veterans have for so long waited for. I look forward to working with you to make this dream for our veterans' and their families a reality.

Thank you Mr. Chairman.

STATEMENT OF THE HONORABLE TOGO D. WEST, JR.**SECRETARY OF VETERANS AFFAIRS****FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS****FEBRUARY 17, 2000**

Mr. Chairman and members of the Committee, good morning. I am pleased to present the President's 2001 budget request for the Department of Veterans Affairs (VA). The President's budget for 2001 uses a fiscally responsible approach to balancing the budget. Utilizing realistic and responsible funding levels, it puts our Nation on a path to eliminate the national debt in the year 2013, making our Nation debt free for the first time since 1835.

The President's request for VA reflects the largest discretionary dollar increase ever proposed for veterans' programs. It demonstrates his continued commitment to those who served our country with honor. Our budget proposes significant increases for each of VA's three administrations and all of our staff functions. These resources will allow us to continue to improve our ability to provide the highest quality service to our Nation's veterans—service they have earned through their sacrifices for America.

We are requesting approximately \$48 billion, which includes \$22 billion for discretionary programs, without collections, and \$26 billion for entitlements. Our request for discretionary programs is \$1.5 billion more than last year's enacted funding level. This request, along with additional resources agreed to by Congress and the Administration in 2000, reflects a two-year total increase of more than \$3.1 billion, or 16.4 percent.

Our veterans are entitled to the best health care America can provide. In the past few years, we have transformed the hospitals run by VA to provide greater access for better care to more veterans. And with the funding in our Fiscal Year 2001 budget, we will continue this improvement.

The budget provides \$20.9 billion, including \$608 million in medical collection transfers, to provide medical care to eligible veterans. This represents a \$1.4 billion increase over last year's level. VA plans to open 63 new outpatient clinics and treat 100,000 more patients in 2001 than in 2000, a 2.6 percent increase. This patient level is 24 percent above the 1997 baseline, which exceeds our goal of a 20 percent increase.

We are focusing our resources on improving veterans' access to VA health care and the services we provide them through newly established service standards and access goals. These are:

- New patients are to receive an initial or non-urgent appointment with their primary care or other appropriate provider within 30 days.
- Patients will receive a non-urgent specialty appointment within 30 days when referred by a VA practitioner.
- Patients will be seen within 20 minutes of their scheduled appointment.

Restructuring efforts made possible through the use of buyout authority will allow us to redirect an additional 1,500 full time equivalent (FTE) employees to meeting these goals. Altogether, more than 2,200 employees will be dedicated to improving access and services. These FTE, along with planned management savings and an additional funding request of \$77 million, will provide a total resource commitment of \$400 million in this area in 2001.

To enhance VA's leadership role in patient safety management, we plan to spend \$137 million to monitor and oversee safety issues and to comprehensively train all VA staff on a recurring basis

We are also requesting an increase of \$145 million to treat veterans with Hepatitis C. In addition, our budget would fully fund the \$548 million needed to implement provisions in the Millennium Act dealing with specialized mental health services, emergency care, and extended care services—rather than depend on new collection authority generating \$350 million. Consequently, this amount of collections will be returned to the Treasury

Enhancing VA's patient safety management and reporting system will also improve the quality of care we provide veterans. It has been reported in medical literature that as many as 180,000 deaths occur in the United States each year due to errors in medical care, many of which are preventable. It will take dramatic action from every health care provider, not only VA, to improve in this area

VA has not only recognized the problem, but also recognized that it is the greatest opportunity we have had in a very long time to make dramatic improvements in the way health care is provided in our country

We have acknowledged that it is impossible to correct or prevent errors without first accepting that they exist.

We are taking a systematic approach to solving the problem of patient safety, and to the way we deliver health care, to identify problems and develop solutions

We have launched the National Patient Safety Partnership, an organization that has brought together Federal and private sector experts to join forces to address this problem

We have recognized that change will require a team effort at every level of our organization, and we are committed to making that effort.

VA has led the Nation in identifying problems that result in medical errors. Our budget will enable VA to continue its world leadership in patient safety initiatives—benefiting not only veterans, but all Americans.

Our oversight of patient safety will be addressed through comprehensive monitoring at the national and local levels. We will be redirecting an additional 190 FTE toward patient safety enhancements, which means 500 FTE will be dedicated to this effort. Significant training, highlighted by a national center for patient safety, a quality scholars program, and 20 hours of biannual training for all full-time staff, will keep VA at the forefront of this important area.

In addition to basic clinical components funded through medical care, the 2001 budget request provides considerable support for the education and training of health professionals, and for VA's research programs.

In addition, we will increase the number of unique patients treated to 3.9 million, continue to enhance the quality of our care, and improve customer satisfaction.

Among our most important new initiatives are those designed to provide long-term care for veterans. These initiatives are linked to the provisions of the Millennium Act. The \$350 million increase for these initiatives included in this budget will enhance home and community-based care programs for older veterans. It will also cover out-of-system emergency care for certain veterans.

VA is committed to formulating and implementing a well-designed pilot of VA-Medicare subvention. Currently, the Department of Defense is operating a three-year subvention demonstration in six sites, scheduled to end in December 2000, and the demonstration results may offer a useful lesson for us. We look forward to working with you again to pass a VA subvention model that does not jeopardize the Medicare Trust Funds or VA's ability to provide top-quality medical care to high priority veterans.

We propose a legislative initiative to combine the Health Care Services Improvement Fund and the Extended Care Revolving Fund with the Medical Care Collections Fund (MCCF) to improve administrative efficiencies. This legislative proposal also allows 50 percent of medical collections to be returned to the Treasury as they are received until a level of \$350 million is achieved. Returning collections in this amount will recoup Millennium Act funding appropriated in medical care, while maintaining an incentive to collect all government debt.

To continue VA's identification and treatment of Hepatitis C for veterans, we request an additional \$145 million, which will increase the total funding level to combat this disease to \$340 million. Also provided is funding to meet anticipated increases for pharmaceutical and prosthetic costs.

We continue to support a two-year spending availability of \$900 million, less than five percent of our resources—excluding those funds set aside due to the deferred spending of medical equipment funds required by law. This proposal will provide VA with maximum flexibility regarding spending decisions and will promote cost-effective decision-making.

For Medical and Prosthetic Research, a total of \$321 million and 2,883 FTE will support more than 1,942 high priority research projects to enhance the quality of health care our veterans are provided. This level of funding will allow VA to continue our significant research in the areas of Gulf War veterans' illnesses, diabetes, Parkinson's disease, spinal cord injury, cancer, prostate disease, depression, environmental hazards, and women's issues, as well as rehabilitation and Health Service Research and Development field programs.

No other federally-supported clinical or research entity has initiated or completed such critical and ambitious research activities on behalf of America's veterans as VA. The Department expects the amount of non-appropriated research funding we receive from the private and public sectors to total an additional \$497 million.

The Balanced Budget Act of 1997 and the Millennium Act allow VA to retain collections from third parties, copayments, per diems, and certain other sources. These collections are deposited in the MCCF and are available for transfer to the Medical Care appropriation. The funds remain available to VA until they are expended. For 2001, VA estimates more than \$958 million will be collected, of which VA will retain \$608 million.

In part, we will be able to do this by implementing reasonable charges to certain veterans for inpatient and outpatient procedures. In addition, we are in the process of ensuring that our collection documentation meets the requirements of the Health Care Financing Agency. We are also looking to improve our ability to collect funds from private sector organizations. Additional Tricare payments from the Department of Defense, and increased copayments by veterans as provided for in the Millennium Act are assumed in the collection estimate.

For the Medical Administration and Miscellaneous Operating Expenses, or MAMOE activity, we are requesting \$64.8 million in appropriations and expect \$7.2 million in reimbursements to support 584 FTE in 2001. This level of staffing will strengthen the functions, especially in the areas of quality assurance and performance management, needed to oversee VA's efforts.

Our veterans are entitled to have their claims for benefits processed correctly and in a timely manner. This budget will fund initiatives to process claims and education benefits in an electronic environment—allowing those who process claims to have complete and easy access to the information they need.

For benefits administration, the budget provides \$999 million. The request reflects an increase of \$109 million over the operating level enacted in 2000 and a one-time adjustment of \$30 million from the Readjustment Benefit Account to ensure that all Vocational Rehabilitation and Employment administrative costs are funded from General Operating Expenses. Excluding this technical adjustment, this is a 13 percent increase.

These additional resources will ensure that veterans' compensation, pension, vocational rehabilitation and employment, education, and housing benefits will continue to be delivered while we move forward with our reengineering efforts. To help us process disability claims more efficiently, provide quality-enhancing initiatives, and continue our succession planning efforts, 586 FTE will be added to compensation processing.

VA's benefits programs are a tangible expression of the Nation's obligations to its veterans. For 2001, the Administration is requesting \$22.8 billion to support compensation payments to 2.3 million veterans, 301,000 survivors and 864 children of Vietnam veterans who were born with spina bifida, and to support pension payments to 363,000 veterans and 253,000 survivors.

We propose to provide a cost-of-living adjustment (COLA) based on the change in the Consumer Price Index, to all compensation beneficiaries, including spouses and children receiving dependency and indemnity compensation. The percentage of the COLA is currently estimated at 2.5 percent, which is the same percentage that will be provided, under current law, to veterans' pension and Social Security recipients. The increase would be effective December 1, 2000, and would cost an estimated \$345 million during 2001.

If Congress approves, VA will pay full disability compensation to veterans of Filipino forces residing in the United States who currently receive benefits at half the level that U.S. veterans receive. The cost of this legislation is estimated to be \$25 million over five years.

The Administration is also proposing repeal of a provision in the Balanced Budget Act of 1997 which would preclude the Government from making its October, 2000, VA-benefit payments on Friday, September 29, 2000 and instead require that they be delayed until Monday, October 2 (in fiscal year 2001). Under the law which would otherwise apply, when the first of the month falls on a weekend, payments are to be made on the Friday immediately preceding it.

In order to enhance educational opportunities for veterans and eligible dependents and provide various special assistance programs for disabled veterans, an appropriation of \$1.6 billion is being requested for the Readjustment Benefits program.

Education benefits will be provided for about 480,000 trainees in 2001, including 309,000 training under the Montgomery GI Bill. This request includes funds for the annual Consumer Price Index adjustment, which is estimated to be 2.7 percent effective October 1, 2000, for education programs.

The heart of VBA's strategy for improved customer service is measurable success. This budget builds on critical indicators that have been instrumental in past performance. VBA is positioning itself to improve dramatically the delivery of benefits and services.

Mr. Chairman, as we all know, VA is not completing work on claims for compensation and pension benefits in as timely a manner as we would like. This is a difficult problem not easily or quickly resolved. More veterans are receiving disability compensation today than at any time in the history of the United States and, despite a declining veteran population, VA has an ever-increasing compensation workload.

Veterans are filing claims today for more issues or conditions than at any time in our history. The complexity of these claims has also increased dramatically. The level of effort required to evaluate a claim for benefits today is significantly greater than just eight years ago. This is because of both the increased complexity of today's claims and expanded procedural requirements occasioned by judicial review of our decisions. VA has embarked on an aggressive program to hire veterans service representatives who, when fully trained in these intricate procedures, will ensure veterans get the right decision on their claim the first time.

By the end of 2001, we expect to have 1,000 more employees to work on adjudicating claims than we had last year. Significant strides have been made in implementing our case management approach to customer service and in improving the information technology infrastructure that supports veterans' claims processing. For example, two years ago, a veteran would get a busy signal more than half the time he or she called our nationwide toll-free number; today, the percent of blocked calls is 5 percent.

The problems facing VA in overcoming its claims processing backlog were long in making and are systemic in nature. All of us are dissatisfied with the rate of our progress, but there is no "quick fix" to this problem. To do what is needed will take time, but we have put in place a foundation for success and are requesting a budget through which these goals will be achievable.

Our vision for VBA emphasizes accurate and timely claims decisions, along with a high level of customer service and satisfaction. To reach those goals, VBA's 2001 budget request is \$999 million and 11,824 FTE. This represents an increase of \$109 million and 287 FTE above the 2000 level, plus a one-time adjustment of \$30 million from the Readjustment Benefit Account for Vocational Rehabilitation and Employment administrative costs.

By combining this increase in the number of employees with positions available due to efficiencies in other areas, VBA will be able to increase its number of personnel in claims processing and associated initiatives by 586. This will result in a 20 percent increase in adjudication staffing since 1999.

This budget continues to include funding for a pilot project, *Virtual VBA*, which will allow VA to process veterans' claims in an electronic environment, eventually eliminating the now paper-intensive and time-consuming manual claims process. When fully implemented, it will provide for complete access to information by anyone with access to the new system.

In addition to the electronic claims processing pilot project and increased FTE, VBA seeks funding in the amount of \$31.1 million for a number of other C&P initiatives including:

- The expansion of our Systematic Technical Accuracy Review (STAR) Program in order to obtain current and diagnostic information about the accuracy of the work being produced at field stations.
- The Systematic Individual Performance Assessment (SIPA), a new initiative designed to complement the on-going STAR program, which will bring performance assessment and accountability to the journey-level employee. This will help keep fraud from occurring and will improve oversight of individual decision-making accountability.

- Training and Performance Support Systems (TPSS), an ongoing multi-year training initiative for employees working in the area of compensation and pension. The effectiveness of this training has been established and it substantially improves the accuracy of the work of those who complete it.
- Initiatives to assist in replacing our antiquated payment system, and provide various improvements to existing technology used in this environment.

Funding is included for the enhancement of education activities intended to improve stakeholder and customer satisfaction. Building upon the EDI/EFT initiative, funding is included for The Education Expert System (TEES), an umbrella project that will expand our achievements in the area of electronic data exchange and funds transfer, and will make changes to the application used by schools to transmit enrollment information to VA.

This budget contains several initiatives designed to provide much needed improvements in service and accountability to VA's housing program. Included is funding to redesign our Loan Service and Claims processes in order to automate routine activities. Funds are also provided for an ongoing effort to consolidate guaranteed loan servicing at the nine Regional Loan Centers. Other projects include providing a redesign of the Construction and Valuation system; continuing the consolidation of the mortgage loan accounting functions to one centralized location; and enhancing the Lockbox Funding Fee system and a system to provide on-line determinations of eligibility for loan guaranty benefits.

Funding has also been included to support several areas of service that the Vocational Rehabilitation and Employment program has sought to strengthen. These initiatives are designed to improve communications, emphasize outreach, increase access, improve case management, and emphasize the program's central goal of finding appropriate employment for our veterans.

Mr. Chairman, issues regarding the Department's responsibility to procure for claimants the evidence necessary to establish their eligibility for disability and death benefits are also of concern to many. What responsibility do claimants, and those advocating on their behalf, have to first demonstrate their claims are plausible before significant Government resources are devoted to the claims' further development? Should the Department's obligation be the same regardless of a claim's plausibility, or should VA resources be devoted to those claims most likely to prove meritorious? The answers will directly affect our ability to award benefits in a timely manner to deserving claimants.

On December 2, 1999, we published for public comment a notice of proposed rulemaking concerning well-grounded claims and VA's duty to assist claimants. Consistent with currently controlling judicial precedents, the regulations we have proposed would include important exceptions to a general rule that claimants must present plausible claims before the Department's duty to assist arises.

First, under the proposed rule, there are certain types of assistance VA would provide without regard to whether a plausible claim had been submitted. VA would routinely procure service medical records in claims for service-connected disability or death benefits, and would obtain records of any VA medical treatment identified by a claimant.

Further, if VA determines a claim is not "well grounded," which is the legal term denoting plausibility, a claimant would be notified of the types of evidence they would need to present to make it so. In addition, our proposal exempts certain claimants from the well-grounded-claim requirement: those whose claims are filed within a year after service separation, and certain specific categories of others, such as the terminally ill and those unable to afford medical treatment, for whom the burden of producing evidence may be especially onerous.

Within the dictates of current law, we have attempted to strike an appropriate balance between the obligations of claimants for Federal funds and their claims representatives and those of the Government they honorably served.

We are hopeful that, with input from veterans and their representatives, we can develop a final rule that will be both acceptable to veterans and administratively feasible. Should Congress judge the outcome of this rulemaking unacceptable and contemplate shifting more of the evidentiary burden onto the Department, we ask only that consideration be given to the resource and performance issues, which would necessarily accompany such a change in law.

Our veterans deserve a dignified and respectful final resting place. The final resting places we provide for them—our Nation's VA cemeteries—are national shrines and must be maintained in a way that does honor to the men and women who are buried there.

The budget requests \$110 million, \$13 million more than the 2000 enacted level, for the operation of the National Cemetery Administration (NCA). This 13 percent increase will reinforce our national shrine commitment by beginning an extensive renovation of the grounds, gravesites and grave-markers at cemeteries where the most need exists.

New national cemeteries at Albany, NY; Chicago, IL; Dallas/Ft. Worth, TX, and Cleveland, OH will be fully operational in 2001. We will begin master planning on sites in Atlanta, GA; Detroit, MI; Miami, FL; and Sacramento, CA.

One of VA's strategic goals is to assure that national cemeteries are shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice veterans have made. In order to achieve this objective, it is necessary for NCA to address some deferred-maintenance needs. Improvements in the appearance of burial grounds and historic structures will be accomplished with an additional \$5 million requested in this budget.

VA estimates that the annual number of veteran deaths will peak in the year 2008 before beginning to decrease. Consequently, NCA's workload is projected to rise during that period. NCA is preparing for this increase by planning for the construction of new national cemeteries, extending the service life of existing cemeteries, and encouraging states to build state veterans cemeteries.

This budget includes funding and FTE to address increasing interment and maintenance workload at the national cemeteries, including the high rates of increase in interments during the first years of operation at the new cemeteries just completed. The budget also includes planning funds in the Construction, Major Projects appropriation to continue the development of additional new national cemeteries.

VA is asking for \$226.5 million for the Office of the Secretary, six Assistant Secretaries, Board of Veterans' Appeals, Board of Contract Appeals and General Counsel. This request, along with \$4.4 million associated with credit reform funding, will provide us a total resource level of \$230.9 million.

Compared to last year's appropriation, the 2001 request is \$20.3 million higher. The budget authority, along with \$53 million in anticipated reimbursements, will provide for total obligations of \$280 million in 2001. FTE will decrease by 93 in 2001 from the 2000 current estimate of 2,528.

We are requesting \$45.9 million in funding for the Board of Veterans' Appeals for 2001. The Board's marked improvement in timeliness in making decisions on veterans claims, its increase in productivity, and its reduction of the appeals backlog from 1995 through 1999 have exceeded our most optimistic expectations.

The budget request will give us the opportunity to continue to decrease the amount of time it takes to process veterans' appeals. BVA and VBA have adopted a joint performance indicator that is a system-wide measure of how long it takes to resolve an appeal made by a veteran. In 2001, we project it will take an average of 650 days. In 1999, it took an average of 745 days.

We are requesting \$56.6 million for the Office of the General Counsel. This would include \$47.6 million in budget authority, and an additional \$9.0 million funded through reimbursements under the MCCF, the Credit Reform statute, and other reimbursable authorities. This level of funding is essential if the office is to continue to meet the increasing demand for legal services required by VA's three Administrations, and if it is to keep pace with its representational responsibilities at the Court of Appeals for Veterans Claims (CAVC).

Increased funding for the Office of the General Counsel will also permit us to address rising demands for representation of the Department in workplace disputes.

For the Office of Information and Technology (OI&T), we are requesting \$30.9 million in total obligations and 195 FTE, including \$22.3 million in budget authority (156 FTE) and reimbursements of \$8.6 million (39 FTE). These resources would enable OI&T to continue to support information technology policy, program assistance, VA capital planning, the nationwide telecommunications network, the VACO campus office automation platform and local network, and other efforts. The Austin Automation Center is separately supported by VA's Franchise Fund.

VA successfully began the Year 2000 without any significant Y2K incidents. VA benefits were paid on time and our health care facilities remained open throughout the date rollover. Having met the challenge of Y2K, our next priority is information security.

In early 1999, VA initiated a Department response to the General Accounting Office (GAO) and Inspector General recommendations on the need for a strengthened VA information security program. A Department-wide working group created a security plan for investment of \$83.3 million from 2000-2005 with funding to be redirected from completed Year 2000 efforts.

The plan, which GAO commended, is a comprehensive approach to managing risk through continuous risk assessment, incident response processing, policy development, workforce education, virus protection, intrusion detection, and strong centralized management and oversight. Immediate undertakings have resulted in the establishment of a national Critical Incident Response Capability system, which tracks security incidents; the initiation of a Department-wide assessment of risk; piloting of Web-based workforce security awareness training; and the issuance of strengthened security policies for high-risk areas.

For 2001, the Office of Financial Management (OFM) is requesting \$30.9 million in total obligation authority and an average employment of 229. This request includes \$29.1 million in budget authority and \$1.8 million in reimbursable authority. These resources will allow us to continue our current level of operations and sustain efforts on critical initiatives underway. Reimbursements will fund financial operation and program reviews, and will allow us to provide assistance in financial policy development and oversight.

The requested budget authority also includes \$2.6 million toward implementation efforts of a new integrated VA core Financial and Logistics System to replace the current financial management system and its interfaces. OFM will coordinate the Department's investment in this area. In 2001, the total investment of approximately \$57 million will fund specific tasks for the acquisition (Phase III) and the prototyping and implementation (Phase IV) phases of the project.

We are requesting \$13.9 million and 65 FTE to support the activities of the Office of Planning and Analysis (OP&A). With these resources, OP&A will continue to facilitate the Department's strategic planning process; provide actuarial and analytical support to VA program offices; conduct statutorily required program evaluations; coordinate corporate management improvement activities; and support the development, analysis, and review of issues affecting veterans' programs.

Funding increases for 2001 will support expanded analyses and reports of data collected in the National Survey of Veterans, which will be conducted in 2000. Additional funding will be used to enhancing data development and actuarial services so that VA program offices and others will have available more sophisticated demographic and socio-economic information about veterans. This will improve our service-delivery planning.

Increased funding will also support a continuous environmental scan process, including stakeholder consultation sessions and focus group meetings, and an ambitious schedule of program evaluations mandated by Title 38 and the Government Performance and Results Act.

The Office of Human Resources and Administration (HR&A) is requesting \$82.8 million in total obligation authority and an average employment of 579 FTE. The requested budget authority for HR&A is \$51.4 million.

Included are requests for additional resources to carry out several initiatives, such as developing and implementing strategies to prevent discrimination complaints; developing a Departmental workforce succession planning and decision system; conducting the Department's next One VA organizational assessment; conducting VA's next Human Resources conference; and maintaining and testing the Department's Continuity of Operations Plan for assuring essential emergency services.

The total figure for HR&A reimbursements is \$31.4 million. This includes \$27.8 million and 260 FTE for the Office of Resolution Management (ORM) and \$3 million to complete development of the department's HR LINK\$ personnel payroll system. In 2001, the Department is again requesting that the operations of ORM and Office of Employment Discrimination Complaint Adjudication (OEDCA), located in the Office of the Secretary, be funded through reimbursements from its customers.

In summary, a total appropriation of \$1.062 billion is requested for General Operating Expenses (GOE); \$835 million for VBA and \$226.5 million for General Administration in 2001. This funding level, combined with \$168 million of administrative costs associated with VA's credit programs, funded in the loan program accounts under credit reform provisions; \$9.8 million in reimbursements from the compensation and pensions account for costs associated with the implementation of the Omnibus Budget Reconciliation Act of 1990 as amended; \$36.5 million from insurance funds' excess revenues; and other reimbursable authority, will provide \$1.359 billion to support operations in the GOE account.

Our Franchise Fund completed its third year of operations on September 30, 1999. The six lines of business, our Enterprise Centers, are proving to be very successful. Sales to federal entities have dramatically increased since our initial year of operations in 1997, from \$59.1 million to \$97.3 million. The 1998 financial statements of the Fund were audited by a private sector CPA firm. The audit resulted in an unqualified, or clean, opinion. On October 1, 2000, the Shared Services Center (SSC), which will support the implementation and operation of the HR LINK\$ personnel payroll system, will join VA's Enterprise Centers.

The 2001 request for the Office of the Inspector General (OIG) contains total resources slightly over \$49 million. The request includes direct budget authority of \$46.5 million and planned reimbursements of \$2.6 million, which supports average staffing levels of 369 and 24 positions, respectively.

This funding provides OIG with an increase of \$1 million for nine positions. The request will assist OIG in expanding oversight in the quality of health care services rendered our veterans, identifying internal control vulnerabilities in benefit payment processes, and detecting fraud through extensive review and analysis of VA databases and matching initiatives.

We are requesting new budget authority of \$309 million for the Department's construction programs. Our request provides funding for two major construction projects and another \$10 million for an effort to assess our medical infrastructure needs for the future. A 10 percent increase above last year's requested level is included for minor construction and the grant programs for state veterans' nursing homes and cemeteries.

We are requesting new budget authority totaling \$62 million for the major construction program. The major construction request includes funding for a seismic corrections project at Palo Alto, CA and a gravesite development project at Ft. Logan National Cemetery in Colorado. An additional \$10 million is requested in planning funds to continue the Capital Asset Realignment for Enhanced Services (CARES) studies. Congress initially provided \$10 million to begin these market-based assessments of health care requirements and capital needs in 2000. The 2001 request also includes planning funds to continue the development of four new national cemeteries, to be located near Atlanta, GA, Detroit, MI; Miami, FL; and Sacramento, CA.

Additionally, we are requesting new budget authority totaling \$162 million for VA's minor construction program. The request will be used to make improvements throughout the Nation to our medical centers' ambulatory care settings, patient environment, and aging infrastructure. Funds have also been requested for nursing home care, clinical improvements, correction of code deficiencies in existing facilities, and the elimination of fire and safety deficiencies at our facilities.

Funds requested in the minor construction budget will also support VBA and staff office construction requirements, and gravesite development and improvements at existing national cemeteries. In addition, as a result of the expanded authority provided by the Millennium Act, minor construction funds may be used to make capital contribution payments for enhanced-use lease projects such as the new regional office building at Milwaukee, Wisconsin.

The 2001 request of \$60 million for the Grants for the Construction of State Extended Care Facilities will provide funding to assist states in establishing new nursing homes and domiciliaries or renovating existing facilities. The 2001 request of \$25 million for the Grants for the Construction of State Veterans Cemeteries will provide funding to assist states in establishing, expanding, or improving state veterans cemeteries.

Mr. Chairman, for 224 years, America's men and women in uniform have brought a record of security and peace to the North American continent that is unmatched in the history of the world.

I believe this budget meets the needs of the Nation's veterans and lives up to the commitment we have to them.

I want to thank the members and staffs for your continued interest in our Department's needs. I look forward to continuing to work with you on behalf of our Nation's veterans and their families.

I also want to thank the Veterans Service Organizations for the vigorous efforts they have made on behalf of veterans during the appropriations process, and I look forward to continuing to work with them on these issues in the future.

Thank you for your time, and your consideration.

**STATEMENT OF
GORDON H. MANSFIELD, EXECUTIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE INDEPENDENT BUDGET
AND THE PRESIDENT'S BUDGET REQUEST TO CONGRESS
FOR FISCAL YEAR 2001**

FEBRUARY 17, 2000

Mr. Chairman, Ranking Democratic Member Evans, and members of the Committee, the Paralyzed Veterans of America (PVA) is honored, on behalf of our members and the *Independent Budget*, to present our views on the Administration's Fiscal Year (FY) 2001 budget submission and what we perceive to be the true resource requirements of the Department of Veterans Affairs (VA) health care system. We are proud to be one of the four co-authors, along with AMVETS, the Disabled American Veterans, and the Veterans of Foreign Wars, of the 14th *Independent Budget*. PVA is responsible for the health care recommendations, and I shall address these recommendations in my testimony today.

Last year at this time we were facing the possibility of the fourth year in a row of virtual straightline funding for the VA health care system. The system was facing a budget crisis of unprecedented proportions. Our recommended \$3 billion increase became the benchmark that was used to help the Congress and the Administration jump start the VA out of its budget mess. On behalf of the all veterans, I want to thank this Committee for its leadership in pointing the way here and on the House Floor for its strong advocacy. In the end, the \$1.7 billion increase didn't go as far as we thought it should. But it was still a major step forward and a good down payment to help lead the VA out of its budget troubles.

This year, the Administration, has come forward, for the first time in many years with a reasonable increase for health care. The \$ 1.5 billion total increase, including \$1.355 billion for health care, is a good and welcome beginning. The *Independent Budget* is recommending a \$1.9 billion increase which is more in line with what, we understand, the VA requested to pay for all existing and new programs. Our request is based on careful analysis of present and future health care trends as well as to help pay for the new initiatives – emergency care, hepatitis C, and long term care provisions called for in the Veterans Millennium Health Care and Benefits Act, P.L. 106-117. The *Independent Budget* calls for nearly \$1 billion in additional funds to cover salary increases and inflation costs, \$730 million to pay for the new long term care and emergency care programs, \$240 million to cover the increasing costs of providing care for veterans with Hepatitis C.

The *Independent Budget* has recommended a \$20.766 billion appropriation for medical care. This amount represents a \$1.840 billion increase over the amount provided in FY 2000. The *Independent Budget* has recommended a \$386 million appropriation for medical and prosthetic research. This represents a \$65 million increase over the Administration's flat-lined request. The *Independent Budget* recommends a \$71 million appropriation for the Medical Administration and Miscellaneous Operating Expenses (MAMOE) account. This represents a \$6 million increase over the Administration's request. In total, the *Independent Budget* has recommended a total increase for the Veterans Health Administration of \$1.916 billion, \$555 million over the Administration's request which includes nearly a one billion dollar increase just to meet routine escalating costs such as salary increases and inflation.

Mr. Chairman, these requirements represent the best estimates of the authors of the *Independent Budget*. In brief, the methodology for the medical care recommendations in the *Independent Budget* are based on national health-care estimates from the Veterans Health Administration (VHA) and non-government utilization data. The authors have used historical funding trends of VA programs to project FY 2001 budget needs, incorporating population demographics and policy directives.

We note that while VA research is accorded flat funding in the Administration's budget request, the President has proposed a 6 percent increase in funding for the National Institutes of Health (NIH) and a 17 percent increase in funding for the National Science Foundation. The *Independent Budget* recommends a VA research appropriation of \$386 million for FY 2000. VA research must not be left behind in our national research funding effort. We ask that you remember VA research in the bipartisan congressional attempt to dramatically increase research funding.

Ensuring that the VA receives the resources it needs to meet its obligations is critical to veterans. What is, perhaps, equally critical, is making sure that Congress and the Administration make a real commitment to providing real resources in the years to follow. After years of essentially straight-lined funding, veterans only achieve temporary relief from one or two-year budget increases. Without the assurance that the necessary resources will be provided this year, next year, and the years to follow, VA managers have little incentive to expend resources today to meet the health care needs of veterans, to hire the doctors and the nurses that are necessary to meet health care needs, if there is no assurance that VA discretionary spending will be flat-lined and the subject of out-year budgetary gimmicks.

Quality (MAMOE) – As health care quality issues become increasingly important, now is not the time to decrease staffing levels needed to monitor, report, and maintain quality. There must be an increased commitment to ensure that veterans receive the quality health care they have earned. For this reason we call for a \$6 million increase in the MAMOE account.

We oppose the Administration's proposal to amend the Veterans Millennium Health Care and Benefits Act and consolidate the recently created Extended Care Revolving Fund and the Health Services Improvement Fund into the Medical Care Collections Fund (MCCF). Keeping these funds separated will enable us to better track collections, and help us ensure that money raised for long-term care is spent for long-term care. The proposed

consolidation of the two funds and the appropriations gimmickry accompanying it do a disservice to the VA and the veterans it serves. The proposal would require an appropriation of \$350 million to begin funding the requirements of P.L. 106-117 and require VA to begin repaying the Treasury by one dollar for every two collected. This approach will only lead to a decrease in resources available for veterans health care since VA, historically, has failed to reach reimbursement goals and overhead costs have exceeded twenty percent for those dollars that are collected

The inflated MCCF estimates have never been reached, and veterans should not have to pay the price of failing to reach these rosy estimates. With a collection track record that has been anything but stellar, and reports from veterans that they have been billed for the treatment of their service-connected conditions, it is unconscionable to take 50 cents out of every dollar collected. The \$350 million called for in the President's request is only a loan to be paid back and offset by collections returned to the Treasury. The *Independent Budget* has consistently maintained that collections like third-party reimbursement should not be used to offset required appropriated dollars.

In addition, we call on you this year, as we have in past years, to assist us in restoring as appropriated dollars resources offset by MCCF collections. The intent of Congress was clear – the funds collected by MCCF must be used to augment, not replace, appropriated dollars to enhance the health care provided to veterans

This year, once again, we must work toward achieving Medicare subvention for the VA. The *Independent Budget* co-authors believe that this is an important piece of the puzzle in achieving alternative funding streams. But we also believe that if achieved, these funding streams must not be used in lieu of appropriated dollars. We all worked together to ensure that the VA could retain third-party collections, envisioning that these funds would be used to supplement appropriated dollars and to begin to address funding and innovation deficiencies in the VA. The reality was different – VA health care was flat-lined and these dollars were used to peg VA appropriations at an unrealistic level. We must work to ensure that this does not happen with Medicare subvention – real

protections must be built into whichever subvention plan moves forward. Finally, we fully support a fee-for-service approach for Medicare subvention. We remain skeptical concerning the efficacy of a managed care approach in Medicare subvention, particularly for veterans. Any managed care component of Medicare subvention must ensure that no higher-priority veteran is displaced and that the needs of disabled veterans are fully realized, and fully protected, in any managed care format.

Finally, let me discuss briefly the issue of facility reorganizations. The *Independent Budget* co-authors are not necessarily opposed to closing facilities that are no longer needed. We do not want to see scarce health care dollars wasted. Veterans and other stakeholders must be actively involved in all decisions affecting their health care. So often we get so wrapped up in dollars and budget fights that we lose track of other threats to health care for veterans. In the midst of the budget give and take last year a couple of other issues surfaced which will have direct bearing on the future of veterans programs.

The GAO issued a report on VA facilities that said VA "was," "might," or "could be" wasting millions of dollars on unneeded or underutilized facilities and structures. The press picked up the story saying VA was "wasting a million dollars a day" on these facilities. Because of health care realignment and lack of construction and renovation dollars the VA infrastructure needs have changed dramatically. We do not want to see VA dollars wasted. Money should be spent where it is needed - on health care for veterans. But the GAO report opened a debate which in some quarters showed that some how we could solve the VA's financial woes if we just "willy-nilly" start closing down and selling off hospitals.

The authors of the *Independent Budget* caution to go slow with this problem. A decision made by one consultant issuing a report to close hospital X could be an attractive budget-cutting device to some at one point in time. The same decision could make no sense to others, primarily veterans who may be inconvenienced or lose out on their health care altogether. Veterans do not stop getting sick just because somebody closed the VA hospital down the street. Vouchering may be a solution for some. But, keep in mind that

a portion of every voucher goes to pay for the contractors staffing, heating, and electric lights, too. These decisions, unless they are made in the open with the complete concurrence of stakeholders, could have drastic impact on the VA's mission. Reports basing conclusions on speculative data must be accorded the greatest level of scrutiny and skepticism – they must not be used to justify dismantling the VA health care system brick by brick. Veterans, not budgetary considerations, must come first. The ultimate goal of any reorganization effort, including the investment of the VA's infrastructure and assets, must be improved services and access, as well as the protection and augmentation of the VA's specialized services, such as spinal cord injury care, blind rehabilitation and treatment of seriously mental ill veterans.

We recognize that this Committee does not appropriate dollars, but you do authorize them. The authorization process must recognize the real resource requirements of the VA. We look to you, and your expertise in veterans' issues, to help us carry this message forward, to your colleagues and to the public. This year, more so than ever, we need your help.

We ask for your assistance to ensure that the VA receives the funding it needs to ensure that veterans who rely upon the VA for their health care needs are accorded adequate, quality health care. Let us work together to build upon the accomplishments of last year and look for a solid budget base for VA health care in the years ahead. We ask you to reaffirm our Nation's covenant to veterans and to remain faithful to generations of promises.

On behalf of the co-authors of the *Independent Budget*, I thank you for this opportunity to testify. I will be happy to answer any questions you might have.

**STATEMENT OF
DAVID W. GORMAN
EXECUTIVE DIRECTOR, WASHINGTON HEADQUARTERS
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
FEBRUARY 17, 2000**

Mr. Chairman and Members of the Committee:

I am pleased to provide you with the views of the more than one million members of the Disabled American Veterans (DAV) and its Women's Auxiliary on the President's fiscal year (FY) 2001 proposed budget for the Department of Veterans Affairs (VA) and on related issues.

I am here with my colleagues from AMVETS, Paralyzed Veterans of America (PVA), and Veterans of Foreign Wars of the United States (VFW), who join with DAV in preparing the *Independent Budget (IB)* each year. With the shared goal of ensuring that the needs of America's veterans are adequately addressed, we engage in this collaborative effort to present our collective views on policy questions, programmatic issues, and resource requirements for veterans' programs.

Corresponding to DAV's primary responsibility in formulation of the *IB*, my focus will be on the portions of the budget relating to Benefit Programs, General Operating Expenses (GOE), and the United States Court of Appeals for Veterans Claims (CAVC). We appreciate the courtesy this Committee has extended to the *IB* group by allowing us to present our views in this format.

Of the Administration's requested \$47.935 billion in budget authority for VA, \$26.253 billion is for benefit programs. Within that, \$23.116 billion is for compensation and pension and related benefits funded under that appropriation; \$1.634 billion is for readjustment benefits; and \$1.05 billion is for housing, insurance, education, and special benefits.

For delivery of benefits in the Veterans Benefits Administration (VBA), the President's budget would provide \$998.6 million in budget authority. For General Administration, the budget would provide \$230.9 million.

The budget includes a proposed cost-of-living adjustment (COLA) for veterans' disability compensation and survivors' dependency and indemnity compensation. These benefits would be increased effective December 1, 2000, based on the rise in the cost of living as shown by the Consumer Price Index.

If compensation is to effectively make up for the effects of disability, primarily lost earning power, the rates must be adjusted regularly to offset the rise in the cost of living. In past years, the compensation COLA has been rounded down to the nearest dollar to achieve savings for deficit reduction. Budget reconciliation measures provide for rounding down compensation COLAs through the end of FY 2002. Again this year, the Administration seeks legislation to make the round-down provision permanent. This recommendation is totally unjustified.

Compensation rates are already modest. Many disabled veterans on fixed incomes depend on compensation for the necessities of life and manage only a meager existence. With rounding down for several years, disabled veterans have already lost ground to inflation. While a small amount for one year, this insidious reduction of compensation for disability and death cumulatively erodes its value and degrades its effectiveness in offsetting the consequences of service-connected disability or death. Moreover, regardless of whether a person is cheated a lot or cheated a little, they are nonetheless cheated.

Only under the most extreme circumstances should Congress reduce benefits to America's disabled veterans and their survivors. In a situation of budget surpluses, this proposal is callous and unconscionable. Indeed, we believe veterans should receive a full COLA this year. Accordingly, we strongly oppose this recommendation, and, to allow full COLAs for FY

2001 and 2002, we urge that this Committee recommend repeal of the current reconciliation provision. This is the year to put a stop to this injustice

In addition, the Administration has proposed legislation to make several of the other deficit reduction measures permanent. No justification exists for permanently imposing these additional burdens upon veterans. We urge the Committee to reject this proposal as well.

The Balanced Budget Act of 1997 requires VA to delay issuing the October 2000 benefit payment from September 29, 2000, to October 2, 2000. The Administration proposes legislation to repeal this provision. It appears that this legislation would require no "pay-go" offset from elsewhere in the VA budget. Unless an offset would be required, we support this proposal. However, the Administration's proposal to pay full disability benefits to those Filipino veterans and their survivors who reside in the United States would appear to require a pay-go offset, although we are unable to find where it is specified in the Administration's budget.

The *IB* includes several other legislative proposals to improve benefits funded under the compensation and pension appropriation. We recommend changes in law to:

- repeal the \$1,500 estate limitation for certain mentally incompetent veterans
- permit career military veterans to receive disability compensation and military longevity retired pay without offset
- remove the offset between military nondisability separation, severance, or readjustment pay and disability compensation
- permit veterans to recover taxes withheld on disability severance pay or exempt retired pay beyond the current 3-year period
- include in the statutory presumption of service connection on the basis of radiation exposure lung cancer, bone cancer, skin cancer, colon cancer, posterior subcapsular cataracts, nonmalignant thyroid nodular disease, ovarian cancer, parathyroid adenoma, tumors of the brain and central nervous system, and rectal cancer
- authorize presumption of service connection for amyotrophic lateral sclerosis affecting Persian Gulf War veterans
- repeal the prohibition on service connection for smoking-related disabilities
- authorize presumption of service connection for hearing loss and tinnitus for combat veterans and veterans that had military duties typically involving high levels of noise exposure
- authorize temporary increases in compensation to be effective on the date of hospitalization or medical care that resulted in temporary total disability
- restore the reimbursement for a headstone or marker acquired privately in lieu of furnishing a Government headstone or marker
- permit payment of fees under the Equal Access to Justice Act to nonattorneys who successfully represent eligible VA claimants before the Court of Appeals for Veterans Claims

For readjustment benefits, the *IB* proposes legislation to:

- permit refund of Montgomery GI Bill (MGIB) contributions when the individual becomes ineligible for the benefit by reason of a "general" discharge or a discharge "under honorable conditions"

- increase the MGIB allowance to an amount at least equal to the average cost of pursuing a college education
- provide an increase in the educational allowance under the survivors' and dependents' educational assistance program and provide for automatic annual adjustments in the future
- provide for an award of dependents' and survivors' educational assistance to be effective the date of the total disability or death of the veteran that entitled the dependent or survivor to educational assistance
- increase the amount of specially adapted housing grants, provide for automatic annual COLAs, and authorize a grant to cover the costs of home adaptations for replacement homes
- increase the allowance for specially equipped automobiles to 80% of the average cost of a new automobile and to provide for automatic annual COLAs

The *IB* also recommends repeal of the 2-year limitation on payment of accrued benefits.

For the past several years, the *IB* has recommended additional employees to process compensation and pension claims. The Administration's budget proposes to increase staffing levels for claims processing by 586 full-time employees (FTE). Inasmuch as 299 of these additional employees would be reassigned from other VBA and support functions, this represents a net increase of 287 FTE for VBA.

More employees for claims processing are a necessity. Without other measures, Compensation and Pension (C&P) Service is unlikely to succeed in overcoming its quality and timeliness problems, however. To make the management structure in VBA, particularly C&P Service, more effective for enforcement of program standards and accountability for quality, the *IB* recommends that VA's Under Secretary for Benefits give VBA's program directors line authority over VA field office directors.

We believe any gains from increased staffing will be more than offset by losses in efficiency and productivity consequent to the court-imposed procedures regarding well-grounded claims. Because of the added layers of decisions and increased complexity, this is the single worst threat facing the VA claims processing system today. This problem deserves some elaboration.

The purpose of veterans' programs is to assist veterans. Consistent with that purpose, the benefits delivery system is designed to assist veterans in obtaining the benefits the Nation provides for them. To achieve the public policy purposes behind veterans' programs, the goal is to ensure veterans receive all benefits to which they are entitled. Congress therefore designed a simple and helpful claims process in which the Government assumed the responsibility of assisting veterans in gathering the proper and necessary evidence to substantiate their claims. Also, because of the benevolent purpose of veterans' benefits and because there is no competing or opposing interest in veterans' claims, the burden of proof is lower than that in civil proceedings in courts or other administrative agencies. Under administrative rules dating back to the 1920s, veterans' claims needed only to be supported by enough evidence to justify a belief by a fair and impartial individual that the claim was "well grounded." When it authorized judicial review, Congress adopted and codified in statute this long-standing "duty to assist" and the liberal standard of proof to ensure their continuation. The reports from this Committee and the Senate Veterans' Affairs Committee repeatedly state the intention to preserve these principles exactly as they were being applied in administrative practice at the time of enactment of judicial review legislation.

Unfortunately, the courts—CAVC and the Court of Appeals for the Federal Circuit—have disregarded congressional intent and have stood these principles on their head. The courts have misconstrued the statute to require that a veteran must submit, without assistance, enough evidence to prove that the claim is well grounded, before the veteran is entitled to Government assistance in obtaining evidence. Where a well-grounded claim had

always previously been the veteran's ultimate burden of proof, the courts changed it into a preliminary burden upon the veteran.

This obviously defeats the purpose of the duty to assist. Veterans are refused any Government assistance until they have first done unassisted the very thing for which the Government assistance is needed. If veterans are unsuccessful, their claims are summarily denied as not well grounded without any consideration of the claims' true merits and without any meaningful opportunity to receive the benefits they may very well be rightfully due. As contrary to the spirit of veterans' programs and as inequitable as this is, it represents only part of the adverse effects of the courts' erroneous treatment of these principles. In practical terms, this has added greatly to the complexity and amount of work that must be done on every claim.

Previously, when a veteran filed a claim, VA assumed the responsibility of obtaining military records, VA records, and records from private sources. This was more efficient for the veteran and VA because veterans often lack the ability or understanding to obtain records on their own and because VA could more promptly and easily obtain the records through routine requests to Government and private sources. Although veterans may generally be deemed less capable than knowledgeable and experienced VA employees in understanding what records are relevant and how to obtain them, many veterans are also disadvantaged by serious mental or physical illness, homelessness, or limited education. Under the prior procedure, once VA was assured that it had obtained all available pertinent evidence, it referred the claim to the appropriate adjudicator for a decision on the merits. Therefore, record development was accomplished routinely and efficiently as a clerical function, and the claim was then adjudicated in one, single decision in most instances.

Under the procedure that must now be observed to comply with the courts' rulings, VA leaves it to chance that the veteran will find his or her way through the process and somehow provide the correct evidence to establish that the claim is well grounded. VA then makes an initial adjudication on the question of whether the veteran has established a well-grounded claim. Under the courts' jurisprudence, this is an ever-evolving and amorphous concept that is the subject of much confusion and debate among even the most experienced adjudicators and veterans' representatives. If the claim is found well grounded—that is, all material facts are proven as a preliminary matter—VA can proceed to obtain more conclusive evidence to again prove these same facts. Once that is accomplished, the claim is then adjudicated on its merits.

Thus, where VA previously controlled an orderly development of the claim and then adjudicated it in one decision, it must now passively wait for the veteran, inexperienced in such matters, to learn what evidence is pertinent and how to obtain it, and trust that the right evidence is submitted to establish a well-grounded claim. Then, after proceeding with its own separate record development, VA must make a second decision on the merits. Consequently, a simple process, with one adjudication, has been replaced with a cumbersome, confusing, and complex one that now requires a minimum of two decisions.

The court-imposed process has proven to result in frequent confusion and disputes about matters of procedure. Lengthy first appeals often resolve only these procedural disputes, requiring more reviews and appeals for decisions on the merits. Veterans "spin their wheels" in long, burdensome, and duplicative appeals while VA expends much of its scarce resources adjudicating and litigating these preliminary procedural issues. This process benefits neither veterans nor VA.

The courts have been unwilling to revisit their erroneous decisions on this issue, despite being presented with clear and compelling evidence that they erred. The real merits of veterans' claims have become secondary to the procedural maze the courts have created with the formalities they have imposed on the process. Potentially, most every claim is now subject to being wrapped up and buried in the well-grounded morass. This element of the adjudication in the administrative and judicial processes has supplanted and overwhelmed almost all other elements. This not only demands expenditure of an inordinate amount of the resources Congress has allocated to benefits delivery merely to resolve this superfluous and unproductive formality, it also is fundamentally at cross purposes with the essence of the philosophy and public policy goals underlying veterans' programs.

Remedial legislation should be a congressional priority. In the House, H.R. 3193 has been introduced to correct the problem. At last count, H.R. 3193 had more than 60 cosponsors. We are pleased to note that, among those cosponsors, are many of the members of this Committee. The DAV sincerely appreciates Congressman Evans' introduction of the bill and your support. We urge the Committee to promptly act on H.R. 3193.

Consistent with the *IB* recommendation, the Administration's budget proposes investment of \$10.9 million in electronic claims processing technology. Through this initiative, VA seeks to improve service to claimants, reduce claims processing times, and improve accuracy, all of which are goals in VBA's strategic plan. We, of course, support these goals.

Although judicial review has provided veterans with the means to enforce their legal rights and has caused VA to adhere more closely to the law and make better reasoned decisions, new abuses have arisen as a consequence of or in connection with judicial review. To restore integrity to the process and remove inequities, the *IB* has recommended reforms in the VA General Counsel's office and has recommended legislation to improve the appellate process. These recommendations are contained in the section of the *IB* pertaining to the General Administration appropriation and the section on the United States Court of Appeals for Veterans Claims. For an explanation of these issues, we invite your attention to the *IB*.

We hope our analyses of the issues and VA's funding needs will be helpful to you. We appreciate the opportunity to present our views, and we thank this Committee for its continuing support for our Nation's veterans.



DISABLED AMERICAN VETERANS

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FACT SHEET

BIOGRAPHICAL INFORMATION

DAVID W. GORMAN

Executive Director, Washington Headquarters
Disabled American Veterans

David W. Gorman, who lost both legs in Vietnam combat, was appointed Executive Director of the Disabled American Veterans (DAV) Washington Headquarters in 1995. Working at the million-member organization's National Service and Legislative Headquarters in Washington, D.C., his responsibilities include oversight of the DAV National Service, Legislative, and Voluntary Service Programs. He is the organization's principal spokesperson before Congress, the White House and the U.S. Department of Veterans Affairs (VA).

Mr. Gorman enjoys a reputation as one of the nation's foremost experts on the VA's massive nationwide medical system. Due to his comprehensive understanding of the VA's inner workings, he has been asked to sit on numerous VA and Congressionally chartered advisory committees, as well as many ad hoc groups, seeking ways to better serve America's veterans.

After attending Cape Cod Community College, Mr. Gorman entered the U.S. Army in 1969, serving with the 173rd Airborne Brigade, the famed "Sky Soldiers" of the Vietnam War. During a campaign to secure an area in Central Vietnam where United States forces had suffered extremely high casualties, he stepped on a land mine, leaving him with wounds that required amputation of both legs. Discharged from the Army in 1970, Mr. Gorman immediately joined the DAV and is currently a life member of the DAV's National Amputation Chapter and Chapter 12 in Rockville, Md.

Mr. Gorman, became a professional National Service Officer in the DAV's Boston office in 1971, rising to the post of supervisor of the organization's Providence, R.I., office the following year. In 1975, he was assigned to the DAV National Appeals Staff, which represents veterans in claims before the VA Board of Veterans Appeals (BVA) in Washington, D.C. He was later promoted to supervisor of the DAV National Appeals Staff.

In 1981, Mr. Gorman assumed management duties in the DAV's National Service Program at DAV National Service and Legislative Headquarters. He was promoted to Assistant National Legislative Director for Medical Affairs in 1983 and to Deputy National Legislative Director in 1994.

The father of four children, Mr. Gorman lives in Germantown, Md



DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received \$55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received \$8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.



**S
SERVING
WITH
PRIDE**

**STATEMENT OF
DAVID E. WOODBURY
NATIONAL EXECUTIVE DIRECTOR**

**BEFORE THE HOUSE
COMMITTEE ON VETERANS AFFAIRS**

**VA BUDGET
FISCAL YEAR 2001**

THURSDAY, FEBRUARY 17, 2000

334 CANNON HOUSE OFFICE



A M V E T S

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Chairman Stump and Members of the Committee:

I am Dave Woodbury, AMVETS National Executive Director. It is a pleasure for me to appear before you today to testify on behalf of the Department of Veterans Affairs fiscal year 2001 budget. Just a few months ago we were wrestling with the daunting task of how to make up for a three billion dollar shortfall between the Administration's FY 2000 budget proposal and our Independent Budget assessment. The FY 2000 VA budget is now in place and, thanks to your leadership and the support and determination of this committee, a significant portion of the funds required were restored. Your efforts in this regard were certainly appreciated. Neither AMVETS nor myself have been the recipient of any federal grants or contracts during FY-00 or the previous two years.

Today, as we examine the VA's budget requirements for FY 2001, there seems to be a different dynamic in place. With the Administration's announcement last week of "the largest increase in discretionary spending for veterans ever proposed by any President . . .", one of two possible conclusions can be drawn. Either the Administration has finally recognized that their straight line budget approach of years past served to seriously disadvantage veterans and needed to be changed, or political pragmatism has become operative. We are now in an election year and, veterans vote. In either case, the President's FY 2001 VA budget proposal provides an encouraging signal that this year, veterans' interests are being responsibly addressed. AMVETS supports it as an essential first step in this year's budgetary process.

This year, a comparison between the Administration's proposal and our Independent Budget analysis reveals a shortfall of approximately \$500 million. That's a far cry from last year's \$3 billion difference. Accordingly, we are encouraged that with this as a starting point, we can work together during the ensuing months to craft a VA budget that fully funds VA programs in a way which truly serves veterans. And, as a corollary, Mr. Chairman, we would hope that this year we could agree on a process which brings consistency to the VA's budgets by recognizing the need for a multi-year fiscal plan. As you well recognize, it is very difficult to manage programs as complex and all encompassing as those within VA based solely on the current fiscal year appropriation. These programs carry multi-year fiscal implications. It would be helpful to recognize this dynamic and account for it so that longer term managerial decisions may proceed in a logical and efficient manner. For example, within the Administration's current proposal VBA has the opportunity to hire and/or redirect in excess of 1,000 full time employees during the 2000 to 2001 timeframe. Managers, however, will most likely apply a very conservative approach in this hiring process until they have confidence the personnel actions initiated this year will in fact be fiscally supportable next year. To the extent we can remove the "peaks and valleys" from the budgetary process, we believe we can directly assist VA in achieving the managerial efficiencies we all seek.

Within this context, let me turn to the subject of the National Cemetery Administration and what we believe to be its funding requirements in FY 2001. The President's proposed budget requests \$110 million, \$13 million above the FY 2000 appropriation. Our assessment is that while this

proposed increase offers an essential initial step, it is, nevertheless approximately \$5 million below what will be required to sustain NCA in the face of increasing demand for burial space and related support costs.

In recent years, the NCA has struggled to maintain its massive network of cemeteries. Currently they maintain over 13,000 acres containing over 2.2 million gravesites and columbarium niches across a system of 117 national cemeteries in 41 states and Puerto Rico as well as 34 soldiers' lots and monument sites. And today, our aging veterans population will continue to exacerbate the challenges with which they must deal within the next several years. For example, the annual interment rate has grown over the past five years and is expected to reach over 80,000 in the current fiscal year. The veteran death rate, based on the 1990 census, is expected to increase nine percent, from 550,000 in 1998, to 601,000 in 2003. It is expected to peak at 620,000 in 2008. Clearly, the next five years will severely stress NCA's ability to respond to the potential demand.

Although NCA has revised its strategic plan to address the five-year period between 1998-2003, it is unclear how the system proposes to address its period of greatest demand for the years 2003-2008. Because the planning and construction horizons of new cemeteries can take up to ten years or more, it is important that the system develop concrete plans to address the increased demand for burial benefits during the next fiscal year. For this reason, we recommend Congress make funds available this year to ensure the proper planning and fast-track construction of needed national cemeteries.

STATE VETERANS CEMETERIES GRANT PROGRAM

Although the Veterans Benefits Improvement Act of 1998 made the state cemetery grants program more attractive to the states by substantially increasing the federal share to a 100 percent grant for construction of new cemeteries, many states are reluctant to establish or add new cemeteries to their states. The reasons for lack of participation in this program are due, in part, to recurring maintenance costs and the low plot allowance of \$150, which is only available to state cemeteries for wartime veterans. Although state veterans cemeteries were developed as an accessible alternative to burial in national cemeteries, the long-term operational costs of state cemeteries have hindered their development in many states. For this reason, we recommend that Congress fund the state cemetery grants program at a level of \$19 million and encourage greater state participation in the program. We further recommend that Congress increase the plot allowance to \$350 and expand the eligibility for the allowance to include all veterans who are eligible for burial in a national cemetery.

SHRINE COMMITMENT

A major challenge facing NCA is to ensure that all national cemeteries are maintained in a manner befitting their status as national shrines. Successive years of restrained resources have made it impossible for the NCA to address long-term operational and field management needs. Chronic budgetary shortfalls have forced the system to address interments and only the highest priority projects while deferring important preventive

maintenance. Of the 117 national cemeteries, 59 are historic sites and listed in the National Register of Historic Places. Because of their age and historical designation, these cemeteries are often more costly to repair and maintain. We therefore, urge Congress to ensure that the NCA is funded to meet not only the expected grounds maintenance and operational expenses of its 117 national cemeteries but that funding include preventive maintenance, equipment, minor construction, and historic preservation. We also recommend that Congress provide, within the IBVSO recommended funding level of \$115 million, \$35 million for the NCA to support the maintenance of an environment worthy of a national shrine at all national cemeteries.

Again, Mr. Chairman, we are encouraged by the Administration's proposed VA budget for FY 2001. We hope it signals a true recognition of our nation's continuing gratitude for and commitment to veterans and their patriotism, sacrifice, and selfless commitment to protecting the freedoms we all enjoy. Our veterans have earned our support. The price is not too great for the value received.

Mr. Chairman, I appreciate the opportunity to appear before you today. This concludes my report.

STATEMENT OF
 KENNETH A. STEADMAN
 EXECUTIVE DIRECTOR
 VETERANS OF FOREIGN WARS OF THE UNITED STATES

before the

COMMITTEE ON VETERANS' AFFAIRS
 UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE DEPARTMENT OF VETERANS AFFAIRS' BUDGET FOR
 FISCAL YEAR 2001

WASHINGTON, D C.

FEBRUARY 17, 2000

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE

Once again, the VFW is proud to be one of the co-authors of the Independent Budget (IB). As in the past, our contribution lies within the construction portion of the budget. But, as an organization of nearly two million members, the Veterans of Foreign Wars is obviously greatly concerned with all aspects of the VA's budget from Health Care to the Veterans Benefits Administration to our National Cemetery System.

Construction Programs

The VA construction budget includes Major Construction, Minor Construction, Grants for Construction of State Extended Care Facilities, Grants for State Veterans' Cemeteries, and the Parking Garage Revolving Fund.

The VFW and all constituent members of the IB are deeply troubled that the President's Budget for FY 2001 would only provide \$62 million for Major Construction Projects, \$114 million less than is prescribed by the IB as being necessary to meet true need in this vital area. Similarly, the President's funding recommendation for Minor Projects falls \$29 million below the IB level of \$191 million. In total, the Administration's budget for VA falls \$161 million below the funding level IB has identified as being absolutely essential to properly accommodate current construction needs while preparing for the future.

Construction Issues

Inadequate funding of the Major and Minor Construction programs has compromised VA's ability to provide high quality patient care in safe and clinically appropriate physical settings

We note that insufficient resources and having to partially or even totally fund renovation and facility conversion projects with non-construction dollars have led to cost-cutting methods that are neither fiscally efficient nor clinically sound.

Congress must ensure that there are adequate funds for both the Major Construction and Minor Construction programs so that the Veterans Health Administration (VHA) may address urgently needed projects and the system's antiquated infrastructure.

Infrastructure and Capital Assets Planning.

VA is forced to divert scarce resources to the maintenance of its large inventory of vacant buildings that could otherwise be spent on patient care programs

The VFW recommends that VA must restructure its capital assets to ensure the delivery of high quality and timely care to all enrolled veterans while maintaining its legislatively mandated missions. VA must also develop a systematic national approach to acquiring complete factual information and providing unbiased analysis to support the divestiture process. All revenue resulting from the divestiture of capital assets must be reinvested in veterans' programs.

Planning and Oversight

The Veterans' Integrated Service Networks (VISNs) need to undertake more extensive construction planning and national managers must oversee this process. Again, the VFW recommends that Congress increase construction budgets to allow appropriate program consolidations, facility realignments, and other changes necessary to implement VA's changing national health care strategy. Network directors must have the authority and flexibility to alter their construction projects based on changing operational needs without fear of losing already approved constructions.

Minor Construction

As already mentioned, the president's Minor Construction budget recommendation is inadequate to meet the needs of VA's vast and aging infrastructure. Congress should fund the Minor Construction at the IB prescribed level of \$191 million to ensure that needed facility renovations and repairs are completed in a timely manner.

In conclusion, we must turn an inadequate budget into something that the VFW, the Independent Budget, veterans, and you can agree will be beneficial for veterans. Nothing else will do.

This concludes my statement, Mr. Chairman, and I will be happy to respond to questions you may have.

**STATEMENT OF PHILIP WILKERSON, DEPUTY DIRECTOR
NATIONAL VETERANS AFFAIRS AND
REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE DEPARTMENT OF VETERANS AFFAIRS BUDGET
FISCAL YEAR 2001**

FEBRUARY 17, 2000

Mr Chairman and Members of the Committee:

The American Legion appreciates the opportunity to comment on the Administration's Fiscal Year (FY) 2001 budget proposal for the Department of Veterans Affairs (VA). The main challenge to veterans' advocates in this new century is to protect and improve the hard won and well deserved benefits that veterans and their survivors possess and to continue to redress the problems that remain within all three VA administrations. To that end, the President's FY 2001 budget for the Department of Veterans Affairs sets forth a good beginning.

The American Legion prefaces its written testimony with the qualification that the complete FY 2001 VA budget documents were not available at the time of the budget briefing. Our testimony today is based on the budget briefing highlights and a short overview of the FY 2001 budget request. We respectfully request the privilege of submitting additional testimony for the record, as required.

The President's FY 2001 budget for VA programs and services includes a budget authority of \$47.6 billion, an increase of \$1.7 billion over the enacted FY 2000 level. The medical care budget of \$20.9 billion includes a \$1.35 billion appropriations increase, entitlement spending of \$24.6 billion reflects an overall \$200 million increase, and other discretionary spending totaling \$2.1 billion increases by \$100 million. VA is projecting Medical Care Cost Fund revenues of \$600 million to achieve a total medical care budget of \$20.9 billion.

On September 28, 1999, National Commander Alan G. Lance appeared before a Joint Session of the Congressional Committees on Veterans' Affairs to present The American Legion's FY 2001 budget recommendations for the Department of Veterans Affairs. Commander Lance's recommendations and the President's FY 2001 budget compare as follows:

**FISCAL YEAR 2001
DEPARTMENT OF VETERANS AFFAIRS BUDGET**

	<u>Proposed FY 2001</u>	<u>American Legion Recommendation</u>
Medical Care (appropriations)	\$20.3 billion	\$20.5 billion
Medical and Prosthetics Research	\$321 million	\$375 million
Major Construction	\$62 million	\$200 million
Minor Construction	\$162 million	\$200 million
Grants for State Extended Care	\$60 million	\$110 million *
National Cemetery Administration	\$110 million	\$110 million
State Grants Cemetery Program	\$25 million	\$25 million
Veterans Benefits Administration		
General Operating Expenses (GOE)	\$1 billion	\$960 million

- The American Legion recommendation for the Grants Program for State Extended Care Facilities has subsequently been revised to \$150 million.

VETERANS HEALTH ADMINISTRATION

The American Legion is pleased that the Administration's budget request for the Veterans Health Administration closely approximates the recommendation submitted by National Commander Alan Lance in September 1999 before a Joint Session of the Congressional Veterans Affairs Committees. In his testimony, Commander Lance requested VA medical care appropriations of \$20.5 billion for FY 2001. In totality, the President's FY 2001 medical care budget is a responsible budget, but still falls short of necessary appropriations support.

Upon closer examination of the Administration's FY 2001 medical care budget the \$1.355 billion increase will be targeted as follows:

- Expend \$548 million to fully meet the costs of the Veterans Millennium Health Care and Benefits Act, Public Law 106-117, regarding emergency care, extended care services, and specialized mental health services,
- Continue an aggressive response to Hepatitis C by increasing funding by \$145 million over FY 2000 projections,
- Enhance Patient Safety Management and Training by adding 190 full-time employees (FTE) for oversight safety issues (to a level of \$137 million for patient safety and 484 FTE system-wide)
- Access and Service Improvements with \$400 million and 2,200 FTE realigned to meet the goal of veterans receiving a primary care appointment within 30 days, obtaining a specialty clinic appointment within 30 days, and being seen within 20 minutes of scheduled appointments (\$200 million expenditure over the FY 2000 level),
- Open 63 new outpatient clinics and treat 100,000 more veterans than in FY 2000

These necessary initiatives account for nearly \$1 billion of the total projected FY 2001 medical care funding increase. The additional \$355 million increase has to absorb the projected cost for current service adjustments, pharmaceutical increases, prosthetics services, dental services, and all other programs. In all honesty, \$355 million is not sufficient to cover all other fixed expenses. VHA is projecting new management efficiencies of \$360 million just to stay within the budget targets. This is the portion of the Administration's FY 2001 VHA budget that is fraught with danger. The American Legion urges this Committee to examine how VHA intends to accomplish management efficiencies of nearly \$400 million in FY 2001 without negatively impacting the quality and timeliness of care. This proposal conflicts with VHA's 30/30/20 goal for improving the timeliness of appointment scheduling.

Mr. Chairman, The American Legion supports the President's FY 2001 medical care budget for the Veterans Health Administration. However, due to the above information, VA will have to scale back some of its planned initiatives if additional appropriations and supplementary revenues projected from the Medical Care Cost Fund (MCCF) (\$600 million) does not fully materialize.

Therefore, The American Legion recommends at a minimum, a FY 2001 appropriations increase of \$1.5 billion for VA health care. With a slight increase in MCCF revenues, above the current year level, and with realistic efficiency enhancements, VHA will be in a much better position to meet its FY 2001 obligations.

The American Legion recommends an appropriation of \$20.5 billion for VA health care in FY 2001. An additional \$500 million from VA's Medical Care Cost Fund is crucial to providing VHA the luxury of meeting its programmatic and fixed cost obligations in FY 2001.

MEDICAL AND PROSTHETIC RESEARCH

The Administration is proposing a FY 2001 straight-line budget for medical and prosthetics research. Dollar for dollar, VA is widely recognized for conducting a very effective research program. VA devotes 75 percent of its research funding to direct clinical investigations and 25 percent to bioscience. Patient-centered research comprises one of every two dollars spent on VA research. While more responsibility is delegated to VA research through its Rehabilitation Research Centers of Excellence, the Geriatric Research, Evaluation and Clinical Centers, and the recently established Mental Health Research Centers of Excellence, it is negligent to propose a flat line budget for FY 2001.

Two years ago, the Administration committed to a goal of doubling VA's medical and prosthetics research budget over a five-year period. The research budget was then \$282 million. VA's research appropriation requires a significant funding increase over several years to accomplish its mission and goals. It is essential to know what research programs and initiatives the Administration would propose reducing, in light of its failure to acknowledge a necessary funding increase over the current services level. With a flat-line budget for FY 2001, VA will be seriously challenged in attracting and retaining competent research professionals.

VA research cannot maintain its current efforts or plan its future activities when its budget is so uncertain from year to year. The American Legion previously recommended that VA research funding be set at three percent of the Department's medical care appropriation. Currently, the research budget represents 1.5 percent of health care funding. Most major corporations devote at least three percent of their budget to research and development and there is no reason why VA cannot do the same. It's a struggle convincing the Department to devote more of its funding to research and development, aside from seeking these resources from Congress.

VA recently expanded its Rehabilitation Research Centers from three to nine. This program, including its efforts in spinal cord, stroke, rehabilitation, multiple sclerosis, and low vision research will be significantly derailed under the FY 2001 budget. VA has not funded one cooperative research project this year due to its current inadequate research appropriation. Cooperative research programs affected include diabetes, heart disease and Parkinson's disease.

The Quality Enhancement Research Initiative (QUERI) will be further reduced under the FY 2001 budget. This program started with ten separate areas of research investigation and has already been reduced to eight topics due to a shortage of funding. It is projected that the program will be further reduced to five topic areas under the FY 2001 budget. QUERI is an exciting program that not only accomplishes patient related research but also translates that research into direct patient care.

Department facilities are also seriously short of research space. With over 3,000 underutilized buildings across the system, minor construction improvements are critically necessary. VA estimates that infrastructure improvements at the 25 neediest sites will cost approximately \$25 million.

Nearly 75 percent of VA's medical investigators are physicians. These doctors will not remain with VA as the research program continues to grow smaller. While VA's research appropriation represents about one-third of its overall research budget, it is an important one-third. It is up to Congress to correct this glaring funding deficiency in VA's FY 2001 budget and for the future.

The American Legion recommends a VA medical and prosthetic research appropriation of \$375 million for FY 2001.

MEDICAL CONSTRUCTION AND INFRASTRUCTURE SUPPORT

The Administration proposes \$62 million for major construction projects for FY 2001 and \$162 million for minor construction. The initial VA proposal to the Office of Management and Budget was \$260 million for major construction and \$222 million for minor construction.

The American Legion believes both major and minor construction proposals are impracticable to the prevailing needs. VHA would greatly benefit from developing a five-year strategic plan for priority construction requirements - and making this plan available to all interested parties to generate maximum support. There is no consistency to what construction project's OMB supports. The infrastructure needs of VHA that receive OMB approval are totally budget driven, rather than needs driven.

The American Legion supports the seismic correction project for VAMC Palo Alto, CA. However, seismic projects are also necessary for VAMCs Long Beach and San Diego, CA. There is also a compelling need to renovate various buildings at the Brecksville Division of VAMC Cleveland, OH and to construct a new spinal cord injury unit at VAMC Augusta, GA.

For minor construction, the proposed \$162 million budget will not begin to address the system's many requirements. Various VA facilities require significant clinical and ambulatory care renovations to accommodate the recent increases in primary care.

The longer VA has to defer receiving the necessary funds to maintain state-of-the-art medical care facilities and address critical patient safety issues, the harder it becomes to catch up. Once again, there is ample evidence of a penny-wise, pound-foolish construction philosophy.

For FY 2001, The American Legion recommends major and minor construction funding of \$200 million, respectively.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

The recently enacted Millennium Act requires VA to provide long-term nursing care to veterans rated 70 percent service-connected or greater. It also requires VA to provide long-term nursing care to all other veterans for service-related disabilities and to those willing to make a copayment to offset the cost of care. Further, the bill requires VA to provide veterans' greater access to alternative community-based long-term care programs. These long-term care provisions will place greater demand on VA and on the State Home Program for many years to come.

It makes economic sense that VA look to the state homes to help fully implement the provisions of the Millennium Act. VA spends an average \$255 per day to care for each of their long-term nursing care residents and pays private-sector contract nursing homes an average per diem of \$149 per contract veteran. The national average daily cost of caring for a State Veterans Home nursing care resident is approximately \$140. VA reimburses State Veterans Homes a per diem of only \$40 per nursing care resident.

The \$60 million proposed for FY 2001 would not come close to meeting the program's full requirements. The State of Texas alone requires \$58 million in matching VA grants to fully fund all seven newly approved state veterans' homes. Throughout the Nation, 2,500 new long-term care beds (including domiciliary beds) are waiting for matching VA grants. The bottomline is that the State Veterans' Home Grants Program needs \$150 million in FY 2001 to cover every single new state home that has applied for matching funds. Afterwards, the program's annual requirements will be based on new applications.

The American Legion recommends an appropriation of \$150 million for the State Veterans' Home Grants program in FY 2001.

NATIONAL CEMETERY ADMINISTRATION

National Commander Alan Lance requested a funding level of \$110 million for the National Cemetery Administration (NCA) in FY 2001 during his September 1999 testimony. The American Legion is pleased that the Administration recognizes the budgetary needs of NCA with its request of \$110 million for FY 2001.

The workload and budget requirements of NCA will continue to grow over the next 15-20 years. The death rate of World War II veterans will peak in 2008, but the annual death rate of veterans will not return to the 1995 level until 2020.

The American Legion is pleased the Administration supports the construction of four new national cemeteries by including FY 2001 advanced planning funds for new national cemeteries in Miami, FL, Detroit, MI, Atlanta, GA, and Sacramento, CA. The American Legion believes a new national cemetery in the vicinity of Pittsburgh, Pennsylvania is also a high priority. Advanced planning funds should be included in the FY 2001 budget for a new national cemetery in Pittsburgh, PA.

The American Legion reiterates its recommendation of \$110 million for the National Cemetery Administration in FY 2001.

STATE CEMETERY GRANTS PROGRAM

The American Legion supports the Administration's request of \$25 million for the State Cemetery Grants program in FY 2001

The State Cemetery Grants Program is an excellent complement to NCA. The enactment of Public Law 105-368 in November 1998 significantly improved the state grants program. Still, Congress must increase the burial plot allowance paid to the states and make the allowance applicable to all veterans to make this program even more attractive. The Administration budget request of \$25 million will lessen the burden of those veterans who are geographically unable to access open national cemeteries.

The American Legion recommends a \$25 million funding level for the State Grants Cemetery Program for FY 2001.

VETERANS BENEFITS ADMINISTRATION

The Administration's budget for the Veterans Benefits Administration (VBA) for FY 2001 provides \$24.6 billion for the payment of statutory benefits to eligible veterans, their dependents, and survivors. The budget reflects higher average benefit payments, certain legislative proposals, and a proposed 2.5% cost-of-living-adjustment for FY 2001.

Discretionary funding for VBA would be increased to \$1 billion, which represents an increase of \$139 million over the FY 2000 appropriation. This will provide for an increase in staffing of 287 full time employees (FTE) over the current authorized staffing level and 577 FTE over the staffing level for FY 1999. The additional personnel resources, in conjunction with VBA's ongoing efforts to reengineer their business processes and other initiatives, will improve the quality and timeliness of service provided to veterans and their families.

The performance and service improvements set forth in the FY 2001 budget reflects the broad goals of VBA's strategic management plan and the expected progress toward meeting the specific performance measures established for this budget cycle. The funding and staffing levels proposed for FY 2001 will permit VBA to continue the implementation of its strategic plan initiatives and be proactive in preparing for the large scale retirement among experienced adjudicators and other personnel expected in the next several years.

In response to considerable criticism from its veteran clientele, stakeholders, and Congress, VBA has, within the last several years, begun implementing an ambitious plan to improve its overall operations. This includes the development of a broad spectrum of administrative, programmatic, and technological changes, which over time, should result in dramatic improvements in both the level and quality of service provided by VBA offices. The American Legion is strongly supportive of VBA's efforts to address the core problems affecting the claims adjudication and appeals process. However, we recognize this is a long-term process and, as such, will require continued budgetary support in FY 2001 and beyond in order to ensure success.

The American Legion supports the Administration's General Operating Expense budget of \$1 billion for FY 2001.

BENEFIT PROGRAMS

In FY 2001, the estimated number of compensation, pension, education, and burial claims is again expected to decline slightly. However, the backlog of pending claims and appeals remain at unacceptably high level. As in FY 2000, VBA is again requesting a substantial increase in overall staffing. The continuing decline in caseload has been more than offset by the fact that compensation claims, which make up most of the adjudication workload, have become increasingly complex, both medically and legally. There are also now more claimed issues per case. The impact of the various performance improvement initiatives, together with the addition of 586 FTE to the Compensation and Pension Service, is expected to reduce claims processing times from an average of 160 days to 140 days and appeals processing time from 670 to 650 days.

Despite modest staffing increases in the late 1990s, constant turnover and attrition among VBA program staff has resulted in a current workforce that is made up of a large percentage of trainees who have less than two years experience in the handling of compensation and pension cases. Training in the complexities of veterans' laws and changing adjudication procedures, whether for a newly hired adjudicator, a journeyman, or a senior adjudicator, is a very time consuming process. However, because of the growing backlog of pending claims and appeals, more effort was put into increasing production in the short run, rather than on training for the long-term. The increase of 586 FTE in staffing for the Compensation and Pension Service (C&P) in FY 2001 will be achieved through the transfer of 325 FTE from other VBA programs and 261 new hires. This comes on top of the 440 FTE that are being added to C&P this fiscal year. VBA has now recognized the need to emphasize training at all levels and has established a multi-year training program and related support systems to improve the training for current staff as well as provide for the rapid integration of the new staff into the C&P program. \$5.2 million is requested for FY 2001 to fully implement these training initiatives.

The American Legion believes additional personnel alone will not solve VBA's backlog problem or improve the quality of service to veterans. A comprehensive training program must accompany the additional personnel if VBA is to achieve the many ambitious goals it has set for itself over the next few years. Similarly, VBA has requested funding to continue the implementation of related programs that are specifically focused on improving the quality of claims adjudication as well as making individuals personally accountable for the quality of their work.

VBA is proposing \$11.7 million to improve telephone access and service nationwide. This will greatly reduce the number of blocked calls and enable veterans and other interested parties to obtain needed information.

The Vocational Rehabilitation and Employment Program provides much needed assistance to thousands of disabled veterans each year. For FY 2001, \$5 million has been requested for initiatives to improve communications, outreach to disabled veterans, increase access to the program, improve case management, emphasize employment, and improve overall program management. However, without more specific information, we cannot at this time determine if the additional funding proposed is adequate or appropriate.

BOARD OF VETERANS AFFAIRS

\$45.9 million is requested for FY 2001 for the operations of the Board of Veterans Appeals (BVA). Staffing at BVA is to increase by 24 FTE for a total of 500 FTE. The additional resources will enable the BVA to continue improving its productivity and further reduce its response time. This will also provide continued support to the joint BVA/VBA efforts to resolve as many appeals as possible before they come to the BVA and to reduce the overall appeal response time.

SUMMARY

The American Legion believes the Administration's FY 2001 budget for the Department of Veterans Affairs is a responsible request and provides room for further improvement. The proposal allows both the Veterans Health Administration and the Veterans Benefits Administration to continue building on their current reform efforts. It would be completely inconsistent for the Administration to support the recent Veterans' Millennium Health Care Act and not provide sufficient funding to support the bill's various mandates. The increase in VBA's General Operating Expense is greatly needed and represents an important step towards meeting its Business Reengineering Plan objectives.

The VA health care system must continue its efforts to generate new non-appropriated funding sources. Each year, VHA's current services budget requires nearly a \$1 billion increase just to maintain its programs and services. The American Legion believes its GI Bill of Health is a serious proposal and would generate a substantial amount of new annual revenues for the Veterans Health Administration. It is time to enact on an incremental basis the various provisions of the GI Bill of Health that would generate new revenues for VHA. This includes providing VA health care to certain veterans' dependents, to military retirees and their eligible dependents, and to active duty personnel and their dependents.

The American Legion supports the Administration's FY 2001 budget for the National Cemetery Administration and the State Cemetery Grants Program. Both of these programs are proposed to receive needed increases. These budgets reflect a growing national commitment to recognize the service and sacrifices of all veterans.

The American Legion believes the Administration's FY 2001 budget seriously undermines VA's medical and prosthetics research programs, the major and minor construction programs, and the State Extended Care Grants Program. The American Legion respectfully requests this Committee to thoroughly review the Administration's budget for these programs in light of their realistic budget requirements and their overall contribution to supporting VA's mission.

Mr Chairman, that concludes my statement.



Non Commissioned Officers Association of the United States of America

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

STATEMENT OF

LARRY D. RHEA

DIRECTOR OF LEGISLATIVE AFFAIRS

BEFORE THE

COMMITTEE ON VETERANS AFFAIRS

U. S. HOUSE OF REPRESENTATIVES

ON THE

FISCAL YEAR 2001 BUDGET

FOR THE

DEPARTMENT OF VETERANS AFFAIRS

FEBRUARY 17, 2000

DISCLOSURE OF FEDERAL GRANTS AND CONTRACTS

The Non Commissioned Officers Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

The Non Commissioned Officers Association of the USA (NCOA) appreciates the opportunity to appear today and testify on the Administration's budget proposal for the Department of Veterans Affairs for Fiscal Year 2001. The Association thanks the Distinguished Chairman for your invitation and trusts that our testimony will be helpful in the important deliberations undertaken by the Full Committee.

Introduction

NCOA is deeply grateful for the leadership and vision exhibited by the House Veterans Affairs Committee. Although there are always times when opinions vary, the distinguished members of this Committee, complimented by a highly dedicated and professional staff, have been willing to work in a bipartisan manner to address numerous issues of great importance to the Nation's veterans. In NCOA's view, the Distinguished Members of this Committee have always strived to do what is right for veterans and for that this Association is eternally grateful. NCOA is not suggesting your work is done, but the achievements of the last several years have been monumental and the members of NCOA salute you for your magnificent work.

In the haste and passion of the moment, the good things that have happened often get overshadowed and NCOA would be remiss if the Association did not mention just a few of many significant improvements that, through the leadership and hard work of the House Veterans Affairs Committee, have been enacted:

**Veterans' Health Care Eligibility Reform
 Veterans' Millennium Health Care and Benefits Act
 Transitional Housing Programs for Homeless Veterans
 Land Conveyance to Arlington National Cemetery
 Veterans Employment Opportunities Act
 Veterans Entrepreneurship and Small Business Development Act
 Historic, unprecedented increases for the Veterans Health Administration
 Authorization of planning for new National Veterans' Cemeteries
 National Medal of Honor Memorial Act
 Significant initiatives in support of veterans on the battlefield**

Mr. Chairman and Distinguished Members, you have our deep and abiding gratitude for these and the countless other issues you have addressed to improve veterans programs, services and benefits. Clearly, your efforts of the last several years will have a positive, long-term lasting effect. NCOA salutes to all of you.

FY01 Budget for Veterans

NCOA is very pleased that the President has, for the first time since taking office in 1993, proposed a Fiscal Year 2001 budget that would provide a major increase for veteran health care. The Association supports the President's proposal but as NCOA requested last year, we must again reiterate this year; funding for veteran health care must be taken off its annual roller-coaster ride. For seven years, the current administration proposed to cut or flat-line VA's budgets and the devastating effect of such proposals were resoundingly criticized by Republicans and Democrats alike. NCOA knows there is no way to bring stability to VA health care funding without changing the entire appropriations process. Nonetheless, the Association believes we must work to somehow provide VA with a reasonable notion of the level of health care funding they can expect, regardless of who is in the White House. As it currently is, VA budget planning, management and execution from year to year is extremely difficult; it is impossible long-range. NCOA believes and recommends that a dialogue with interested stakeholders be undertaken to determine if and how this dilemma might be addressed. For example, perhaps the committee could ease the situation by authorizing a multi-year appropriation for VA medical care.

NCOA supports the following highlights of the President's budget proposal:

- Veterans Health Administration funding of \$20.9 billion, an increase of \$1.35 billion over FY00
- Veterans Benefits Administration funding of \$998.6 million, an increase of \$139 million and a net of 287 full-time employees over FY00
- National Cemetery Administration funding of \$110 million, an increase of \$13 million over FY00
- Medical Research funding of \$321 million, the same as enacted for FY00

The Association asks the Committee to meet or improve upon the President's proposals above and believes the Administration's request is a good starting point

for this Committee to move forward. There is, however, one glaring omission that NCOA finds absolutely shameless.

CLINTON AWOL AGAIN ON VETERANS EDUCATION

For a President who wants to be remembered as the “education President of all time” and launched an education crusade in the name of national security in his 1997 State of the Union address, President Clinton’s FY01 budget is utterly shameful regarding veterans’ education. In consideration of everything else that is proposed on education in the Federal Budget, the Commander-in-Chief went AWOL on his military members and veterans, again. If anything is going to be done on the veteran education benefit, it is painfully apparent to this Association that the initiative will not originate with this Administration. It is also apparent to NCOA that this Committee is going to have to take the lead on this issue with House leadership. The Distinguished Members of this Committee must demand that veteran education be considered first when national education policy is debated.

Mr. Chairman and Distinguished Members, NCOA is inclined to believe that more than mere coincidence was at play when the veteran education benefit was assigned Chapter 1 in the final report of your Congressional Commission and, by so doing, dramatically underscored what NCOA has been contending for many years. Likewise, it is not accidental that the Montgomery GI Bill is NCOA’s top legislative priority for veterans during the 2nd Session of the 106th Congress. As the Committee knows well, this Association has been advocating major improvements in this important benefit for many years and NCOA believes Congress cannot delay this issue any longer.

Mr. Chairman and Distinguished Members, if you are able only to do one thing this year to enhance veterans programs and benefits – veterans education is the issue. Improving the MGIB is the issue of highest priority to NCOA and the Association further suggests it is now an issue with national security implications. The evidence

continues to accumulate and NCOA believes we can wait no longer before this important veteran benefit is addressed in a fundamental and dramatic manner.

While many seem perplexed with the military services inability to attract the numbers and quality of recruits needed to man our increasingly complex and technology driven armed forces, NCOA suggests one of the answers to the problem is before us yet we fail to recognize or acknowledge it. High school graduates that the military wants to recruit are going to college and the military is not a way to achieve educational goals. Today, everyone has a GI Bill except the GI and that is not an overstatement. If post secondary education is the goal of a young man or woman today, service in the Armed Forces is NOT the way to go and some simple comparisons reveal this stark reality.

What We Know

- Recruiting is at it lowest since the all-volunteer force began, even though requirements have declined by 33 percent
- Only about 16 of 100 youth are available to the military
- Youth generally are not interested in military service
- 65% of high school graduates go on to post secondary education
- Military service is a stumbling block, not a stepping stone to higher education
- Improved MGIB benefits will not hurt retention
- For those who do enlist, education is the reason

House Veterans Subcommittee on Benefits Hearing, April 21, 1999

AmeriCorps pays its 'volunteers' \$4725 per academic year of service in education benefits, plus health care and a child care benefit, thereby increasing dramatically its overall value. The MGIB now pays \$4824 per academic year with no ancillary benefits and eligibility for the veteran education requires a \$1200 contribution, more aptly a \$1200 tax. The most significant requirement for the MGIB is, of course, military service itself, often in harms way at remote and isolated posts around the world. Military life, by its very nature, calls for many sacrifices, which do not have any comparable requirements in the civilian world. Yet, where has Congress placed the greater comparative education value? While the military member protects the Nation's security and economic interests around the globe, and provides for the security, peace and prosperity of all Americans at home, AmeriCorps volunteers get a richer education benefit for building bike paths and a sundry of other feel good things of similar nature.

Compare the MGIB to what Congress did last year. The District of Columbia College Access Act of 1999 that Congress passed provides non-repayable grants of up to \$50,000 for District of Columbia high school graduates to attend colleges and universities in Maryland or Virginia. In passing the District of Columbia College Access Act last year, Congress in effect said it believes

Sixty-five percent of high school graduates pursue higher education and these young men and women, all across the Nation, are making the comparisons of the education grants, loans and programs available to them. A \$50,000 non-repayable grant or four years of military service with a \$1200 tax to obtain \$18,096 in net educational benefits? Which of these two options would the distinguished Members of this Committee take? Which of these two options would the distinguished Members of this Committee recommend to their sons, daughters, relatives and friends?

\$50,000 is the amount needed to go to college and provided it for DC high school graduates. Last year also was the year Congress couldn't find any money to improve the veteran education benefit. AmeriCorps, DC grants, Pell grants and other educational assistance have noble societal goals, however, none of them demands anything close to the commitment, dedication and sacrifice required to qualify for the Montgomery GI Bill.

NCOA is willing however to momentarily set aside these other programs and ask the Committee to simply compare the MGIB benefit to the actual cost of attending a typical, four-year college or institution. In 1997/98, the average undergraduate tuition and fees paid by full-time equivalent students in institutions of higher education for all public 4-year institutions was \$7628 (Source: Digest of Education Statistics 1998, National Center for Education Statistics). Presuming a modest, yet realistic increase of 5% per academic year, that amount at the beginning of the September/October 2000 academic year will be in excess of \$8820, excluding the cost for books and supplies. In the academic year 1995/96, the MGIB covered only 36% of total costs at the average four-year college and nothing has occurred since then to appreciably change that percentage.

Mr. Chairman and Distinguished Members, the irrefutable facts also tell us that the veteran education benefit is no longer facilitating and easing the transition to civilian life following military service. Today, fewer than 40% of program

participants use the benefit even though more than 96% of recruits enroll in the program. The veteran education benefit today still equates to only about 40% of the total cost of attending a typical four-year college. Since its enactment in 1985, the MGIB benefit has increased less than 40% overall, while the cost of higher education has increased more than 230%. Today, the MGIB has the distinction of the lowest training rate among any of its predecessor programs

The question before this Committee today is two-fold - What should be done balanced against what can be done? There should be no question whatsoever in the minds of the Distinguished Members of this Committee that dramatic action is needed, now. NCOA's experience in advocating improvements to the MGIB last year suggests, however, it will be difficult to pass the comprehensive bills currently introduced in the House of Representatives (H.R. 1071, the Montgomery GI Bill Improvements Act introduced by the Honorable Lane Evans; the Servicemembers Educational Opportunities Act introduced by the Distinguished Chairman of the House Veterans Committee Bob Stump). Current educational realities, the eroded value of the current MGIB benefit, and national security concerns in meeting recruiting and retention objectives, lead NCOA to conclude that minimal action must be taken this year. Minimal enhancement that provides a meaningful educational opportunity, while helping military recruiting without hurting military retention, and has a realistic and affordable cost, must be enacted and funded this year.

As the Association suggested last year, NCOA strongly recommends that Congress establish a sensible, easily understood benchmark for the MGIB that represents the minimum required to provide the education promised at recruitment, and then maintain funding at that benchmark. The Association suggests that the tuition and fees for a non-resident student at an average four-year public college is a reasonable and acceptable benchmark. This benchmark, published annually in the Chronicle of Higher Education Almanac, was \$8505 in 1998/99 and would have required a monthly MGIB benefit of \$945. Today, a monthly MGIB benefit of \$1000 is needed.

Doing Nothing Will Mean

- Military recruiting and retention will continue to suffer
- The MGIB will continue to have one of the lowest training rates of any of its predecessor programs
- The veteran education benefit will continue to be absent from the core of the Nation's social and economic strength
- The Nation will continue to fail to take advantage of the unique national resource represented by veterans
- The leadership circles across the spectrum of America will continue to be comprised of fewer and fewer veterans
- Although unemployment is low, recently released veterans will continue as the highest unemployed segment of the society

Are these costs that Congress is willing to incur?

Would NCOA accept more? Most

certainly and the Association outlined a number of our veteran's education goals at the April 21, 1999, hearing held by the House Subcommittee on Veterans Benefits. NCOA's goals for the MGIB remain unchanged and if the Committee has the ability to accomplish more or all of our goals, then you will have our most ardent and energetic support. Bench marking the benefit as suggested in the previous paragraph is the minimum that is

needed this year. NCOA asks the Distinguished Members to support this level of increase in the basic MGIB benefit.

The cost of enacting a substantially improved MGIB is inevitably raised as a major concern, and rightfully so. NCOA is not here today advocating frivolous spending or seeking unrealistic goals. The Association is however asking you to consider the cost to the Nation if this important benefit is NOT improved. While the cost of enacting any improvements must be dutifully considered, NCOA suggests to the Distinguished Members that you must also consider the cost of further inaction. Although the cost of doing nothing cannot be measured in simple dollar terms, the Association believes that cost is much higher and certainly of greater significance than the money it would require to enact meaningful improvements.

As you consider next steps on the veteran education benefit, the Association asks that you also be mindful of the long-term benefits that accrue from the investment you make in veteran's education. Lifting a veteran to the next level, after honorable service in defense of the nation, results in revenue increases to the Treasury of the United States for the veteran's lifetime. The increased taxes paid as a result of higher earnings pays for the investment in veterans' education many

times over. Further, the economy and society is strengthened by the increased productivity of educated veterans.

When Congress considers education policy, the starting point for that discussion should be the veteran education benefit but that has not been the case for far too long. As a consequence, the

MGIB has lost its recruiting power along

with its higher education purchasing power. In the process of providing a GI bill for everyone but the GI, Congress has unintentionally devalued military service and we are witnessing the consequences today. It will take a strong message from Congress to reverse course. America and veterans need a Montgomery GI Bill for the Millennium – bench marking the basic monthly benefit, as NCOA recommends, would provide the start toward restoration of the veteran education benefit as the flagship of all federal education programs.

"...veterans...are more mature, serious and motivated students than the student body at large, then the benefits being paid out are being used to good effect—that is, they are going to be people who will maximize their impact."

Final Report of GI Bill Performance Measures Survey, Dr. Tom Tynan, Connecticut State Approving Agency, September 1998

If the MGIB is to be judged a success in the future as well as in the past, the evidence must show that veterans are currently receiving post-secondary education. The evidence must show that the military services are currently recruiting the high-quality high school graduates they need. The evidence must show that the Nation has enhanced its competitiveness by taking full advantage of the unique national resource represented by self-disciplined, goal-oriented, steadfast team players developed through military service. The evidence must show that the leadership circles of government, academia business, labor, and media are enhanced by the presence of veterans in their ranks."
Final Report of the Congressional Commission on Service Members and Veterans Transition Assistance

CONCLUSION

NCOA fully appreciates the multitude of important issues that this Committee must consider, make budgetary recommendations, and the difficulty of the task to enact improved programs and benefits to better meet the needs of deserving veterans. NCOA suggests, however, that none are more pressing this year than enacting

meaningful reform to the veteran education benefit. This Committee has made marvelous strides in recent years in every area of veterans programs and benefits except one – the MGIB. NCOA asks that the exception be the rule in 2001. Let this be the year that we jointly work together to improve the veteran education benefit to a level worthy of veterans in the new millennium.

Thank you.



Non Commissioned Officers Association of the United States of America

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**LARRY D. RHEA
COMMAND MASTER CHIEF
UNITED STATES NAVY (RETIRED)
DIRECTOR OF LEGISLATIVE AFFAIRS**

As Director of Legislative Affairs for the Non Commissioned Officers Association, Mr. Rhea is responsible for directing and managing the legislative activities of the Congressionally Chartered, and accredited, military and veteran service organization. He is a registered lobbyist whose responsibilities include a wide range of compensation, benefits and quality-of-life issues pertaining to the active, retired, and the national guard and reserve military communities and their families, as well as veterans, their dependents and survivors.

A retired Command Master Chief Petty Officer, Mr. Rhea joined the staff of the Non Commissioned Officers Association in March 1992 following thirty years of active military service. He has been on the staff of the Association's National Capital Office since June 1994.

Master Chief Rhea's military assignments were numerous and varied including, Command Master Chief, Naval Air Station, Willow Grove, Pennsylvania; Officer-in-Charge, Naval Reserve Management School; and, Special Assistant to the Deputy Chief of Staff for Surface Readiness. He served an unprecedented four-year term on the Secretary of the Navy's National Naval Reserve Policy Board (1982-1985) and is a graduate of the U.S. Army Sergeant's Major Academy, Class Fifteen.

From November 1986 to September 1991, Master Chief Rhea served as the Senior Enlisted Advisor to the Assistant Secretary of Defense for Reserve Affairs as the senior enlisted representative of the 1.6 million enlisted men and women of the seven National Guard and reserve components. He was selected as the outstanding senior enlisted member for the Department of Defense in 1987.

Master Chief Rhea is married to the former Wanda Ann Johnson of New Orleans, Louisiana. They currently reside in Fredericksburg, Virginia, with their son Larry, Jr.

Chartered by the United States Congress



Air Force Sergeants Association

International Headquarters P.O. Box 50, Temple Hills, MD 20757-0050 • Phone (301) 899-3500

February 18, 2000

The Honorable Bob Stump
Chairman, House Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20515-6335

Dear Mr. Chairman,

I respectfully request that you permit consideration of and introduction into the record the attached statement concerning the FY 2001 VA Budget. The statement reflects the position of the 150,000 members of this association which represents active and retired enlisted members of the active and reserve components of the United States Air Force.

The statement supports the hearing that took place before your committee on February 17, 2000, on the same subject. We appreciate your support and leadership.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "J. Staton".

JAMES D. STATON
Executive Director

jel

Attachment: a/s

FEBRUARY 17, 2000

STATEMENT OF

**CMSGT (RET.) JAMES E. LOKOVIC
DEPUTY EXECUTIVE DIRECTOR AND
DIRECTOR, MILITARY AND GOVERNMENT RELATIONS**

**HOUSE COMMITTEE ON VETERANS AFFAIRS
HEARING ON THE VA BUDGET**

Mr. Chairman and distinguished committee members, thank you for this opportunity to present what the Air Force Sergeants Association (AFSA) and those it represents believe should be among your Fiscal Year 2001 budget priorities for the Department of Veterans Affairs (VA). This committee has always served in a singularly nonpartisan way to act as the conscience of this nation in ensuring that our veterans are viewed as a vital national resource rather than a financial burden. Our decisions in this regard as a nation should *not* be based on the bottom line, but on what is right. Building on the great successes you achieved last year, we ask you to continue the momentum in addressing the needs of those who serve.

As each of you have often indicated, we owe our servicemen and women an immeasurable debt of gratitude. In order to preserve the day-to-day peace and prosperity of the citizens of this nation, those who serve in the military turn their mortal beings over to the dictates of their country -- prepared to die, if need be. Their terms of service are always arduous, and the job they do for all of us is fantastic. We owe them -- perhaps more than any other segment of our society. This committee *among all segments of our national leadership* holds the key to protecting and honoring these warriors who are driven by no more than selflessly contributing to the preservation of freedom and liberty.

Today, I wish to comment on some of the concerns we receive from our members through phone calls and during field visits. AFSA and its 150,000 members represent those who are currently serving, those veterans who have reached retirement, and those who have simply separated.

AFSA maintains that if this nation is indeed grateful for having been protected, it owes those who have served to safeguard it. After all, these men and women faced unlimited liability, forming a covenant with the nation to sacrifice their lives, if necessary, to protect its interests. We owe them a solid educational program to return them to the status of a productive citizen, we owe them short- and long-term health care to deal with any physical condition that resulted from the period during which they served their nation, we owe them other programs such as home loans to enhance their lives. For those veterans who reached military retirement, we must ensure that they too have the full range of veterans benefits.

We ask that this committee, at a minimum, meet the Administration's FY 2001 Budget proposals which include increases in funding for the Veterans' Health, Benefits, and Cemetery Administrations, and identical baseline funding for medical research. The president's request is a good starting point for this committee. We must all remember that the attention we extend toward those who have served will have a significant impact on those who are considering military service. As such, funding in all of these programs should be a national priority.

This nation's response for service should be based on certain principles that this association urges these committees to use as a guide during your deliberations. These imperatives provide foundation upon which we feel the decisions of these committees should be based.

GUIDING PRINCIPLES

1. **PROVIDE A SOLID TRANSITION BACK INTO SOCIETY.** Clearly, a debt is owed those who serve. The United States of America owes its veterans dignified, transitional, recovery assistance. . . not based on rank or status, but simply because they served in the most lethal of professions. In effect, they signed their physical and spiritual beings over to this nation.

2. **ALWAYS REMEMBER THAT MOST VETERANS ARE ENLISTED.** Any decisions on veterans' benefits must factor in a realization that most veterans are *enlisted* veterans. These veterans served with lower pay, generally reentered the civilian populace with non-transferrable military skills, probably had relatively little civilian education, and served in skills that are less marketable. Certainly, "a vet is a vet," but enlisted veterans bring a different economic equation to the table; we must factor in that situation as we make important decisions about veterans' futures.

3. **DECIDE BASED ON RIGHT -- NOT COST.** This nation's commitment cannot waver simply because of the large number of veterans. Congress and (in turn) the VA must never make determinations simply because "the money is just not there" or because there are now "too many" veterans. Our national will and the correlative response should be based on doing what is right.

4. **REMEMBER RESERVISTS.** Our enlisted guardsmen and reservists are full-time players. They are part of the total force. *Any differences between reserve component members and the full-time force, in terms of VA programs or availability of services, need to be systematically erased.* Their commitment is no less real. Their subjection to unlimited liability is just as absolute. Their love of country is just as intense. We urge you to act to bring our guardsmen and reservists in as full beneficiaries.

5. **HONESTLY COMMIT TO TREAT THE MALADIES OF WAR.** It is important that the commitment of our troops to combat or high-risk situations also involves an *absolute commitment to care for any malady that may have resulted from that service.* Many veterans call and write to this association about our government's denial, waffling, then reluctant recognition of illnesses caused by conditions during the Persian Gulf conflict. Many point out that our government agencies responsible to our veterans acted in the same manner following the Vietnam Conflict in reference to Agent Orange. We ask you to reinforce a commitment to unconditional care after service.



This statement will focus on three general areas: education, health care, and general issues that we hope you will consider as you deliberate the budget and policies that should be a part of the program offered to our veterans for the upcoming fiscal year.

EDUCATION

As the Congressional Commission on Servicemembers and Veterans Transition Assistance (established by PL 104-275), also known as the "Principi Commission," concluded in December 1998, education is the key to successful transition. While this incredibly comprehensive report summarized the changes needed to make the Montgomery G.I. Bill a viable tool for readjustment by providing a benefit that will pay for the cost of education, Congress and the Administration had done little to implement the historic findings of the commission. As such, action is overdue to show the members serving this nation that it cares

for the incredible sacrifices they make.

MAKE THE BENEFIT A LEGITIMATE, VALUABLE ONE. If this nation is going to have a program that sincerely intends to satisfy the purpose of the program, it certainly should mirror civilian industry by providing a real educational program and not a token, non-sufficient one. At a minimum, the value of the Montgomery G I Bill must be increased to reflect the costs of education.

Over the years, this fine program has lessened in value due to inflation. This benefit requires a member to pay \$1,200 to buy into the program. In return, by current rates, the member receives 36 months of education at \$536 per month. That comes to a total value of a little over \$19,000 for the initial buy in cost. However, the national average for 36 months at an average four-year public college for a non-resident student for tuition, books, and fees is very close to \$36,000. This average annual cost figure is derived from a non-partisan annual index reported by "The College Board." This benchmark, updated annually, is \$8774 for academic year 1999-2000. Stipends based on the proposed benchmark would have been \$945 per month in 1998-1999, \$975 for academic year 1999-00, and project to be about \$1000 per month in 2000-2001. It is time that we realize that the educational benefit is an important transitional tool that should be tied to actual educational costs. It does have an impact on recruiting, retention and readjustment. It is time for the military institutions of this nation provide a fair, useful educational benefit for those who serve. As such, we strongly urge you to pass legislation to benchmark the value of the Montgomery G.I. Bill to the annual College Board report so that it will be, from now on, tied to a visible, legitimate cost of 36 months of education. This would be fair to those who serve and, as a side note, make our annual efforts quite a bit easier.

PROVIDE AN OPEN WINDOW FOR ALL INTO THE MONTGOMERY G.I. BILL.

Those who entered the service after December 31, 1976, and before July 1, 1985, were offered the Veterans Educational Assistance Program (VEAP). Within that program, the military member contributes up to \$2,700 which the government matches with up to \$5,400. However, there are approximately 55,000 members who came into the service between 1977 and 1985 who chose not to participate in VEAP because it was considered a relatively poor benefit in relation to the actual cost of classes. These G I s are now retiring (20-plus years of service) *without any educational benefit*.

So too, since 1985, the Montgomery G.I. Bill has been offered to new airmen entering the Air Force. If an airman chooses to participate, this program requires a \$1,200 payroll deduction, \$100 during each of the member's first 12 months of service. For that \$1,200, the member receives an educational benefit of \$536 per month for 36 months -- clearly a much more valuable benefit than VEAP. However, the airman's enrollment decision must be made at basic military training, it is a one-time, irrevocable decision. At that critical juncture, many choose not to participate because they can't afford to do so due to their already-relatively low pay. During the pressure of basic training (and at a time of lowest pay) is not the appropriate time that airmen, many of whom have families to support, should have to make such an important decision. *We should let them elect to participate at any time during their careers.*

An open window to enroll in the MGIB at this time would correct a clear injustice that many of this nation's veterans continue to suffer. The 1997 VA Authorization Act created an open window for some VEAP participants to convert to the MGIB. However, 110,000 (DoD-wide) VEAP participants were excluded from converting to the MGIB because government counselors gave them faulty information. We have received dozens of phone calls and letters decrying the fact that these military members followed the rules, but were excluded because the government decided to change the rules at the last minute. Under VEAP, there is a 2-for-1 matching. If you have money in your VEAP account, it is non-interest bearing.

Accordingly, education counselors in all services advised VEAP participants not to put money into their VEAP accounts until they were ready to use the benefit. Unfortunately, when the 1997 VEAP-MGIB window opened, the law allowed only those with money currently in their accounts to convert to MGIB. Tens of thousands of VEAP participants were excluded from the conversion because they followed the guidance of government counselors. In basic fairness, short of a universal open window, we need to reopen the opportunity for those who were illegitimately excluded from the earlier opportunity to convert to the MGIB.

The veterans' educational benefit can be an excellent recruiting tool and a valuable transitional device. The Montgomery G.I. Bill has succumbed to educational inflation – it is simply no longer a strong educational incentive. It has been reported that this lack of value has led to where less than 50 percent of veterans enrolled in the MGIB even bother to use it. As such, we urge these committees to re-establish the educational benefit a legitimate, valuable program. Take the recommendations of the Principi Commission to heart to guide your decisions. Finally, we strongly urge an open window for all current non-MGIB enrollees an opportunity to get into the program.

MEDICAL CARE

Without question, the health care system administered by the veterans administration impacts, in one way or another, those who served. As we look at the VA medical system as it applies to our members, I wish to briefly touch on some issues that have been reflected in the many phone calls we have received from the field. Of course, we tend to hear most loudly and frequently from those who are not happy with the adjudication of their claims or the treatment they have received. I am not going to go into isolated problems, because anecdotal information is just that. Rather, I want to briefly touch, instead, on some specific health-related situations that need to be addressed.

PROVIDE A FULL CONTINUUM OF CARE There must be mandated access to VA health care for all veterans. All honorably discharged veterans must have the full continuum of care mandated by law. In minds of many, the VA health care system is there to serve only paupers. This image and the underlying reality must be upgraded. The VA system must act as a health care system for all veterans. In this sense, AFSA believes there needs to be a full national commitment toward expanded health care opportunities for veterans. Funding must be identified to provide this range of care.

SUPPORT VA SUBVENTION. VA-Medicare subvention is very promising, and we offer full support for this effort. The VA has an infra-structural network to handle this, so we anticipate the effort will be successful. Under this plan, Medicare would reimburse the VA for care it provides to non-disabled Medicare-eligible veterans at VA medical facilities. Just as in the case of DoD Medicare subvention, this is an opportunity to ensure that those who served are not lumped in with all those who never chose to do so. Because of the Medicare reimbursement, cost to the government should be minimal.

WISELY SUPPORT VA-DoD SHARING ARRANGEMENTS. The enlisted force is pleased with the possibility of VA-DoD sharing arrangements involving network inclusion in the DoD health care program, and especially, the practice of consolidating physicals at the time of separation. This decision represents a good, common sense approach that should eliminate problems of inconsistency, save time, and take care of our veterans in a more timely manner. In that sense, these initiatives may actually save funding dollars. Our only caveat would be that DoD beneficiary participation in VA facilities must never endanger the scope or availability of care for our traditional VA patients, nor should any VA-DoD sharing arrangement jeopardize access and/or treatment of DoD health services.

beneficiaries.

FOCUS ON THE WELFARE OF THE VETERAN. While the VA's drive to save money by reducing its expenses is commendable, we caution the VA that these reductions must not be the overriding target. The end goal must be full care and treatment of veterans. Participation in other avenues of revenue generation tends to cause focus on a bottom line. The only bottom line in this system should be the welfare of the veteran.

PROVIDE LONG-TERM CARE. The VA must be fully funded to provide for long-term care including nursing home care; care for chronically mentally ill veterans; and home care aid, support and services. While landmark legislation passed last year took us a great deal closer to this end, it will only come about if adequate, earmarked, consistent funding is identified.

CARE FOR WOMEN VETERANS. Another dimension of this nation's veterans' demographics that has significantly increased in recent years is the number of women who serve. The VA must be funded to provide the resources and legal authority to care for women to include obstetric services and after-birth care for the mother and child. Funding needs to be earmarked to make this important health care a reality.

GENERAL ISSUES

A WRITTEN GUARANTEE. Many veterans are frustrated and disappointed because promises that were made during their careers are simply not being kept. *They feel that the covenant between the nation and the veteran was one-sided, with honor on the side of the veteran.* We urge this committee to support a guarantee in writing of benefits to which veterans are legally entitled by virtue of their service. To refuse to do so is to say that this nation is not prepared to be honest with its servicemembers.

SPEEDIER PROCESSING. We applaud the Veterans Administration for progress made toward the reduction in the time required to process claims and adjudicate appeals. We urge you to do all that you can to push the VA to continue this progress and to fund initiatives that will make the system more provide- and user-friendly.

HOMELESS VETS. Because of the ravages of war, the unique nature of military service, and numerous other reasons, many veterans are homeless. We ask these committees to remember that many of these people paid a tremendous price in serving their nation. It is important that we expend an extra effort to assist this group of citizens; we must be concerned with their welfare.

LEGITIMATE, SINCERE VETERANS PREFERENCE. Over the last few years you have made great strides toward making "Veterans' Preference" a reality. We urge these committees to continue to support and fund any improvement that will put "teeth" into such programs so that those who have served have a leg up when transitioning back into the civilian workforce.

ELIMINATE HOME LOAN FEES. The best way to attract new veterans to use this valuable benefit is to *eliminate fees and make the program as attractive as possible.* However, if other home loan programs are made available, liberal qualification criteria and the "no down payment" feature should be maintained for all sources.

MAKE THE RESERVE HOME LOAN PERMANENT. For our reserve component members, the Selected Reserve Home Loan Program was extended once again last year. *Congress should permanently extend this program.* Those members who serve in the guard and reserve deserve full, year-round benefits. The concept of "weekend warriors" is certainly an unfair, inaccurate misnomer. Our nation owes them a great deal, the least of

which is provision of a full benefits package for their service. Continuing to revisit this issue and approve it for limited time periods sends a very poor signal to these patriots. We ask this committee to endorse making the program permanent.

Mr. Chairman, in conclusion, I thank you for this opportunity to present the views of the Air Force enlisted community. AFSA believes that the work of this committee is among the most important done on the Hill. Your job is not only to protect and reward those who served; it is to demonstrate to those currently serving and who someday will serve that this nation is committed to honor those who give a portion of their lives to their nation. After all, the nation's peace and current prosperity is in no small measure due to their noble efforts. On behalf of all AFSA members, we appreciate your efforts and, as always, are ready to support you in matters of mutual concern.





UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
625 Indiana Avenue, NW, Suite 900
Washington, DC 20004-2950

February 7, 2000

Honorable Bob Stump
Chairman, Committee on Veterans' Affairs
United States House of Representatives
Room 335 Cannon House Office Building
Independence Avenue between C Street
and 1st Street, S.E.
Washington, D.C. 20515

Dear Mr. Chairman:

Enclosed is the budget request of the United States Court of Appeals Veterans Claims for the fiscal year (FY) 2001.

The Court has carefully reviewed its spending and staffing requirements for FY 2001. This budget request represents an increase over FY 2000 appropriations most of which is in pay, benefits and rent.

Should you or your Committee members have any questions, please do not hesitate to contact me on (202) 501-5980.

Sincerely,


Robert F. Comeau
Executive Officer/
Clerk of the Court



UNITED STATES COURT OF APPEALS
FOR VETERANS CLAIMS

FISCAL YEAR 2001

BUDGET ESTIMATE

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UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS**INTRODUCTION**

The United States Court of Appeals for Veterans Claims is a court of record established under Article I of the Constitution by The Veterans' Judicial Review Act, Pub. L. No. 100-687, (1988). The Act, as amended, is codified in part at 38 U.S.C. §§ 7251-7298. The Court is one of four created pursuant to Article I in the federal judicial system. It is composed of seven judges, one of whom serves as chief judge. The judges are appointed by the President, by and with the advice and consent of the Senate, for 15-year terms. Their conduct is governed by the Code of Conduct for United States Judges. Certain decisions by the Court are reviewable by the United States Court of Appeals for the Federal Circuit and, if *certiorari* is granted, by the Supreme Court.

The Court is empowered to review decisions of the Board of Veterans' Appeals (BVA) and may affirm, vacate, reverse, or remand such decisions as appropriate. Review by the Court is similar to that which is performed in Article III courts under the Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.* In actions before it, 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, having been created by an act of Congress, may, under 28 U.S.C. § 1651, issue all writs necessary or appropriate in aid of its jurisdiction.

The Court can compel actions of the Secretary that were unlawfully withheld or unreasonably delayed; and can set aside decisions, findings, conclusions, rules, and regulations issued or adopted by the Secretary, the BVA, or the BVA Chairman that are arbitrary or capricious, an abuse of discretion, or otherwise not in accordance with the law, contrary to constitutional right, in excess of statutory jurisdiction or authority, or without observance of the procedures required by law. The Court can hold unlawful or set aside findings of material facts if the findings are clearly erroneous.

The Court is required by statute, 38 U.S.C. § 7255, to be located in Washington, D.C.; however, it is a national court empowered to sit anywhere in the United States.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

**APPROPRIATION LANGUAGE
GENERAL AND SPECIAL FUND**

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Appeals for Veterans Claims as authorized by 38 U.S.C. §§ 7251-7298, [~~\$11,450,000~~] **\$12,500,000**, of which [~~\$910,000~~] **\$895,000**, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law 102-229. (Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2000.)

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

PROGRAM JUSTIFICATION

Court Caseload Trends and Variations:

The Court began operations on October 16, 1989. The number of new cases filed in the Court fluctuated substantially during the first few years, and leveled off at slightly more than 1200 per year by FY 1995. New case filings increased by 27% in FY 1996, by 38% in FY 1997, by 6% in FY 1998, and remained virtually unchanged (at 2397) in FY 1999. This amounts to approximately 200 cases per month—a figure the Court believes will continue as the norm. In addition, since the 1992 enactment of legislation extending the Equal Access to Justice Act (EAJA) to the Court, there has been an ever increasing number of EAJA applications; the Court acted on 826 applications in FY 1999.

Appeals to the Court come from the pool of cases in which the BVA has denied some benefits sought by claimants. The BVA does not report the number of its cases in which it denied some, but not all, benefits. It does report those cases in which it denied all benefits sought; that number decreased dramatically over several years until FY 1995, when a small increase was reported. In FY 1996 the number of BVA total denials increased by 63%; and, in FY 1997, total denials increased again by 52%. In FY 1998 and FY 1999 the number of denials decreased slightly. This chart shows the relationship between BVA total denials and appeals to the Court:

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
BVA TOTAL DENIALS	25082	10946	9734	6194	6407	10444	15865	15360	14881
APPEALS TO USCAVC	2223	1742	1265	1142	1279	1620	2229	2371	2397
APPEALS AS % OF DENIALS	8.9%	15.9%	13.0%	18.4%	20.0%	15.0%	14.0%	15.4%	16.1%

Unrepresented Appeals:

Historically, the percentage of appeals filed by unrepresented appellants has ranged between 61% and 80%. In FY 1999, 65% of appeals were filed by unrepresented appellants. This rate remains much higher than the 46% unrepresented civil appeal rate in U.S. courts of appeals. That is not surprising, because the veterans' claims system does not encourage attorney representation. Half of the claimants who were denied all benefits by the BVA were

unrepresented there, or were represented by organizations which do not represent anyone before the Court. Moreover, by law, attorney fees may not be charged for representation provided before the BVA first makes a final decision in a case.

To address the problem, the Court requested authority to keep \$950,000 from its FY 1992 appropriation available through FY 1993 to implement a pilot Pro Bono Representation Program (the Program). Congress approved the Court's request in Public Law No. 102-229 (1992). Under this law, the Legal Services Corporation (LSC) administered a Court-funded pilot grant program to provide pro bono representation and legal assistance to veterans and their survivors who had filed appeals in the Court and who were unable to afford representation.

The Program continues to receive funding through the Court's annual appropriation: \$790,000 in FY 1994 and FY 1995 (Pub. L. Nos. 103-124 and 103-327), and \$405,000 in FY 1996 (Pub. L. No. 104-134). In prior years, Congress gave the Court limited discretion over the Program's funding level. In FY 1997, however, Congress directed the Court to provide, from its annual appropriation, \$700,000 to the Program (Pub. L. No. 104-204). In FY 1998 the level of directed funding was \$790,000 (Pub. L. No. 105-65); and in FY 1999 the level was \$865,000 (Pub. L. No. 105-276). In FY 2000 the level is \$910,000 (Pub. L. No. 106-74). During FY 1997 budget hearings, the Court sought unsuccessfully to separate the Program's funding from the Court's appropriation. The Court's judges remain concerned that this funding mechanism links the Court to one class of litigants so as to create an appearance of partiality. Linking the Court to any party before it serves to undermine the public's trust and confidence in judicial review of veterans claims. However, the Appropriations Subcommittees' consideration of the Program's request as separate from the Court's budget request and the removal of discretion from the Court over the Program's funding level has separated the Court, to the greatest extent possible under current legislation, from direct involvement in the Program. At Congress' direction, the Court provides the Program's FY 2001 request for \$895,000 as an appendix to this submission, but offers no comment as to its substance.

Staffing Requirements:

The Court requests funding for 88 full-time equivalent (FTE) positions. This represents no change in positions from the FY 2000 authorized level.

To date, seven of the additional FTE positions approved with the FY 2000 budget are filled. The Court expects these new personnel to significantly reduce the backlog of cases in chambers and plans to closely monitor its experience with the augmented law clerk staffing—both to assess its productivity and to determine whether any adjustment is needed in the case-processing staff in the public office. The addition of the eighth staff attorney has not only resulted in substantially reducing the case backlog in the Central Legal Staff, but it has also allowed the Court to fully implement its highly successful Alternative Dispute Resolution Program thereby significantly expediting resolution of many veterans' cases. As always, the Court will continually evaluate all its staffing to ensure that it is kept at the minimum level

necessary to adjudicate the cases brought before the Court in a timely fashion.

Practice Registration Fund:

This fund is established under 38 U.S.C. § 7285. It is generated from registration fees paid by new practitioners and receives no appropriations. It is available to employ independent counsel for disciplinary matters involving practitioners and to defray costs of implementing standards of practice.

FISCAL YEAR 1999 ACTIVITY

The Court's FY 1999 program accomplished the following:

Maintained arrangements with the United States Marshals Service (USMS) for court security, and with the Department of Agriculture's National Finance Center (NFC) for payroll/personnel, administrative payments, funds control, and support to financial, accounting and reporting functions.

Continued the pilot Pro Bono Representation Program under revised procedures for the transfer of all funding, both grant and administrative, to the LSC. This separates the Court, to the greatest extent possible under current legislation, from direct involvement in the Program.

Signed a contract with CPS, Inc., to rewrite the existing case management system for a Windows environment.

Established an Internet website to provide information about Court rules, procedures and decisions.

FISCAL YEAR 2000 PROGRAM

The Court's FY 2000 program includes the following:

Renovation of facilities to accommodate seven additional law clerks and one staff attorney.

Continuation of contractual arrangements with the USMS for security services and the NFC for the processing and reporting of pay, personnel records, and financial documents.

Continuation of the pilot Pro Bono Representation Program under funding procedures adopted in FY 1997.

Completion of the contract to rewrite the case management system.

Enhancement of the Internet website to include case dockets.

FISCAL YEAR 2001 BUDGET REQUEST

The Court's FY 2001 budget request reflects the following:

Funding to revise and upgrade the Court's automated case management system to accommodate changes in the Court's processes instituted over the last several years.

Funding to upgrade the Court's personal computers and file servers.

SUMMARY OF FISCAL YEAR 2001 BUDGET REQUEST
(In thousands of dollars)

A summary of the FY 2001 funding requirements for conducting the Court's activities follows:

	2000 Actual	2001 Estimate	Change
FTE Positions.....	88	88	-0-
Personnel Compensation and Benefits.....	\$7,335	\$7,965	+\$630
Other Objects.....	\$3,205	\$3,640	+\$435
Grants.....	\$ 910	\$ 895	-\$ 15
Budget Authority/Appropriation.....	\$11,450	\$12,500	+\$1,050

FISCAL YEAR 2001 PROGRAM FUNDING CHANGES
(In thousands of dollars)

The FY 2001 budget request of \$12,500,000 reflects a 9% increase over the funding for Court and Pro Bono Representation Program operations appropriated for FY 2000. Initial appropriations to the Court for FY 2000 were \$11,450,000 but as a result of the final budget negotiations the Court incurred a \$42,000 rescission.

Personnel Compensation and Benefits: +630

Economic Cost Indicator (ECI) pay raises and locality pay, uses as a base an FY 2000 pay figure reflecting a pay raise of 4.8% for nonjudicial personnel including the total locality-pay adjustment due Washington area government employees. A pay raise was also budgeted for judicial personnel but no locality pay was included. The budgeted FY 2001 pay raise for nonjudicial personnel is 3.7%.

Other Objects: +435

Increases in contract security personnel pay, travel, administrative and financial services, database management and case management re-design costs are reflected.

Grants: -15

The grantee explains its request in the appendix.

Total Changes:+\$1,050

DETAILS OF FISCAL YEAR 2001 FUNDING CHANGES

The following provides details for the funding changes from FY 2000 funding levels

PERSONNEL COMPENSATION AND BENEFITS +\$630,000

In conformance with OMB economic assumptions, the request includes funding for a 3 7% pay adjustment for nonjudicial staff, with no differentiation between the ECI pay raise and locality pay, and includes necessary funding for benefits. No increase in personnel is programmed for FY 2001. The benefits portion reflects a Court contribution to the Judges Retirement Trust Fund that anticipates all judges will ultimately join the Retirement Trust Fund

OTHER OBJECTS +\$435,000

TRAVEL: (+2,000)

Increase reflects inflation plus travel related to implementation of a new National Finance Center accounting system.

TRANSPORTATION OF THINGS: (-0-)

RENTAL PAYMENTS TO GSA: (+200,000)

Increase reflects dramatic unprogrammed increase (over budget) in rent in FY 2000 plus inflation.

COMMUNICATIONS, UTILITIES AND MISCELLANEOUS CHARGES:

(+4,000)

Increase reflects inflation plus increased mail and communication costs caused by the increasing case load.

PRINTING AND REPRODUCTION: (-3,000)

Decrease reflects fewer printing requirements during the year the Court does not hold its biennial conference.

OTHER SERVICES: (+109,000)

Increase is a net amount reflecting no major structural changes planned for FY 2001 plus funding for enhancements to the Court's case management system.

SUPPLIES AND MATERIALS: (+35,000)

Increase reflects inflation plus increasing costs for legal subscriptions and supplies for the enhanced staff.

EQUIPMENT: (+88,000)

Increase reflects funding for upgrading the Court's personal computers and file servers.

GRANTS -\$15,000

The grantee explains its request in the appendix.

UNITED STATES COURT APPEALS FOR VETERANS CLAIMS

Program and Financing (in thousands of dollars)

	1999 actual	2000 budget	2001 estimate
OBLIGATIONS BY PROGRAM ACTIVITY			
10.00 Total obligations	9,945	11,450	12,500
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION			
21.40 Unobligated balance available, start of year	---	---	---
22.00 New budget authority (gross).....	10,178	11,450	12,500
22.30 Unobligated balance expiring.....	-233	---	---
23.90 Total budgetary resources available for obligation			
23.95 New obligations.....	-9,945	-11,450	-12,500
24.40 Unobligated balance available, end of year	---	---	---
NEW BUDGET AUTHORITY (GROSS) DETAIL			
40.00 Appropriation.....	10,178	11,450	12,500
40.35 Appropriation rescinded.....	---	---	---
43.00 Appropriation (total).....	10,178	11,450	12,500
CHANGE IN UNPAID OBLIGATIONS:			
72.40 Obligated balance, start of year.....	860	1,370	1,667
73.10 New obligations.....	9,945	11,450	12,500
73.20 Total outlays (gross).....	-9,435	-11,153	-12,331
74.40 Obligated balance, end of year	1,370	1,667	1,836
OUTLAYS (GROSS), DETAIL			
86.90 Outlays from new current authority.....	8,612	9,783	10,664
86.93 Outlays from current balances.....	823	1,370	1,667
87.00 Total outlays.....	9,435	11,153	12,331
NET BUDGET AUTHORITY AND OUTLAYS			
89.00 Budget authority.....	10,178	11,450	12,500
90.00 Outlays.....	9,435	11,153	12,331

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
SALARIES AND EXPENSES**

Object Classification (in thousands of dollars)

	1999 actual	2000 budget	2001 estimate
<u>Direct Obligations:</u>			
Personnel Compensation:			
11.3 Full-time permanent.....	4,727.9	5,600	5,925
11.5 Other personnel compensation	23.8	35	40
11.9 Total personnel compensation.....	4,751.7	5,635	5,965
12.1 Civilian personnel benefits.....	1,349.2	1,700	2,000
21.0 Travel and transportation of persons	33.2	43	45
22.0 Transportation of things.....	.2	2	2
23.1 Rental payments to GSA	1,742.0	1,800	2,000
23.3 Communications, utilities, and miscellaneous charges.	69.7	95	99
24.0 Printing and reproduction.....	8.9	28	25
25.2 Other services.....	698.0	506	759
25.3 Purchases of goods and services from government sources.....	63.9	49	80
25.4 Operation and maintenance of facilities	0.0	200	20
25.7 Operation and maintenance of equipment	35.1	45	50
26.0 Supplies and materials	227.4	210	245
31.0 Equipment	100.2	227	315
41.0 Grants, subsidies, and contributions.....	865.0	910	895
99.9 Total obligations.....	9,944.5	11,450	12,500

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
COURT OF APPEALS FOR VETERANS CLAIMS RETIREMENT FUND**

This fund, established under 38 U.S.C. § 7298, will be used for retired pay to judges and for annuities, refunds, and allowances to surviving spouses and dependent children. Participating judges pay 1 percent of their salaries to cover creditable service for retired pay purposes and 2.2 percent (decreased from 3.5 percent by Public Law 106-117, November 1999) of their salaries for survivor annuity purposes. Additional funds needed to cover the unfunded liability may be transferred to this fund from the Court's annual appropriation. The Court's contribution to the fund is estimated annually by an accounting firm retained by the Court. The fund is invested solely in government securities. In FY 1999 the Court continued to pay one survivor annuitant from fund assets.

**UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS
COURT OF APPEALS FOR VETERANS CLAIMS RETIREMENT FUND
(in thousands of dollars)**

1998 actual	1999 budget	2000 estimate	
<u>Unavailable Collections Schedule:</u>			
Balance, start of year:			
01.99 Balance, start of year.....	3,526	3,991	4,744
Receipts:			
02.01 Earnings on investment.....	187	221	250
02.02 Employer contributions.....	306	560	575
02.03 Employee contributions.....	6	6	6
02.99 Subtotal, receipts.....	498	787	831
03.00 Offsetting collections.....	-34	-34	-35
04.00 Total: Balances and collections	3,991	4,744	5,540
Appropriations:			
05.01 Judges survivors annuity fund.....	-34	-34	-35
07.99 Balance, end of year.....	3,991	4,744	5,540

January 28, 2000

**THE VETERANS CONSORTIUM PRO BONO PROGRAM
FY 2001 BUDGET AND NARRATIVE**

Overview

The Pro Bono Program is requesting an appropriation of new grant funds in the amount of \$895,000 for FY 01 – a reduction of \$15,000 from the \$910,000 appropriated for the Program for the current FY 00.

The Program's proposed budget for FY 01 is attached. It contemplates expenditures totalling \$948,667, which represent an increase of \$39,653 (4.36 %) over the \$909,014 anticipated by the budget for FY 00. However, the Program had some \$56,248 of unspent grant funds at the end of FY 99, which will be applied to FY 00 expenditures, and this can be anticipated (assuming the FY 00 budget accurately forecasts actual expenditures) to result in an equivalent surplus at the end of FY 00. We have, accordingly, deducted the amount of the FY 99 year-end surplus from the budgeted expenditures for FY 01, to arrive at the figure, for anticipated need for new grant funds, of \$892,419. This figure has been rounded, for funding request purposes, to \$895,000.

The increase in budgeted expenditures reflects an increase in various costs – principally non-personnel costs – but no increase in the caseload handled by the Program, or in numbers of personnel to handle the caseload. The Program received over 450 new requests for assistance in calendar year 1999. This was a reduction in the number of requests for assistance from those received in the preceding two years; however, it approximates the number of requests for assistance received annually during the first four years of the Program. We expect the demand for Program services to remain at this level for the foreseeable future, as the number of BVA decisions remains high: there were 37,373 decisions issued by the BVA in FY 1999, and a comparable level of BVA activity can be anticipated in the current fiscal year. We also anticipate that the number of appeals filed with the Court will continue at a pace on the order of the 2265 filed in calendar year 1998 and 2180 in calendar year 1999.

Personnel costs – salary and benefits of those individuals performing services for the Program that are reimbursed from grant funds – account for 70% of the proposed FY 01 budget. These costs cover a portion of the time for personnel who staff the Outreach and Education Components, and all of the time of most of the personnel who staff the Case Evaluation and Placement Component. The services of the other staff are provided free of charge to the Program. Staff who are reimbursed from grant funds, for all or a portion of their salary and benefits, are employees of either the National Veterans Legal Services Program (NVLSP) or the Paralyzed Veterans of America (PVA). Table A shows in summary form the number of persons providing services for each component, and the number of Full Time Equivalent (FTE) positions to be paid out of grant funds in FY 00 and FY 01.

Table A

PRO BONO PROGRAM PERSONNEL AND FTE DISTRIBUTION			
Component	Total Number of Personnel Providing Some Service to the Program	Total FTE Reimbursed by the Grant, FY 00	Total FTE Reimbursed by the Grant, FY 01
Outreach	6	0.23	0.23
Education	10	0.84	0.84
Case Evaluation and Placement	9	8.00	8.00
Direct Representation	1	0.50	0.50
Total	26	9.57	9.57

A fuller breakdown by Component follows.

I. Case Evaluation and Placement Component \$708,794

The FY 01 budget contemplates an increase of \$30,584 (4.5%) over the FY 00 budget for the Case Evaluation and Placement Component (referred to in the attached budget, for brevity, as the "Screening Component"). Non-personnel costs of \$26,817 represent 88% of the 4.5% increase.

A. Personnel

The three categories of personnel staffing this component -- lawyers, non-lawyer veterans law specialists, and support staff -- will remain unchanged from FY 01.

Two *lawyers*, the Director and the Deputy Director, function full time as such in the Case Evaluation and Placement Component, their personnel costs are fully reimbursed by the Program -- one position each to PVA and NVLSP. The lawyer FTE for this Component reimbursed from grant funds, in both FY 00 and FY 01, is 2.0.

Veterans law specialists review the VA claims file and BVA decision to determine whether or not each case contains an issue that justifies referral to a lawyer. Veterans law specialists come from the constituent Veterans Service Organizations (VSOs) and are among the most experienced non-lawyer service officers these organizations have to offer.

We expect to have four full time veterans law specialists (VLS) in the Case Evaluation and Placement Component in FY 01 – two of these positions being supplied by PVA and one by NVLSP, on a reimbursable basis. We anticipate that one VLS position will continue to be donated by Disabled American Veterans (DAV).

There are three full time administrative support staff in the Case Evaluation and Placement Component, all employees of NVLSP, and all reimbursed out of Program funds.

The fractional increase of \$3,767 (06%) in personnel costs for the Case Evaluation and Placement Component represents the combination of a modest cost of living and merit raises in FY 01, offset by a modest reduction of personnel costs based on the reconfiguration of salary levels for non-lawyer positions.

The level of salaries and benefits paid to the personnel who staff the Program is governed by the personnel policies of the constituent organizations of which they are employees – i.e., NVLSP and PVA – and to which they may return in the event of termination of the Program or rotation of personnel by the organizations involved. Both NVLSP and PVA expect to increase their staff salaries up to 5%, of which 3% will be a cost of living increase and 2% will be allocated for merit raises. Increases are reflected in the personnel costs of all four Components of the Program in the FY 01 budget.

B. Space - Rent

The increase of \$ 11,240 for FY 01 provides for additional space acquired in 1999, an anticipated increase in the rental cost for the space presently occupied, and a nominal increase in monthly occupancy expenses shared by all lessees in the building.

C. Equipment Rental and Maintenance

The increase of \$2,300 from FY 00 provides for the maintenance contracts/ service agreements on office equipment and telephone system acquired in 1999.

D. Office Supplies and Expenses

The increase of \$1,000 from the amount budgeted for FY 00 is based on actual experience in FY 99.

E. Telephone

The increase of \$40 over the amount budgeted for FY 00 is based on actual experience in FY 99.

F. Travel/Continuing Legal Education

The increase of \$2,500 provides for out-of-state travel to the spring and fall NOVA conferences generally attended by the director and/or the deputy director.

G. Library

The increase of \$500 is budgeted to allow for acquisition of new materials for the library and subscriptions to publications that we have not had available in the past.

H. Insurance

The decrease of \$260 represents savings we expect to realize on the basis of FY 99 costs

I. Dues and Fees

The increase of \$197 over the amount budgeted for FY 00 is based on actual experience in FY 99.

I. Audit

The decrease of \$1,200 represents savings expected from the non-A133 audit approved by LSC

J. Contract Services

The decrease of \$3,000 represents savings expected from the completion costs related to the conversion of Program databases from Paradox to Access software applications

II. Direct Representation Component \$ 43,050

The former "B" Grantee, PVA, has committed to accepting 20 cases at a cost of \$2,152.50 per case, representing a \$2,050 aggregate increase over the FY 00 budget. The total resulting figure of \$43,050 represents 50% of the salary and fringe benefits for a full time lawyer, the remaining 50% being donated by PVA

III. Outreach Component \$ 43,971

Overall, the FY 01 budget calls for a \$9,237 increase (27%) over the FY 00 budget for the Outreach Component. Personnel costs of \$6,996 represent 76% of the 27% increase. This increase is primarily due to a realignment of the budget based on the actual staff time devoted to the Component during FY 98 and FY 99

A. Personnel

The staff composition for the Outreach Component will remain unchanged in FY 01. The personnel costs budgeted to increase by \$6,996 represents the cost of living and merit raise of 5% and the budget realignment mentioned above.

Three NVLSP *lawyers* and three NVLSP *non-lawyers* are planned to continue to devote a portion of their time to the Outreach Component; and the Program reimburses NVLSP for that portion of their personnel costs.

Only minor adjustments were made in the other line items and the net result of these adjustments is an increase in the budget by \$2,241 over the FY 00 budget.

V. Education Component **\$127,852**

The proposed FY 01 budget for the Education Component reflects a decrease of \$2,218 from the budget for FY 00.

A. Personnel

Personnel costs are projected to decrease by \$12,173 to reflect savings from adjustments similar to those indicated for the Outreach Component.

The FY 01 staff positions remain unchanged from FY 00. A total of 6 NVLSP *lawyers* and four NVLSP *non-lawyers* are planned to continue to function in the Education Component and a portion of their personnel costs are reimbursed by the Program.

B. Other

Combined non-personnel expenses are expected to increase by a total of \$9,955, from \$42,235 in FY 00 to \$52,190 in FY 01. This 23% increase represents the anticipated increased cost of the Veterans Benefits Manual, which is reprinted each year and furnished without charge to newly recruited volunteer lawyers.

V. LSC Oversight **\$ 25,000**

This is the figure LSC has furnished as its estimate of the likely cost of oversight for FY 01. It is the same as the figure applicable to FY 00.

TOTAL BUDGET	\$948,667
LESS: FY 99 CARRYOVER	(56,248)
TOTAL FY 2001 FUNDING REQUESTED	<u>\$892,419</u>



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

FEB 17 2000

The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Evans:

Enclosed are the Department's responses to pre-hearing questions you submitted in your letter of February 1, 2000, relating to the FY 2001 VA budget request.

If we can be of further assistance, your staff may contact me or Bill Buffington at 202-273-5628.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Duffy", written over the typed name and title.

Dennis M. Duffy
Assistant Secretary
For Planning and Analysis

Enclosure

Questions from The Honorable Lane Evans

Patient Deaths and Autopsies

Question 1a: For each of the fiscal years 1997, 1998 and 1999, how many patients died while receiving medical care in a VA facility?

Answer:

FY 1997	Accurate data is not available
FY 1998	Diagnostic Services database indicates 27,179
FY 1999	Diagnostic Services database indicates 24,468

Question 1b: For each of the fiscal years 1997, 1998 and 1999, how many autopsies were conducted on patients who died while receiving medical care in a VA facility?

Answer:

FY 1997	Accurate data is not available
FY 1998	Diagnostic Services database indicates 4,276
FY 1999	Diagnostic Services database indicates 3,825

Question 1c: For each of the fiscal years 1997, 1998 and 1999, how many patients died within 30 days of being discharged from VA medical care?

Answer: Note—This data represents unique Social Security numbers for the fiscal year indicated and reflects known deaths within 30 days of discharge from either a VA medical center or VA nursing home.

FY 1997	10,191
FY 1998	9,827
FY 1999	9,293

Question 1d: For each of the fiscal years 1997, 1998 and 1999, how many autopsies were conducted on patients who died within 30 days of being discharged from VA medical care?

Answer: This information is not available.

Question 1e: Please assess compliance with current autopsy policy.

Answer: We have 100 percent compliance with reporting from all facilities. Individual facilities are working to improve their autopsy rate by increasing the percentage of deaths in which permission is requested and in the percentage of granted permissions. System wide the average is 15 percent with a range from 0 percent to 58 percent.

Contract Auditing

Question 2a: For each of the fiscal years 1997, 1998, and 1999, how many contracts awarded by VA were subject to either a pre-award or post-award audit?

Answer: Audits of VA contracts are conducted through two channels. VA's Office of Inspector General (IG) audits Federal Supply Schedule contracts, pharmaceutical prime vendor contracts, and subsistence prime vendor contracts. These contracts are awarded by VA's Office of Acquisition and Materiel Management (OA&MM), and are subject to pre-award and post-award audits. The Defense Contract Audit Agency (DCAA) and the Department of Health and Human Services (DHHS) audits construction and scarce medical contracts and contract modifications.

Audits of Federal Supply Schedule Contracts, Pharmaceutical Prime Vendor Contracts, and Subsistence Prime Vendor Contracts

	<u>Pre-Award</u>	<u>Post-Award</u>
1997	28	16
1998	40	12
1999	48	32

These statistics represent the number of audits completed in each fiscal year. Post-award audits may require more than a year to complete. Of the 48 post-award audits conducted in 1999, 32 represent reviews of compliance with the requirements of Public Law 102-585, section 603.

Construction and Scarce Medical Contracts

	<u>Pre-Award</u>
1997	49
1998	20
1999	18

Question 2b: For each of the fiscal years 1997, 1998, and 1999, please describe the results of pre-award and post-award audits conducted on contracts awarded by VA. Include the amount of recovered or avoided costs and the cost-benefit ratio of these pre-award and post-award audits.

Answer:

Federal Supply Schedule Contracts, Pharmaceutical Prime Vendor Contracts, and Subsistence Prime Vendor Contracts

	Dollar Recoveries	Benefit Cost Ratio	Avoided Costs	Benefit Cost Ratio
1997	\$31 million	4:1	\$19 million	55:1
1998	\$19 million	8:1	\$61 million	41:1
1999	\$10 million	9:1	\$17 million	7:1

Actual expenses incurred for these audits vary depending on the number of projects completed during fiscal years. The recommended funds put to better use generally applies to a 5-year contract performance period. Therefore, the value of 'Recommended Funds Put to Better Use' was divided by five before computing the pre-award cost-benefit ratio.

Construction and Scarce Medical Contracts—These audits were conducted on a decentralized basis and VA is in the process of collecting the information from the individual contracting officers in the field.

Question 2c: For each of the fiscal years 1997, 1998, and 1999, what percentage of contracts awarded by VA were subject to a pre-award or post-award audit?

Answer:

Federal Supply Schedule (FSS) Contracts and Pharmaceutical Prime Vendor Contracts—OA&MM's National Acquisition Center currently administers about 1,500 FSS contracts for the major schedules that the IG reviews. During the three fiscal years in question, the IG completed pre-award and post-award audits on 10 percent of the National Acquisition Center FSS contracts. For the Pharmaceutical schedule, the IG conducted pre-award reviews on all contracts with estimated annual sales of \$5 million, or greater. This represents 14 percent of the total number of pharmaceutical contracts. Additionally, the IG conducted public law compliance reviews on all pharmaceutical contracts with annual sales exceeding \$1 million.

Construction and Scarce Medical Contracts—The majority of contracts awarded by VA are either commercial or competitive and therefore are not subject to audit. Audits are only requested when there is insufficient information to determine if the price offered is fair and reasonable.

Question 2d: Describe the criteria used by VA to select the awards subject to such audits.

Answer:

Federal Supply Schedule (FSS) Contracts, Pharmaceutical Prime Vendor Contracts, and Subsistence Prime Vendor Contracts—Generally, the IG uses dollar volume to select contracts and proposals that will be reviewed. However, the IG also relies on voluntary disclosures, risk assessments performed during pre-award reviews, and input from the contracting officers.

Construction and Scarce Medical

The decision to audit a price proposal or a proposed contract modification is made by the contracting officer when the information provided by the contractor is insufficient to determine if the price is fair and reasonable, as required by Federal Acquisition Regulation 15.404-2.

Homeless Veterans

Question 3a: Describe the actions VA has taken to encourage the Department of Housing and Urban Affairs (HUD) to devote more resources to meeting the needs of homeless veterans, particularly providing more resources for veteran specific homeless programs. Describe the results of these actions.

Answer: The Department of Veterans Affairs is very interested and has advocated for the enhancement of resources from any and all available sources to assist homeless veterans and their family members. Since the Department of Housing and Urban Affairs is the lead agency in our nation's effort to eradicate homelessness, we have been actively involved in a variety of efforts to increase attention to the needs of veterans. We have worked to create increased opportunities for programs that assist veterans and programs that exclusively serve veterans to receive needed resources from HUD funding. Toward that end VA staff have:

- Attended all the meetings of the Interagency Council on the Homeless.
- Actively participated in the design and content of the national survey of homeless assistance providers and clients.
- Hosted periodic meetings of the Homeless Veterans Task Force. This is a Working Group of Federal agencies that includes representatives from HUD, veteran service organizations and national homeless advocacy groups.
- Attended and participated in HUD's Veterans Resource Center's briefing for veteran service organizations.
- Attended and participated in and served as speakers at several national and statewide homeless conferences that allowed VA to inform homeless service providers about the needs of homeless veterans.
- Requested to be a part of the training for HUD's Community Builders.
- Regularly invite HUD field staff and HUD funded local projects to participate in our Community Homelessness Assessment Local Education and Networking Groups (CHALENG). This congressionally sponsored activity requires us to hold local meeting to review the needs of homeless veterans, create or improve local resource directories and foster the development of local action plans to address those unmet needs.

The ongoing involvement with HUD, while beneficial, has had little visible results. Since there is no reporting that VA has seen regarding the number or percentage of veterans being served by HUD funded programs it is difficult to know if HUD funded programs are fairly serving veterans. (Many advocates claim veterans are being unfairly excluded.)

Question 3b: Does VA believe HUD should devote more resources to veteran specific homeless programs?

Answer: Yes, as mentioned in the previous response, VA is very interested and has advocated for the enhancement of resources from any and all available sources.

Federally Funded Veterans Employment Programs

Question 4a: Assess the current effectiveness of federally funded veterans employment programs.

Answer: The Vocational Rehabilitation and Employment Service (VR&E) is working towards providing the best possible employment services to veterans with service related disabilities within our resource level. Several factors contribute to VR&E's ability to assist veterans to achieve suitable employment. Undeniably, the current economic state is one of these factors, but the program utilizes many strategies and resources to maximize the probability that program graduates will be able to become employed and maintain employment in any economic climate. In FY 1999, the program maximized our employment opportunities to achieve a record 9,962 service-disabled veterans rehabilitated through suitable employment. VR&E Service has initiated an Employment Specialist Pilot Program at 10 stations and anticipates other stations will recognize the value of this program and pursue the same strategies utilized by the pilot. The Employment Specialist program develops employment opportunities by working with employers to identify both current and future job skill requirements to prepare for future economic shifts and changes in job requirements. As we continue to develop new techniques and approaches, our employment services will also increase. Joint training with the Department of Labor is currently being developed for this year and is redesigned from the past joint training efforts to be a more comprehensive training with a strong employment focus.

Since August 1995, VR&E and the Veterans Employment Service (VETS) at the Department of Labor have had a corporate memorandum of understanding to actively collaborate in a program of learning that facilitated the successful placement of disabled veterans in employment opportunities. In the field, VETS has assisted VR&E program participants with finding interim employment to help subsidize and stabilize the veterans' immediate employment needs while they continue in their rehabilitation programs. The collaborative efforts of VR&E and VETS significantly contributed to the successful placement of 9,962 service-disabled veterans in FY 1999.

The Department of Labor has jurisdiction over other federally funded employment programs and would best be able to provide further information on those programs.

Question 4b: How can the effectiveness of federally funded veterans employment programs be improved? Identify the cost of each recommended action to improve the effectiveness of federally funded veterans employment programs.

Answer: Since August 1995, VR&E and the Veterans Employment Service (VETS) at the Department of Labor have had a corporate memorandum of understanding to actively collaborate in a program of learning that facilitated the

successful placement of disabled veterans in employment opportunities. In 1997, VR&E and VETS recognized that to further strengthen their collaborative arrangement each organization's grass roots staffs must also share the vision of helping disabled veterans find and keep employment. As a result, direct service delivery staffs from both organizations formed case management teams to serve unemployed disabled veterans. VETS has assisted VR&E program participants with finding interim employment to help subsidize and stabilize the veterans' immediate employment needs while they continue in their rehabilitation programs.

Additionally, VR&E and VETS have a joint VR&E/VETS Task Force, which looks for ways to identify initiatives that would not only strengthen the working partnership but would continue the sharing of best practices among staffs. VR&E and VETS have developed an operating procedures guide to both organizations in areas of core program values, responsibilities, oversight and accountability. From this document, a training curriculum was developed. In 1998, six joint training seminars were held throughout the country with approximately 440 direct service delivery staff attending. The joint training effort was the first such effort in the two organizations' history.

The joint training initiative has proven to be a valuable tool in developing key employment skills for our respective staffs and developing cooperative networks that were directly influential in placing 9,962 service-disabled veterans in suitable employment in FY 1999. The joint training initiative will be expanded in FY 2000 and FY 2001 for additional staff to be trained in the most advanced job hunting techniques and employment services. Funding for FY 2000 includes \$150,000 for VR&E part of this training, and similar funding is requested for FY 2001.

The Vocational Rehabilitation and Employment Service is improving its services to the veterans through the establishment and development of initiatives each year. With continuous support of the program's growth, improvement of employment services to veterans will also continue to increase.

Procurement

Question 5a: Describe the nature of the preference, if any, provided veteran-owned or veteran-controlled businesses in the award of VA contracts.

Answer: Each VA purchase order and contract award identifies whether the business is owned by a veteran, a disabled veteran, and/or Vietnam era veteran. This information is recorded in the Department's Federal Procurement Data System. Both dollars and volume of actions are tracked against annual goals established by the Secretary for each VA contracting activity. This affirmative support for veteran owned businesses has existed since 1984. In 1987, the Secretary developed an awards program to recognize the highest-achieving facilities. To achieve their veteran-owned business procurement goals, contracting activities must identify such businesses and solicit them whenever requirements are identified which can be performed by the veteran-owned small business concern.

In August 1999, Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act, was passed. This new law requires a government-wide procurement goal for service-disabled veterans of 3 percent of prime contracting dollars; prime contractors must have a subcontracting plan goal category for veterans.

A procurement goal is not, however, a preference mechanism. It should be noted that the Federal Acquisition Regulation (FAR) does *not* authorize preferences for veterans. The FAR permits set-asides for small businesses. It also permits set-asides for the Historically Underutilized Business (HUB) Zone Empowerment Contracting Program. Further, in full and open competitions, HUB Zone firms may receive the benefit of a price evaluation preference. Additionally,

the Small Business Administration (SBA) operates programs for small disadvantaged businesses (SDBs) that provide for certain requirements to be reserved for SDBs in the 8(a) business development program. In full and open competitions, the FAR also authorizes SDBs to receive the benefit of price evaluation adjustments, technical evaluation factor credits in negotiated procurements, or incentive fees to prime contractors for utilizing SDBs in contract performance. Veterans who qualify as SDBs or those who qualify for the HUB Zone Program receive the advantage of these adjustments or set-asides. In the past two years, the SBA has relaxed the requirements for entry to the 8(a) business development program which we expect will help benefit service-disabled veterans. Veteran-owned businesses will also qualify for small business set-asides when the firm meets the size standards established by SBA for the industry.

Question 5b: Discuss the impact on the competitive award of contracts as a result of using task orders.

Answer: Contracts using task orders are competitively awarded. Task order contracts are a valuable tool in streamlining the acquisition process. There are positive impacts on competition because interested vendors can submit one proposal on a single solicitation instead of multiple proposals on multiple small solicitations. Thus, the amount of effort required and the time and costs involved with individual competitions are significantly lower, while the potential benefits are greatly increased.

Another advantage of task order contracts is the ability to make multiple awards, accessing needed task order skill sets through the flexibility afforded the vendor to assemble joint ventures, partnering, and/or subcontract expertise. Thus, small and disadvantaged firms can be provided the opportunity to receive contract awards and task orders where they might otherwise have difficulty competing.

Task order contracts allow for award to a broader range of firms, as is the case under the Federal Supply Schedule (FSS) program. Thus, more firms, and more small and disadvantaged firms, could qualify for award.

Once a contract is awarded, whereby multiple awards are made, the Federal Acquisition Regulation (FAR) requires that the contract contain provisions providing awardees with a fair opportunity to be considered for each task order (see FAR 16.504(A)(4)(iv) and 16.505(b)). For FSS service contracts, FAR 8.404(b)(2) requires the contracting officer to make comparisons between contractors prior to placing a task order. VA believes those provisions are adequate to ensure competition.

Claims Adjudication

Question 6a: Provide the percentage medical examinations conducted to adjudicate an original claim for service-connected disability compensation, which provide all medical examination information to adjudicate a veteran's claim.

Answer: Original compensation claims do not come solely from veterans recently released from the military. In fact, historically, only about 30-40 percent of our original compensation claims have come from veterans within a year of their release from active duty. In cases filed more than a year from discharge, not only must we confirm that the claimed condition(s) either arose or worsened while the individual was on active duty, but we must also obtain current medical evidence defining the impairment that the condition is now causing the veteran. In those situations where we do receive claims from recently released veterans, the military medical records provide confirmation that the condition is related to service, but not the degree to which it disables the veteran.

Over the last five years we have received an average of about 121,000 original compensation claims each year. For nearly all of those claims we had to request

an examination that provided medical information that follows VA protocols for examining disabilities. This is necessary so that our disability rating specialists can compare the clinical findings, signs, and symptoms associated with each claimed condition to our Schedule for Rating Disabilities in order to determine an evaluation of each condition that reflects the permanent impairment imposed on the veteran. Claims involving multiple issues could require more than one examination.

Question 6b: Describe the results of VBA computer based employee training. Compare these results to the goals for computer based employee training.

Answer: The goals for the computer-assisted training modules were stated in the VBA's Capital Investment Proposal for the Compensation and Pension Service Training and Performance Support System (TPSS). They are as follows:

Project Goals and Objectives: Provide training, task competency assessment, and performance support for the following compensation and pension adjudication positions: Veterans Service Representative, Rating Certified Veterans Service Representative, Decision Review Officer. This initiative corrects an identified deficiency: i.e., absence of validated training and task competency assessment of critical job tasks for the three noted positions which are essential to the mission of delivering compensation and pension benefits in timely, accurate and compassionate manner.

These goals are being achieved as TPSS is implemented nationwide in VBA's regional offices. Six of eleven modules of the Basic Ratings (RVSR) course have been fielded as of January 2000, and the others are in development. All six of the fielded modules were validated prior to fielding with performance tests. The performance of graduates in the field has been at similar levels as the validation groups (95 percent or greater rate of successful graduate completion of the performance tests). The Veterans Service Representative (VSR) course is in the job and task analysis phase of the Instructional Systems Development (ISD) process, and that phase is nearing completion. Medical courseware and electronic performance support (RVSR) is in the Needs Assessment/Training Situation Analysis phase of the ISD process, and that phase is nearing completion. ISD application to the Advanced Rating/ Decision Review Officer Course is scheduled to begin in FY00. Completion and rollout to the regional offices of all TPSS courses currently planned is expected over the next 3 to 5 years. This is a long-term project requiring significant needs and job assessments prior to design and development of the courses. The first Basic Ratings modules were released in January 1999. An earlier prototype on certifying appeals, originally released in May 1998, has just been updated and will be released in February 2000. There is an on-going evaluation of the appeals module being conducted by an independent research team from the University of Illinois. Their first report was positive and noted that learning occurs and the module is beneficial to understanding the appeals process.

Question 6c: Provide the current average time in terms of number of days required to obtain a service medical record from each service branch and component.

Answer: VBA obtains service medical records (SMR's) from two primary sources—the military services and the National Personnel Records Center (NPRC).

The current average days elapsed between a service members discharge and receipt of medical records are as follows:

Average Days to Receipt FY 2000 (October 1, 1999 to Present)

	<u>Days</u>
Army	18
Air Force	24
Marine Corps	45
Navy	48
Coast Guard	58

Question 6d: VBA has initiated a number of new initiatives to improve the quality and timeliness of claims adjudication. Please describe the five most successful initiatives which have been developed and tested and plans for implementing these initiatives nationwide.

Answer:

Systematic Technical Accuracy Review (STAR)—The STAR Program was implemented to improve the accuracy of Compensation and Pension claims processing. Current and diagnostic information is obtained about the accuracy of the work being produced at the field stations. This information assists management in identifying improvement opportunities and training needs, as well as areas requiring additional management intervention.

The implementation of the Systematic Technical Accuracy Review (STAR) program in FY 1999 has received the cooperation and support of Regional Office staffs. Based upon feedback received from reviews completed, it is evident that Regional Offices have made a commitment to rigorous reviews and realistic self-assessments that will provide a sound basis for improvement.

Training and Performance Support Systems (TPSS)—One of VBA's ongoing training initiatives is Training and Performance Support Systems (TPSS), which was developed to help improve quality and timeliness of our decisions. TPSS is being developed using Instructional Systems Development (ISD) processes. Use of the TPSS modules is our way of ensuring consistent training is systematically delivered and that technical skills and firm foundation is consistent for VA employees. This initiative becomes even more critical as VBA pursues efforts to gain additional FTE due to succession planning. It is worthwhile to note that the VBA has numerous other initiatives to address the variables outside training which impact organizational performance. Three initiatives directly related to TPSS are (1) the development of a national computer-managed instruction system which will allow Compensation and Pension Service to monitor regional office implementation of TPSS modules, (2) a continuing program of training for TPSS training coordinators in each regional office, and (3) a continuing program of life cycle updates to keep TPSS modules technically current.

Rating Redesign—In an effort to improve the rating process and enhance accuracy, a new rating decision format was tested at three Regional Offices. During its development, the new format was shared with rating specialists, veteran service officers, and veterans. Their feedback was positive. The new format has been endorsed and has been incorporated into VBA's Rating Board Automation (RBA) 2000 which will be deployed in FY 2000. This is the initial phase of a process redesign that will restore a thorough analytical approach to the disability rating activity and at the same time provide clear plain language information on decisions to claimants.

Decision Review Officer (DRO)—The DRO process is a highly interactive process combining the principles of case management and alternative dispute resolution. The DRO will work with claimants and their representatives to resolve the appeal at the earliest possible time. In addition, the DRO will actively participate in the technical development of employees involved in the decision-

making process including providing feedback and training on a regular basis to improve overall rating quality and consistency.

The DRO test demonstrated that the DRO process results in improved timeliness and quality of decisions and increased customer satisfaction without having a negative effect on the rating workload. Significant test results are listed below:

Workload: The number of incoming notices of disagreement decreased at the test stations 16 percent while the number for the rest of the nation increased 2 percent. The number of substantive appeals received decreased at test stations 63 percent while the number of substantive appeals for the rest of the country decreased by 9 percent.

Quality: A star review of DRO cases going to the BVA found an 81 percent accuracy rate whereas a star review of non-test stations found a 52 percent accuracy rate. In addition, the rate at which the Board of Veterans Appeals upheld the local disability compensation decisions at test stations increased by 15 percent during the test compared to a national average increase of 5 percent.

Customer Satisfaction: The DRO customer satisfaction survey revealed that when a veteran reported having direct contact with a DRO, he/she was more satisfied (35.5 percent) with the appeals process than those who did not speak directly with or meet with a DRO (23.1 percent). There were no significant differences in claim outcome.

Affect on Rating Workload: In the test stations the workload in the board during the test went up 12 percent whereas it increased by 13 percent for the rest of the nation

Benefits Delivery at Discharge (BDD)—BDD is a critical element in the reengineered vision in the performance of claims development, disability examinations, and the preparation of rating decisions for service persons awaiting discharge from active duty. Service persons will also be provided with information relating to other VA business lines to include vocational rehabilitation and counseling, insurance, education, loan guaranty certificates of eligibility and Veterans Health Administration enrollment.

Ultimately, it is the intention of VA to provide every separating service person, regardless of point of separation with a physical examination adequate for rating purposes according to VA protocols. By providing every departing service person with a physical examination, VA will establish a baseline of the service member's health to compare against any future claims, and at the same time, build a database that can be used to study the affect of the military experience on the health of veterans. The Veterans Benefits Administration will share its database with the Veterans Health Administration for research and analysis, and appropriate DOD organizations.

National Implementation of Training, Responsibilities, Involvement, and Preparation (TRIP)—In the reengineered environment, service organization representatives are actively involved in processing and developing veterans' claims. This initiative expands partnerships. The accurate, efficient, and timely delivery of benefits to veterans and their families is a common goal of the U.S. Department of Veterans Affairs (VA), Veterans Service Organization (VSOs), States' Department of Veterans Affairs (SDVAs), County Veterans Service Officers (CVSOs), and any recognized entity representing claimants' interests. The partnership will strive to enhance service to claimants combining resources and focusing on shared concerns. The foundation for this partnership initiative will be the assistance provided by the group in gathering evidence needed for effective decision making. Improvements in customer satisfaction, efficiency, and timeliness will be the rewards of this partnership. VA commitments include Training, certification of skills needed to access VA systems, and the promise of timely processing of properly developed claims

World Class Service

Question 7a: Throughout the Annual Report of the Secretary of Veterans Affairs for Fiscal Year 1998, the phrase "world class" is used to describe a VA organization or performance, such as world class service. What criteria are used by VA to judge the service it provides as "world class"?

Answer: VA has successfully employed a number of methods to determine whether the quality of its service is world-class. Two of these methods are benchmarking and organizational assessments based on the Malcolm Baldrige criteria.

"Benchmarking is the process of continuously comparing and measuring an organization with business leaders anywhere in the world to gain information which will help the organization take action to improve its performance."¹ VA uses the tools of benchmarking to analyze and compare best practices among high-performing organizations—in both the public and private sector. Benchmarking has been used by VA in a number of instances to provide an orderly and disciplined process for identifying, analyzing, and improving key work processes. These benchmarking efforts provide a standard for further development of a baseline and measurement of improvement toward achievement of world-class service.

Another way in which the Department assesses world class performance is through the Secretary's annual Robert W. Carey Quality Award Program. The Carey Award is the Department of Veterans Affairs' highest award for organizational effectiveness, performance, and excellence. It supports the Secretary's vision that—

...we will strive to meet the needs of the Nation's veterans today and tomorrow...functioning as One VA and delivering seamless service...We will use innovative means and high technology to deliver world-class customer Service...

The Carey Award motivates VA organizations to pursue quality leadership and provides quantifiable data to determine if the organization is world-class in seven criteria areas including: leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results. Like the President's Quality Award, the Carey Award is modeled after the Malcolm Baldrige Quality Award. The criteria are a proven assessment tool for measuring an organization's accomplishments and can be used as a road map to excellence. More specifically, the Carey Award is designed to:

- Promote quality management awareness and implementation;
- Provide a model against which organizations can assess their quality efforts;
- Inspire organizations and individuals to do their best to improve their quality efforts; and
- Support the Department's Strategic Goals.

This assessment tool has been particularly invaluable to our medical centers that are subject to accreditation by JCAHO (Joint Commission on Accreditation of Health Organizations). It should be noted that on average, VA's JCAHO ratings have been consistently higher than that of the commercial sector.

¹ American Productivity and Quality Center, page 3, *The Benchmarking Guide*, 1993, Productivity Press, Inc., ISBN 1-56327-045-5.

Question 7b: What is the meaning of "world-class"?

Answer: VA's definition of world class service is "providing service that is equal to or better than the best in class service provided by the top, high-performing public and private sector organizations." VA has institutionalized this concept into its strategic planning activities by the establishment of a new, Department-wide strategic goal to "Provide One VA world-class service to veterans and their families through the effective management of people, technology, processes, and financial resources." Achieving world-class service is a function of a number of interrelated activities. These activities include establishing baseline levels of performance within the organization, benchmarking with other organizations to determine the most effective and efficient ways to perform an activity, initiating continuous improvement or business process reengineering activities, and continuously measuring performance to assess progress and ultimately sustained performance at world-class levels.

Question 7c: In judging itself to provide "world-class" service, to which public and private organizations providing services comparable to those provided by VA has VA compared itself? Provide the results of each such comparison.

Answer: As mentioned above, VA has conducted a number of benchmarking studies to identify best in class organizations and world-class levels of performance. We have participated in government-wide efforts to analyze satisfaction levels of service users, and we have also worked with companies such as Xerox, Saturn, and Federal Express to understand how they implement crosscutting process and achieve high levels of customer satisfaction.

An example of a large-scale comparison is a national survey of veterans commissioned by the National Partnership for Reinventing Government. This survey found that veterans who use the hospitals and clinics of the Department of Veterans Affairs are increasingly satisfied with VA health care. It also found that eighty percent of VA health care users are more satisfied than they were two years ago.

The survey was based upon a nationally recognized model called the American Customer Satisfaction Index (ACSI). Vice President Gore and the National Partnership for Reinventing Government recently applied the ACSI survey to 30 different federal agencies. The result is data about customer satisfaction that invites comparisons to the private sector

The data about VA health care can be compared to identical studies about the attitudes of non-veterans to vital services. In health care, veterans gave an overall satisfaction rating of 79 (index score: 0-100 scale). That was significantly higher than the score of 72 recorded by the general public for all industry sectors or the score of 70 for private hospitals.

The health care element of the latest survey involved contacting veterans by phone who received outpatient care between May 1 and May 14, 1999. The overall loyalty to the VA system in this sample of veterans registers extremely high—an index score of 90 for VA compared to 68 for private hospitals—based on their willingness to reuse the system. Veterans also gave high marks to the quality of VA services.

In recent years, VA has also assessed its performance against recognized health care standard such as those published by the National Council on Quality Assurance and the Department of Health and Human Services. In these comparisons, VA has achieved substantially higher performance levels than others conducting similar activities in the areas of Influenza and Pneumococcal Vaccination rates, Beta Blockers, Diabetic Retinal Eye Exams, Breast Cancer Screening, Cervical Cancer Screening, and follow-up after hospitalization for mental health illness.

Another area in which VA has compared itself with other organizations is access to information and services. VA used a benchmarking methodology to learn what and how other organizations provide world class service in this area. The study helped VA identify best practices within VA as well as those from other organizations in terms of providing service via call centers. Some of the findings have been directly applied by the Veterans Benefits Administration to develop new performance targets for abandoned and blocked call rates in its goal to provide service equal to that of world-class organizations. Although the specific names of organizations are not available due to confidentiality agreements, the following is a summary description of several key organizations that were reviewed as part of the Access Benchmarking Study: a federal benefits organization; three private health care companies; a private pharmaceutical company; VBA's VA Regional Office St. Paul Information Center; VHA's VISN 10; and the National Cemetery Administration.

The VA Insurance Service also Benchmarks against industry standards on several of our performance standards. VA uses Life Office Management Association (LOMA) data and the A.M. Best Reports as the sources of our information. LOMA is an international association of insurance and financial services companies. This prominent industry trade organization compiles domestic and international data from its nearly 1,000 member companies. The Insurance Service compares its data to LOMA's domestic database. The A.M. Best Reports provide industry-wide comprehensive policy information, utilizing current product specifications and historical policy performance data. The following presents a summary of a number of world-class aspects of VA's Insurance programs:

The Financial Value—From a financial perspective, VA's life insurance programs are currently delivering top value for its policyholders. The A. M. Best Company is a leading information source for the insurance industry. A. M. Best uses a surrender-cost index to compare the average annual cost of life insurance policies from various companies. This index is an excellent benchmark because it includes premiums, dividends, cash values as well as the time value of money. Based on this index, the top rated commercial company scored 2.49 on the 10-Year Surrender Index, while VA's NSLI Insurance program, scored 0.21 (lower is better). NSLI's relative scores were even better on the 20-year comparison.

Average Hold Time is defined as the average length of time (in seconds) that a caller waits before being connected to an agent. The NPR world class service standard for hold time is 20 seconds. Industry trade sources data show average hold time of 42 seconds for commercial insurance companies. The Insurance Program average hold time was 20 seconds in FY 1999. The current 12-month rolling average hold time is also 20 seconds (through January 2000).

Average Processing Days for Disbursements—Benchmarking data from LOMA indicate that commercial insurance companies averaged 3.1 workdays to process Disbursements (payment of death claims, policy loans and cash surrenders) in 1998. The VA Insurance Program averaged 3.2 workdays in FY1999 and current 12-month rolling average data show that we are processing disbursements (loans, cash surrenders and death claims) in 3.1 workdays.

Average Administrative Cost Per Policy - The average cost per policy in-force is the total administrative costs divided by the average policies in force. In 1998, using an objective comparison method, VA determined that the median cost of administering a policy for commercial insurance companies was \$69.50 per policy to perform the functions that were performed by VA at a cost of \$16.57 per policy.

Question 7d: Describe in detail the process used by VA for determining its service to be "world-class" for any VA service.

Answer: Our response to Question 7a describes the processes used by VA to determine whether quality of service is world class. As noted in that response, the methods primarily relied upon are benchmarking and organizational assessment tools such as the Malcom Baldrige criteria.

Question 7d: With respect to patient waiting times, is VA providing "world-class" and provide the basis for the answer to this question.

Answer: VHA is moving towards becoming a "world class" organization. We define "world class" in the context of an organization that first measures and assesses customer expectations for waiting times and then systematically works towards exceeding their expectations. Through its customer satisfaction surveys, VHA asks patients if they had to wait "too long" for an appointment prior to or after arriving at a medical facility. Based on the findings from these surveys, VHA has developed the 30/30/20 performance targets designed to set a standard for how long an enrolled veteran will have to wait for appointments. These waiting times apply to appointments for primary care (30 days), specialty care (30 days), and time spent waiting for a scheduled appointment after arriving at a VA medical facility (20 minutes). Once these performance targets are reached, which is projected to take four to five years, VHA will have attained the distinction of "world class" service. Senior leaders have demonstrated by example, their commitment to moving towards "world class" service by establishing the 30/30/20 measures as the cornerstone of VHA's strategic direction over the next four to five years, as well as the standard by which they will be accountable to stakeholders.

Question 7e: Identify all VA services that are not "world-class".

Answer: Based on the results of Benchmarking Studies and Customer Service Survey instruments, VA recognizes that it has opportunities for improvement in many of its service delivery areas. For example, the aforementioned NPR customer satisfaction survey found that veterans who filed claims for VA Compensation and Pension benefits rated the level of customer satisfaction with the process at 61 percent, which is 11 points below the national (ACSI) customer satisfaction average of 72. However, 62 percent of veterans' surveyed are more satisfied with the service than they were two years ago.

VA has not conducted Benchmarking Studies for all of its programs, therefore, we are not in a position to identify all services that are not world class. However, as evidenced in the FY 2001 Annual Performance Plan, VA has developed a number of new performance targets that when achieved will result in the delivery service to veterans and their families that approaches world class level. These performance targets will be refined as additional Benchmarking Studies are completed.

EEO

Question 8: Describe the effect of the zero tolerance policy of VA regarding sexual harassment and discrimination in terms of employee disciplinary measures imposed.

Answer: One of the Secretary's fundamental principles for the eradication of harassment, including sexual harassment and discrimination in the workplace is to take appropriate corrective action when an incident occurs. VA's policies regarding disciplinary actions provide for a range of penalties for sexual harassment and other forms of prohibited discrimination as follows:

First Offense—Reprimand to removal

Second Offense—Five days suspension to removal

Third Offense—Ten days suspension to removal

VA's policy incorporates the concept of progressive discipline and ensures that employees are afforded their rights to due process. Penalties take into account the egregiousness of the offense as well as other aggravating and mitigating factors.

Facility and regional management have delegated authority to take disciplinary and adverse actions involving most of their employees. However, special procedures have been put in place for cases involving the conduct of occupants of positions centralized to the Secretary, as well as the following positions at VHA facilities: Associate Directors, Assistant Directors and Chiefs of Staff. Prior to taking action in these cases, the proposed corrective action must be reviewed by the senior manager's organization head, as well as the Assistant Secretary for Human Resources and Administration, and the General Counsel. In addition, the Secretary's office must be briefed. This promotes consistency in the disciplinary process and helps to ensure that VA's senior managers are held accountable.

Third Party Debt Collections

Question 9a: Describe the results of contracting for the collection of third-party debts, including costs and benefits.

Answer: VA has entered into a contract with TransWorld Systems, Inc. (TSI) for the purpose of processing aging receivables over 90 days for third-party collections. VHA has collected \$12.4 million through this contract, at a cost of \$875,000. TSI charges \$4.75 per claim for this service. Currently, VA is recovering \$12 to \$14 on aged third-party claims for every dollar spent. Another benefit is staff motivation. Accounts receivable (AR) clerks have realized if they actually perform early and aggressive calling on the claims, they could avoid having the claim forwarded to TSI at all, because the claim is paid. According to one medical center, by using TSI, our AR analysts rose to the occasion and reduced our aged receivables significantly. They also reported that TSI could never replace their good AR staff, but feel they are a valuable tool to help maintain motivation.

Question 9b: What steps is VA taking to improve collections in FYs 2000 and 2001?

Answer:

Compliance—This initiative will ensure that coding for billing and medical record purposes are accurate and in conformance with insurance industry standards enabling VA to maximize the payment on claims submitted to third party carriers.

Reasonable Charges—The implementation of reasonable charges in September 1999 allows VA to bill health care insurance companies using rates which approximate community charges. This will increase the dollar value of VA bills and should therefore increase revenue. VA is closely monitoring the impact of reasonable charges on collections, but it is currently too early to estimate the effect.

Medicare Remittance Advice (MRA)—This initiative will enable VA to receive a Medicare equivalent explanation of benefits document that will be used by Medicare supplemental payers to determine their appropriate payment to VA.

Electronic Data Interchange (EDI)—EDI will enable VA nationally to transmit data through a clearinghouse to third party payers. This should result in more timely payments by ensuring that bills are transmitted electronically to the payer. This initiative deals with costs savings as opposed to increased collections.

Centralized Business Office—Policy has been established requiring medical centers to develop a centralized business office model with a single reporting

structure to reduce instances of re-work and fragmentation and to increase effective communication and accountability.

Pre-registration—VA continues its pre-registration initiative to contact patients scheduled for outpatient visits to remind the patients of their appointment and to update patient information.

Lock Box—This initiative nationally consolidates the collection of 1st party medical payments to a Treasury designated lockbox provider and automates the posting of payments to the patients' accounts at individual medical centers with cost savings to VA.

Outsourcing—VHA is pursuing outsourcing opportunities for all or part of the revenue process. A nationwide contract is in place to handle delinquent third party claims over 90 days for inpatient healthcare services-provided veterans. Additionally, some VISNs are independently using contracts for insurance identification and receivable follow-up.

Question 9c: How much will VA collect in its Medical Care Cost Fund in FY 2000?

Answer: Through the first quarter, we have collected \$103.8 million, or 82 percent of the quarterly goal. While posing a challenge, VA thinks that it will approach if not reach its goal of \$600 million by the end of the year. VA will have a better sense of this after the second quarter ends and it has further advanced its effort with compliance and reasonable charges.

Question 9d: What is VA's projection for collections in FY 2001?

Answer: First and third party recoveries are expected to reach \$610 million in FY 2001.

Prescription Copayments

Question 10a: How much does it currently cost VA to collect the \$2 prescription copayment?

Answer: According to a 1998 study by Coopers & Lybrand of 24 VA Medical Centers, it costs \$1.35 to collect the \$2 prescription copayment. The costs included in these measures are for both labor and non-labor.

Question 10b. Do you expect to adjust the current \$2 copayment under the authority Congress has provided and if so when?

Answer: It is anticipated that the "Veterans Millennium Health Care and Benefits Act," Public Law 106-117 will be implemented by January 2001 and that the pharmacy copayment will be adjusted to be more competitive with rates in the private sector.

Annual Report of the Secretary of Veterans Affairs

Question 11a: Provide the target release date for the Annual Report of the Secretary of Veterans Affairs for Fiscal Year 1999.

Answer: On December 9, 1999, the Secretary of Veterans Affairs approved the consolidation of two departmental reports: the Annual Report of the Secretary of Veterans Affairs and the Annual Accountability Report. The first new consolidated report will be issued for Fiscal Year 1999. It will be called the Annual Accountability Report and will be available by March 31, 2000.

The FY 1999 Annual Accountability Report will be a transitional year for integrating the various requirements of each report. With this change, the Department will issue a statistical appendix (utilizing data available in time for publication) as a separate volume to the integrated Annual Accountability Report, which will comprise many of the data tables from the former Annual Report. Statistical information will also be made electronically accessible. The entire design, structure, and timeframe of the Annual Accountability Report and the statistical appendix will be reviewed for the FY 2000 report by a workgroup with department-wide representation.

VA believes that the result of this integration will be more efficient production of more reliable and consistent information on VA accomplishments and achievements. The objective is to produce a report that satisfies statutory requirements of the Government Performance and Results Act, publicizes useful performance information and meets congressional and other stakeholder information needs.

Question 11b: Explain the delay of the release of the Annual Report of the Secretary of Veterans Affairs for Fiscal Year 1998

Answer: VA apologizes for the delay of the FY 1998 Annual Report. The delay can only be attributed to a series of human errors, administrative process breakdowns, and oversights. A goal underlying the decision to consolidate the Annual Report of the Secretary of Veterans Affairs and the Annual Accountability Report was to ensure more timely reporting through streamlining of the administrative preparation effort. We are confident that the regrettable delay experienced in preparation of the FY 1998 Annual Report will not be repeated.

VA FY 2001 Budget Request

Question 12a: Please provide the Department's original request from the Administration for VA Medical Care for FY 2001.

Answer: The Department requested \$21,794,613,000 for the medical care account. This amount includes \$20,749,144,000 in direct appropriation, \$610,000,000 for medical collections, and \$435,469,000 for several legislative proposals.

Question 12b: Please provide the Department's original request from the Administration for VA Research for FY 2001.

Answer: The Department requested \$396,897,000 for the medical research account.

Construction Funding

Question 13a: Please indicate the major construction projects VA's Capital Investment Board considered for FY 2001 and the priority score and construction costs for each.

Answer: Below is a list of the major construction projects that were considered by the VA Capital Investment Board:

			(Dollars in Thousands)
	Validity		Total
	Assess	Score	Estimated
			Cost
<u>Veterans Health Administration</u>			
Palo Alto, CA - Seismic Corrections (NHCUC)	Passed	728	\$26,600
Long Beach, CA - Seismic Corrections	Passed	530	51,700
San Diego, CA - Seismic Corrections	Passed	507	32,900
Miami, FL - Energy Plant	Passed	485	23,600
Augusta, GA - SCI Modernization	Passed	460	18,300
Cleveland, OH - SCI	Passed	459	39,000
Mid Atlantic Network (Durham, NC) - Special Emphasis Beds	Passed	419	28,900
Dallas, TX - Mental Health Enhancement	Passed	413	27,200
Atlanta, GA - Patient Ward Modernization	Passed	291	12,800
St. Louis, MO - Parking Garage	Passed	266	5,200
Fargo, ND - Ambulatory Care – Environment Improvement	Passed	260	18,400
Cleveland, OH - Clinical Consolidation	Passed	217	18,600
Tampa, FL - Parking Garage	Passed	209	10,700
West Haven, CT - MS & N Bed Renovation	Passed	206	13,800
Temple, TX - Cardiovascular Institute 1/	Passed	192	11,500
Brockton, MA - Renovate SCI Building	Failed		9,275
Charlotte, NC - Satellite OPC Construction	Failed		16,670
Philadelphia, PA - Parking Garage	Failed		12,620
Syracuse, NY - Purchase MRI/Construct Space	Failed		5,600
Tampa, FL - Improve Ambulatory Care Access	Failed		11,700
Mid Atlantic Network - Inpatient Beds	Failed		25,240
Lebanon, NJ - Building #2 Renovation	Failed		14,500
<u>Veterans Benefits Administration</u>			
Indianapolis, IN - New Regional Office Bldg.	Passed	.297	\$10,400
Milwaukee, WI - New Regional Office Bldg.	Passed	.270	14,700
<u>National Cemetery Administration</u>			
Ft. Logan, CO - Gravesite Development	Passed	218	\$16,100
Tahoma, WA - Columbarium Expansion and Cemetery Improvements	Passed	.214	7,400

1/ Temple, TX was authorized by Public Law 106-74 that allowed for reprogramming of \$11.5 million from a previously funded Waco, TX project.

Question 13b: What steps is VHA taking to ensure that funds for non-recurring maintenance and minor construction are being used for those purposes rather than used for projects that would otherwise be designated as "major construction"?

Answer: A rigorous review process undertaken by the VISN and Head Quarter's staff ensure that only VHA's most significant needs are addressed and that those projects fulfill the intended purposes specified either in the budget or by legislation. Projects approved within both the NRM and minor funding categories must be independent and fully functional when complete.

Question 13c: For fiscal year 2000, how much non-recurring maintenance and minor construction funding are being used for other purposes?

Answer: None. NRM funding is restricted to the following purposes under Object Class 32 Land and Structure:

Capitalized M&R projects replace major segments of interior and exterior utility systems; individual building components (windows, doors, etc.); and patient support and protection systems (sprinkler, air-oxygen, vacuum, etc.). This work adds to the value and extends the useful life of the structure. Because of the number of aging facilities, these projects in many cases are necessary to correct code and "critical operational" deficiencies.

The minor improvement program is also included here and provides for structural changes, additional space, new or expanded utilities, alterations, modernization and space utilization changes to buildings, structures or grounds where the improvement costs for each project are less than \$500,000. Incorporated in total M&R costs are Leasehold Improvements, which are alterations necessary to convert leased space to clinical or medical usage.

Equipment associated with M&R projects is also included in Object Class 32. This includes operating equipment permanently installed in, or attached to, buildings and structures (real property) that make the building safe and suitable for occupancy.

Equipment in this category includes boiler plants, electrical and air-conditioning equipment, elevators, emergency power generators, pumps, water heaters, etc. Also, improved aseptic and housekeeping techniques require installation of additional sinks, temperature controls, and hot water generators. Increased use of electromedical equipment requires expansion of electrical systems with manual and automatic controls as well as air conditioning and ventilation equipment, especially at older centers.

Within the two year funding level specified, the projects proposed by the medical center, concurred in by their respective VISN and approved by Headquarters must fully meet the intended purposes stated and can only be charged against Object Class 32. Minor Construction projects are further restricted by virtue of it being its own appropriation. Again, a rigorous approval process is in place from the medical centers to the VISN to Headquarter that ensure only needed capital projects are funded.

Pharmaceutical Costs

Question 14a: How much did VA spend on prescription drugs in FY 1999?

Answer: During FY 1999, VA spent \$1,844,742,000 for Drugs and Medicines to treat both inpatients and outpatients.

Question 14b: What is the most current estimate for VA prescription drugs expenditures in FY 2000?

Answer: VA's estimate for Drugs and Medicines to treat both inpatients and outpatients in FY 2000 is \$2,390,076,000.

Question 14c: What is VA's projection for prescription drug expenditures in FY 2001?

Answer: VA's estimate for Drugs and Medicines to treat both inpatients and outpatients in FY 2001 is \$2,744,374,000.

Question 14d: Has VA considered scenarios, such as veterans' access to Medicare prescription drug benefit or additional buyers being authorized to make purchases from the federal supply schedule VA negotiates, and their effect on VA's expenditures? Would these scenarios tend to increase or decrease VA's expenditures for pharmaceutical drugs in FY 2001? Provide an estimate of the amount of change.

Answer: VA officials have hypothesized on the effect of VA prescription prices. If a Medicare Drug Benefit became available for veterans who currently use the VA Health Care System. The effect on VA of such legislation is difficult to determine without specifics of what the legislation would include or exclude. For example, the co-payment provisions in the Medicare Drug Benefit, would be a factor in whether veterans would choose to stay with the VA Health Care System.

However, if additional buyers are authorized to make purchases from VA-negotiated Federal Supply Schedule contracts, VA anticipates that such authorizations would result in increased cost to VA. Reasons include the likelihood that the Pharmaceutical industry would prevail upon Congress to repeal the drug pricing sections of Public Law 102-585. The extent of those increases is a function of time and specific action, which could be taken legally without repeal of the current pricing law. For example, the industry would immediately remove all drugs from the Federal Supply Schedule that are not legally addressed under Public Law 102-585 and those drug products that have pricing considerably below the Federal Ceiling Price (FCP) would escalate to the FCP as defined in the drug pricing sections of the Public Law. In both instances, VA's outlays for pharmaceuticals would increase significantly. Please note that the General Accounting Office is in the process of analyzing the impact on VA of opening Federal contracts to other Federal programs.

Emergency Care

Question 15: What is VA's estimate of all costs for full implementation of the authority to provide reimbursement for non-VA emergency care for certain uninsured veterans under the Veterans' Millennium Health Care and Benefits Act?

Answer: The budget includes an estimate of \$138 million associated with providing reimbursement for non-VA emergency care.

Extended Care

Question 16: What is VA's estimate of the total cost of fully implementing the extended care provisions within the Veterans' Millennium Health Care and Benefits Act?

Answer: The budget includes the following estimates of cost for extended care services:

Nursing Home care	\$ 9 million
Non-Institutional Extended Care services	\$365 million
Pilots (testing the effectiveness of delivery models and assisted living)	\$13.2 million

Hepatitis C

Question 17a: What is the prevalence of Hepatitis C among veterans enrolled in VHA?

Answer: On March 17, 1999, VA conducted a survey that included over 26,000 veterans that revealed an HCV prevalence rate of 6.6 percent. The degree to which this mirrors a true prevalence rate is as yet not known but may be understated in that veterans with known disease would not have been tested. The survey did not include a sample from patients in high-risk drug rehabilitation and psychiatric programs where the prevalence rate has been documented to be as high as 40 percent.

Question 17b: What additional costs will VA realize in implementing its Hepatitis C initiative in FY 2000?

Answer: The estimated cost of Hepatitis C in FY 2000 is \$195,089,000, an increase of \$148,809,000 from FY 1999.

Question 17c: What additional costs will VA realize in implementing its Hepatitis C initiative in FY 2001?

Answer: The estimated cost of Hepatitis C in FY 2001 is \$339,840,000, an increase of \$144,751,000 from projected costs in FY 2000.

Community Based Outpatient Clinics (CBOCs)

Question 18a: How many Community Based Outpatient Clinics are scheduled to come on-line by EOY 2000?

Answer: An estimated 77 additional CBOCs are expected to be operational in FY 2000.

Question 18b: How many does VA project it will implement/establish in FY 2001?

Answer: An additional 63 are planned in FY 2001, increasing the level of CBOCs to 659.

Question 18c: Are all of these CBOCs to be funded out of current services?

Answer: The establishment of CBOCs as a means to increase access particularly in primary care, began a sharp growth a few years ago. It was understood that they would be established only if resources were available within a VISN to do so. This basic premise holds true today and VISNs open these CBOCs only if they demonstrate need and the resources within their purview are available to do so.

Prosthetics and Sensory Aids

Question 19a: Compared to FY 2000 spending, provide VA's projection of the additional funding required for prosthetics and sensory aids in FY 2001?

Answer: Additional funding of \$69.052 million and \$8.167 million is estimated in FY 2001 for "Prosthetic Appliances" and "Repairs to Prosthetic Appliances," respectively.

Question 19b: Has VA identified the cost of contracting vision care out to the private sector? If so, how would this change VA's current projection for FY 2001?

Answer: This question is interpreted as contracting out for fabrication and issuance of eyeglasses to veteran beneficiaries, and not all eye care, which would be defined as meaning the entire clinical process (exams, etc.). Since Prosthetic Services across the system already contract out for these services (eyeglasses) and has budgeted for this, no change to the current projection for the FY 2001 Prosthetics budget is projected.

National Contingency Fund

Question 20a: Which VISNs have requested "supplementals" from the National Contingency Fund for VISNs in FY 2000 and how much has been requested by each VISN?

Answer: For FY 2000, the following VISNs have requested supplemental funding from the National Reserve Fund (NRF):

VISN 3	\$ 102 million
VISN 13	\$16.8 million
VISN 14	\$ 17 million

Question 20b: How much has been provided to each VISN which has requested funding from the National Contingency Fund for VISNs in FY 2000?

Answer: After an evaluation of VISN 3's supplemental request by a team of VHA field-based managers, the results were then reviewed by VHA's Policy Board, which in turn made recommendations to the Acting Under Secretary for Health. He then approved \$66.2 million in supplemental funding to VISN 3, contingent upon receipt and acceptance of a financial plan addressing recommendations made by the evaluation team and the Policy Board. VISN 13's request for \$16.8 million is being evaluated and will be presented to the Policy Board in March. VISN 14's \$17 million request was evaluated by a review team and presented to the January Policy Board. The Policy Board recommended that \$9.8 million be approved. A decision by VHA is pending.

Waiting Times

Question 21a: Has VHA estimated the number of additional FTE or amount of additional spending required to reduce waiting times for clinical care in FY 2001? If so, provide the estimates.

Answer: Access and service delivery improvements have been recognized by both the Secretary and VHA as an area of key importance in fiscal years 2000-2003, following anecdotal reports and data which show extended waits to obtain appointments for specialty and primary care clinics. Improvement initiatives have begun and are planned for the next few years to meet the performance targets on timeliness presented in the following sections. In FY 2000, it is estimated a generated management savings of \$200 million will be redirected towards these improvements. An additional \$200 million is expected in 2001, \$123 million from redirecting the medical care workforce (approximately 1,500 FTE) through the buyout authorization plus an additional \$77 million requested in this section. For 2001, we expect a level of \$400 million for access and service delivery improvements.

Question 21b: What is VA's goal for reduced waiting times in Fiscal Year 2000 and 2001?

Answer: By September 30, 2000, the average waiting time will decrease for the following Decision Support System (DSS) identifier categories (clinics): Ophthalmology, Audiology, Orthopedics, Cardiology, Urology, and Primary Care. The achievement levels are as follows: Fully successful, 45 days and Exceptional, 30 days or less.

It is VHA's goal that patients receive an initial or first-time non-urgent appointment with their primary care or other appropriate provider within 30 days, receive a specialty appointment when referred by a VA practitioner within 30 days and be seen within 20 minutes of their scheduled appointment. VHA's current performance plan projects the following levels of goal achievement by FY 2003:

Performance Measure—When referred by a VA practitioner, patients will be able to obtain a non-urgent appointment with a specialist within 30 days of the date of referral. A baseline will be established in FY 2000. The FY 2001 target will be the baseline plus 33 percent of the difference between the baseline and the performance target.

Fiscal Year					
1997	1998	1999	2000	2001	Performance Target
N/A	N/A	N/A	Baseline	Baseline plus 33% of the difference between the baseline and the performance target	90%

Performance Measure—Enrolled veterans will be able to schedule an initial, new patient appointment with their primary care team or other appropriate provider within 30 days. A baseline will be established in FY 2000. FY 2001 target will be the baseline plus 40 percent of the difference between the baseline and performance target.

Fiscal Year					Performance Target
1997	1998	1999	2000	2001	
N/A	N/A	N/A	Baseline	Baseline plus 40% of the difference between the baseline and performance target	90%

Performance Measure—Patients with scheduled appointments at VA health care facilities will be seen within 20 minutes of their appointments.

Fiscal Year					Performance Target
1997	1998	1999	2000	2001	
55%	66%	68%	75%	79%	90%

Question 21c. Does the proposed budget for FY 2001 provide the full amount of resources needed to achieve VA's goal for reduced waiting times? If not, how much more is needed to achieve VA's goal for reduced waiting times

Answer: No, we estimate that it will require additional funding increases and several years to meet the 30-30-20. We are developing a baseline this year to determine by VISN how much improvement is necessary for each area. We anticipate that a significant amount of investment in the future will be required.

Co-location of Hines Delivery Center operation to Austin

Question 22: The VA is planning to co-locate the operations of the Hines Delivery Center to Austin. Please provide a list and summary of all cost-benefit analyses performed including the name, cost and description of the analysis, whether or not it was accepted by the Department and the rationale for acceptance or rejection of the analysis

Answer: The Department is currently supporting the acquisition of a Bull HN mainframe to be installed at the Austin Automation Center (AAC) as part of the Data Center Co-location Initiative. As the planning efforts for the collocation of the Benefits Delivery Network (BDN) fully mature, we believe that a single large Bull HN Jupiter class mainframe will have sufficient capacity for all BDN production and test processing. The utilization of a single machine for all BDN operations would result in significant additional savings and not require the relocation of equipment from Hines and Philadelphia. The release of surplus mainframes would create additional savings in licensing and maintenance commitments in the out years.

In response to OMB Bulletin 96-02 Consolidation of Agency Data Centers, the Department tasked FC Business Systems (FCBS) to conduct an alternative analysis and business case analysis as the first step to develop a consolidation strategy and address other requirements of the OMB Bulletin. In June 1996, FC Business delivered to the Department two documents, Data Center Consolidation Strategic Plan and Alternatives Analysis and Business Case Analysis. These documents, done at a cost of approximately \$39,000, offered expected savings in excess of \$40 million (present value) over a 6-year life cycle (FY1996-FY2001).

In April 1997, the planned consolidation of the data centers was delayed until Year 2000 changes were completed and implemented. The implementation planning began October 1, 1999, and the transfer is scheduled to begin in April 2000.

Beginning in the fourth quarter of FY 98, the Department contracted with Performance Engineering Corporation (PEC) at a cost of \$150,000 to conduct an updated cost benefit analysis for the data center consolidation effort. This contract was terminated without a product being accepted by the government

In today's current budget environment, the consolidation of VA's data centers based on the strategy developed in April 1996 continues to be a sound business plan. While we have delayed implementing the strategy, the cost savings for providing department wide data processing services will be realized, and VA will be able to continue providing cost-effective services and benefits to our nation's veterans and their beneficiaries.

Home Loan Program Property Management Activities

Question 23: The year 2000 budget assumed that the A-76 study proposed for property management activities in the home loan program would result in a reduction of 100 FTE who can be transferred to claims adjudication. Please provide an update on the status of the A-76 study. Have the skills and abilities of current property management personnel been evaluated to determine if the skills and abilities needed to perform the claims adjudication function are present?

Answer: The A-76 Study of VA's Property Management (PM) Operation is being conducted through the joint efforts of a contractor, Booz-Allen & Hamilton, and VA's in-house Subject Matter Team which consists of employees, managers, and union representatives. The original plan called for the study to be completed in 1999 and implemented in 2000. The FY 2000 budget was presented with an estimated savings of 100 FTE associated with efficiencies identified by the study.

Current plans call for the study to be completed near the end of FY 2000 and include the award decision regarding whether the work remains in-house or is contracted out. Since implementation will not occur until 2001, the estimated savings (100 FTE) will not occur in 2000 and were added back into the FY 2000 budget, but are reflected in the FY 2001 budget.

The skills and abilities of current property management personnel have not yet been evaluated.

VETSNET

Question 24: How much has been spent to develop VETSNET? What, if any, applications of VETSNET are currently in use? What is the total cost of developing each of these VETSNET applications?

Answer: To date, VBA has spent \$18.9 million on VETSNET/C&P, including both payroll and contractor development. VETSNET/C&P addresses replacement of the C&P payment system, utilizing a corporate VBA-wide data model and common application architecture designed for use by all VBA programs. Currently, three VBA applications have been developed using the VETSNET corporate database and systems architecture: Automated Loan Processing System, Expanded Lender Information System and Loan Service and Claims. A fourth application, Rating Board Automation, is a recently developed application within the VETSNET environment (platform, corporate database, standard tool sets) that will be deployed nationwide in Spring 2000.

Automated Loan Processing System (ALPS) replaced the Loan Processing application, moving it off Wang systems into a Windows-based application utilizing the VETSNET corporate environment. The total cost to develop and implement this application was \$2.5 million.

Expanded Lender Information System (ELI) is a Windows-based application utilizing the VETSNET corporate environment that provides VA Central Office

and ROs with a complete record of both approved and non-approved lenders. The total cost to develop and implement ELI was \$1.2 million

Loan Service and Claims (LS&C) provides detailed information on over 230,000 defaulted guaranty loans. LS&C automates the processes associated with these loans, i.e., servicing the claim, counseling the veteran, exploring options to foreclosure, directing bidding instructions, and processing claims filed under the Loan Guaranty program. The system replaced the Liquidation and Claims (LCS) batch system at the Austin AAC. The total cost to develop and implement this application was \$3.0 million.

Rating Board Automation (RBA2000) is a product of the VETSNET/C&P development effort and represents a critical component of the system being developed to support C&P claims processing. RBA2000 utilizes many of the screens and data tables and structures originally developed by the VETSNET/C&P team. RBA2000 will fully integrate with the replacement benefit payment system, VETSNET. It will place rating data directly into the corporate database as the rating decision is created. This data will support the generation of awards and will eliminate the redundant entry of the rating decision information by VSRs. To date \$786,107 has been spent on RBA2000 in FY1999 and FY2000 for contractor support. An additional \$23,000 in contractor support is anticipated in FY2000.

Master Veteran Record

Question 25: Please provide the status, including milestones, accomplishments and goals, of the Master Veteran Record (MVR). How much will be spent on MVR during FY 2000? How much funding is requested in the proposed FY 2001 budget for MVR?

Answer: Master Veteran Record (MVR) is a completed initiative. The maximum business benefits from data exchange among VA offices, using the specific MVR technology employed, have now been achieved. MVR is a stable production computer operation that each day exchanges a variety of message transactions in very high volumes across the Veterans Health Administration, the National Cemetery Administration, the Board of Veterans' Appeals, and the Philadelphia Insurance Center. These transactions relate to the death, change of primary mailing address, or change in eligibility of a beneficiary.

The only expense related to MVR during FY 2000 is that related to the routine hardware and software maintenance for the computer that MVR operates on at the Austin Automation Center (AAC). This expense is covered under the base operations and maintenance (O&M) budget of the AAC's Franchise operation. The MVR application co-resides on a multi-use computer system with as many as a dozen other applications. The operation and maintenance cost of each individual application is not kept as a separately accounted expense under the Franchise operation. The platform in its entirety is considered a capitalized asset and is accounted for as a whole.

No funding is requested specifically for MVR in the proposed FY 2001 budget because MVR is a completed initiative.

VBA Alternative Sites

Question 26: Please provide a detailed description, including cost and FTE of all Veterans Benefits Administration personnel who are providing services at alternative locations, such as pre-discharge locations, the National Personnel Records Center, the U.S. Armed Services Center for Research of Unit Records and any other similar locations. Please provide a brief description of the expected benefit to veterans of these activities.

Answer: VBA is currently active at 53 pre-discharge sites nationwide. We maintain a permanent presence at 25 of these sites—15 of which have claims processing operations including personnel who prepare rating decisions. A total of 64 FTE are out-based at these 25 military installations. The out-based employees include Military Services Coordinators, Veterans Service Representatives, Rating Specialists and Vocational Rehabilitation Counselors. The payroll costs for these employees is approximately \$3.6 million annually.

The VA Records Management Center (RMC) oversees an out-based liaison office at the National Personnel Records Center (NPRC) in St. Louis, MO. The VA Liaison Office secures records and information for VA regional offices to support claims processing. This office is staffed with 28 FTE and payroll costs approximate \$970,000 annually.

VBA has been working closely with the U.S. Armed Services Center for Unit Record Research (CURR) to improve the process for obtaining stressor verifications to support PTSD claims. We have an employee assigned to work with CURR on this project who currently spends 1-2 days per week at the Center. However, we do not have any employees permanently out-based at the Center.

Expected Benefits of the Pre-discharge Initiative :

- Veterans receive more timely decisions on claims. (30 day decision time is expected at all pre-discharge sites.)
- Customer satisfaction is improved due to timely decisions.
- Veterans receive accurate records of their medical conditions at discharge. This is an extremely important benefit that can assist veterans who decide to file an additional claim in the future.
- Servicemembers receive assistance with the full range of VA benefits *before* discharge, including Compensation and Pension, Vocational Rehabilitation and Employment, Education and Training, Home Loan , Insurance and VA Health Care enrollment.
- An accessible pre-discharge site assists servicemembers in achieving a smooth transition from military to civilian life.

Expected Benefits of Out-basing Additional Employees at the NPRC: Our agreement with the National Personnel Records Center (NPRC) provides that NPRC will continue to pull the service records needed to process VA requests for medical records and information. The VBA employees assigned to the NPRC are responsible for the actual processing of these requests (extracting the essential records/information from the service records). We recruited and trained 21 additional employees to supplement the seven out-based VA employees assigned to the VA Liaison Unit at NPRC.

The main objective was to stop and then reverse an ever-growing backlog of records requests at the NPRC. At the time VBA assumed full responsibility for processing these requests (October 1, 1999), the pending backlog was 62,200 VA requests. The incoming volume averages about 7,500 requests per month. We are currently processing over 9,000 requests each month, which has enabled us to reduce the backlog at the rate of 2,000 cases per month. The pending inventory as of 2/1/2000 totaled 54,600.

VBA Data Validity

Question 27a: VBA currently provides information under the STAR quality review program by Service Delivery Network (SDN). Has VA validated this data at the regional office level? What level of funding and FTE would be needed to provide quality assurance data by regional office?

Answer: The Systematic Technical Accuracy Review (STAR) Program was implemented to improve the accuracy of compensation and pension claims

processing. A random sample of each regional office's work is reviewed locally. VBA assesses the reliability of the review results by reviewing a sample of the cases locally reviewed. Both local review results and the results of the reliability match (review) are used by local, SDN, and national management to analyze regional office performance. To accommodate the level of reviews required seventy-two (72) FTE are required to conduct local and national STAR reviews. Twelve (12) FTE are required in the C&P Service for national reviews of the compensation, pension, and fiduciary programs, and the remaining sixty (60) FTE are required in the Regional Offices for local reviews. It is estimated that prior to STAR implementation, thirty-eight (38) FTE performed local and national reviews for the old C&P Quality Assurance Program.

Question 27b: VBA has developed a number of computer-assisted training modules for claims adjudicators. How is the usage of these training materials tracked? How many VBA employees have actually been trained using these modules? Provide the results of this training.

Answer: Usage is currently traced via a local CMI (Computer Managed Instruction) software application at each VBA regional office. Software to track and report data at the national level is in development. VBA will attempt to incorporate into this program a tracking system to examine quality and workload issues on all levels. As of 12/20/99, 295 students had been trained on four fielded modules. Graduate pass rates on the four fielded modules were as follows (as of 12/20/99, N=295): 96 percent, 95 percent, 98 percent, 100 percent, using extensive, case-based performance tests as measures. The graduates are in the category of new Rating VSR's (3 of the 4 modules) and claims examiners new to the appeals process.

Well-Grounded Claims

Question 28: Please provide the number of claims which have been denied as not being well-grounded since VBA implemented the United States Court of Appeals for Veterans Claims' decision in *Morton v. West*. Has VBA implemented any system for tracking claims which were denied as not well-grounded, in which the veteran subsequently submitted evidence to well-ground the claim?

Answer: Since September 1999 when VBA began implementing the provisions of the Court decision in *Morton v. West*, there have been 22,052 claims denied as "not well-grounded". VBA will have in place in May 2000 the RBA 2000 system that can track and cross-reference "not well-grounded" claims and well-grounded claims. Through upgrades to this system, VBA will be able to cross-reference claims denied as "not well-grounded" with those later reconsidered and found to be well-grounded after new evidence is submitted subsequently.

Women Veterans Advisory Committee

Question 29: Which recommendations of VA's Women Veterans Advisory Committee have not been fully implemented. How much funding is requested in the proposed FY 2001 budget to implement these recommendations?

Answer: The VA Advisory Committee on Women Veterans submitted 42 recommendations to the Department in May of 1999. The Department did not concur on 9 of the 42 recommendations. The following are the rationale for the Departments non-concurrence.

Five recommendations (10,11, 36, 37, 38) related to the expansion of sexual trauma counseling benefits to all members of the Selected Reserve and National Guard. VA determined, that with one exception, Reservists and members of the National Guard who experienced sexual trauma while on active duty are eligible for VA counseling. The only Reservists and National Guard members not eligible for such treatment are those who experienced sexual trauma while service on active duty for training (ADT). This exclusion is based on the statutory definition of "active duty" which excludes periods of ADT from the definition of active duty.

However, the Veterans Millennium Health Care and Benefits Act requested VA to collaborate with DoD on a study to assess the incidence of sexual assault among members of the Reserves and National Guard. A task force is currently being established to undertake that task.

Two recommendations (4, 6) requested VA to develop a videotape at the National level addressing women veterans issues, healthcare services, VA eligibility criteria and healthcare services for use in local media, PSA's and other outreach initiatives. VA determined that such an effort was impractical to implement as individual VA facilities develop information videos and PSAs for community audiences that describe the range of benefits and health care services particular to their facility. Since all facilities do not have the same array of services, it would not be feasible to develop a generic video appropriate for national viewing. Additionally, eligibility information and assistance is readily available through VA's national toll-free information line and web page, as well as at all VA regional offices and health care facilities. Furthermore, as the determination of which of the seven veteran priority categories will be eligible for enrollment in VHA health care program is determined on a yearly basis, a national video could be outdated very quickly.

Two recommendations (3, 30) requested VA to initiate legislation requiring all federally funded agencies to 1) identify and annually report the number of veteran clients they serve to the Department of Veterans Affairs, and 2) require by formal legislation that all federally funded research include a schedule of questions to solicit information related to the military background and combat exposure for every study subject. VA believes that, as there is no standard set of probes either for veteran status or combat there would be little comparability between VA and non-VA data sets. Thus this information would provide little benefit for VA. Additionally other agencies and researches would likely find this demand unreasonable and intrusive on the part of VA and resist the passage of such legislation, just as VA would if another agency attempted to interfere with its survey/research designs.

In addition, the following recommendations have not been fully implemented.

Three recommendations (5, 7, 8) were referred to DoD as they requested that information specific to women veterans are incorporated into military training activities and other DoD sponsored programs.

One recommendation (15) requests VA continue support for Congress to authorize Medicare subvention legislation that would permit VA to bill Medicare for the delivery of health care services to older veterans. VA has submitted legislation requesting Medicare subvention over the last two years, but Congress has not enacted the legislation although Medicare subvention remains a high priority.

One recommendation (17) suggests VA develop pilot programs to adequately assess and address the issues of women veterans who are homeless. VA has allocated \$2.3 million to support this recommendation in 2000. An RFP solicitation in October 1999 resulted in the funding of ten pilot programs specifically designed to provide services to women veterans who are homeless.

One recommendation (16) is currently under review by the relevant program offices. Recommendation 16 requests that women veterans receive the SMC(k) benefit for radical mastectomy. This recommendation is under review by VBA and General Counsel.

With the exception of the \$2.3 million for development of a pilot program for women veterans who are homeless, all other recommendations are currently being implemented within existing resources.

Minority Veterans Advisory Committee

Question 30: Which recommendations of VA's Minority Veterans' Advisory Committee have not been fully implemented?

Answer: The Advisory Committee has issued five annual reports to date. The Committee has made 110 recommendations overall. Thirteen recommendations remain open or not fully implemented. Following is a list by annual report of those recommendations considered still open.

Second Annual Report

Number	Recommendation
3	Recognize the appropriate regional and National minority organizations that serve our country's diverse population groups and invite them as genuine partners, consultants, advisors and expert witnesses in enriching the Department's commitment to serve the needs of minority veterans
7	Direct that ethnic identifiers be included immediately on all appropriate Department application forms, particularly the initial application form completed by all veterans, and be correlated with Department of Defense manpower files and the revisions to the Office of Management and Budget Directive 15
9	Authorize and fund a five-member Minority Veterans Review Commission (MVRC), chaired by the Chairman, Advisory Committee on Minority Veterans, with consultative Authority and staff support, to conduct a series of focus meetings with minority veterans and organizations across the country to include the Pacific, to determine the blue print of needs and concerns, as well as recommendations, of all our minority veterans and followed by a conference on the west coast, in the Midwest and on the east coast to report the findings to our minority veterans. Their report would be presented to you for concurrence and advocacy by March 1, 1998
13	Submit a formal request to the Congress to change the expiration date of Public Law 102-547, Native American Veterans Direct Loan Pilot Program, from its current date of 1997 to a permanent benefit without expiration

Third Annual Report

Number	Recommendation
43	Establish a traveling adjudication board of appeals to neighboring Hawaiian Islands.

Fourth Annual Report

Number	Recommendation
1	Initiate a review of the funding and operation of PTSD programs, substance abuse programs, and domiciliary care programs throughout VA to determine, among other things, operational sufficiency in meeting the needs of veterans, sufficiency of funding to sustain an effective operation and adequacy of staffing to provide quality care and treatment to veterans
2	Retain in-patient PTSD and substance abuse programs at all cost - these programs serve the needs of minority veterans, who are disproportionately and more severely affected by the traumas of war
5	Establish procedures for a systematic quality review of decisions, to include denials, to insure quality, consistency and compliance with rating guidelines and applicable laws.

Fifth Annual Report

Number	Recommendation
1	Acting Under Secretary for Health appoint a task force to recommend solutions to the situation in Puerto Rico and the U.S. Virgin Islands, with a view toward developing ways to improve services across the board. Particular emphasis should be placed

	on the allocation of funds under the Veterans Equitable Resources Allocation (VERA) and the elimination of barriers that preclude full and unimpeded access to care and benefits. The task force should include in its assessment how improvements can be made in such areas as: medical appointments, patient privacy, primary care team management, pharmaceutical services, medical claims reimbursement, beneficiary travel, and implementation of eligibility reform guidance
3	The Secretary emphasize and establish guidelines for increasing contracting opportunities for minorities, veterans, and women-owned businesses. Further, the Secretary should review, analyze and initiate corrective actions, especially in VA Central Office where minority and small business contracting goals/targets are not being achieved or are being ignored.
5	The Secretary ensure that The Center for Minority Veterans is sufficiently staffed and funded to meet the statutory responsibilities outlined in Public Law 103446. The Committee recommends that the Center staff be immediately increased to seven people and that funding for such initiatives as a minority veteran's summit be fully supported, funded and executed in calendar year 2000.
7	The Director, San Juan VAMC initiate a project to relocate the Spinal Cord Injury Unit from the third floor to the main floor of the Medical Center.
11	The Director, San Juan VAMC appoint a working group to address and resolve the concerns of blind veterans. The working group should also focus on recommending the best location for ophthalmology services for blinded veterans who reside in Puerto Rico.

Question: How much funding is requested in the proposed FY 2001 budget to implement these recommendations?

Answer: Funding is included in the 2001 budget to implement two of the 13 open recommendations. One hundred sixty (\$160) thousand dollars has been included to implement recommendation number 9 in the Second Annual Report to plan and conduct a minority veteran's summit.

The Center for Minority Veterans is requesting funds to support one additional FTE in 2001 to implement recommendation number 5 in the Fifth Annual Report concerning increases in the Center's staffing allocation. As recommended, this will increase the Center staff to at seven FTE in 2001.

Office of the Inspector General FTEE

Question 31: Provide the number of the Office of Inspector General (OIG) FTEE for FY 1999 and FY 2000. How many OIG FTEE for FY 2001 are funded in the proposed budget for FY 2001?

Answer: Appropriations provided OIG funding for 360 FTEE in both FY 1999 and FY 2000. In FY 2001, the OIG FTEE from appropriations is estimated at 369.

Information Technology Investments

Question 32: In rank of importance, identify VA's priorities for information technology investments. Provide the cost and target date to achieve each priority. What additional resources are needed to achieve each identified priority? For each priority how much is requested in the FY 2001 budget? In addition to resources provided in the FY 2001 budget request, provide the amount of resources required to achieve each priority.

Answer: The chart on the next page documents VA's information technology investments, as approved by the Department's Capital Investment Board. They are shown in rank order of importance to VA. The acquisition cost for each project is shown in the third column. Additional resources beyond acquisition

costs are in the fourth column. The fifth column displays the amount provided for each project in the FY 2001 budget. The sixth (next to last) column documents resources required beyond the FY 2001 budget request (i.e., life-cycle costs less the amount for FY 2001). The last column indicates the date each priority will be achieved.

In addition to the six identified IT priorities, funding is also provided in the budget for a pilot project. This pilot is being undertaken to further refine planning assumptions and requirements for the Virtual Veterans Benefits Administration (VBA) Electronic Work Environment initiative. The results of this pilot, which will be completed by the end of FY 2001, will provide VBA with information needed to develop a well-considered capital investment proposal. This pilot is also shown in the succeeding chart, immediately after all of the ranked proposals.

(in millions)

Rank	Initiative	Acquisition Cost	Additional Resources	FY 2001 Cost	Resources in Addition to FY 2001 Request	Implementation Date
1	VBA Telephone Strategy	55.3	81.9	16.8	120.4	October 2005
2	Information Security Program	64.3	19.0	17.5	65.8	January 2003
3	C&P Benefits Replacement Sys.	9.8	8.4	2.8	15.2	March 2003
4	Government Computer Based Patient Record (GCPR)	*170.6	*99.0	*19.1	*250.5	October 2004
5	Integrated Financial Management System	187.7	51.4	56.9	182.2	September 2002
6	Operational Processing of the Benefits Delivery Network	4.8	7.8	4.8	7.8	December 2001
Pilot	Virtual VBA Electronic Work Environment	TBD	TBD	10.8	TBD	Pilot to Conclude September 2001

* GCPR is a project being developed by a partnership of the Department of Veterans Affairs (VA), the Department of Defense (DoD), and the Indian Health Service (IHS). Costs are being split among the three partners. Funding formulas for years beyond FY 2001 are not final. The costs for FY 2001 represent VA's portion of the project for that year. All other figures represent the costs to be divided among VA, DoD, and IHS.

Human Subject Research

Question 33a: During the April 21, 1999 hearing conducted by the Subcommittee on Oversight and Investigations on VA research and patient safety, Dr. Kizer noted two new initiatives. What is the status of the new Office of Research Compliance and Assurance (ORCA), and how much funding is it provided in the proposed FY 2001 budget?

Answer: Establishment of the Office is moving quickly. John H. Mather, M.D., was appointed as Chief Officer of ORCA in December 1999. The Headquarters Office also has in place an Executive Officer/Associate Director and a Program Assistant. The Deputy Director, Dr. David Weber, will join the office in March. The headquarters office is recruiting for additional staff now with a projected 8 persons in FY 2000 and potential further increase in 2001. ORCA has been coordinating with the VHA Office of Research and Development and with VA's National Center for Ethics and other VA components in fulfilling responsibilities for protecting human subjects in research, laboratory animal welfare, and research integrity. In addition to establishing the office operations in head quarters and in the field, among other activities ORCA staff is: setting up a teleconference network capability with all components in the VA system with responsibilities for protection of human subjects research; creating an education and training working group; participating in selecting of an accreditation organization for VA sites; developing a research misconduct policy and system;

participating in oversight of several VA institutions; and coordinating with other Federal offices and professional groups with like responsibilities.

In addition, ORCA has identified sites and space for up to five Regional Offices in FY 2000 and as many as six for FY 2001. ORCA requested a staff of six at each site in FY 2000 and seven in FY 2001. The approximate budget request is \$2 million for the last two quarters of FY 2000 and \$5 million for FY 2001. Review of the request for positions and budgets is now underway in VA, and OCRA expects to begin recruitment soon.

Question 33b: What is the status of the proposed request for proposals to establish an external accreditation program for VA research, and how much is requested in the proposed FY 2001 budget for this purpose?

Answer: Four proposals have been received and are currently under review. The selection committee met February 4, 2000, and the selection was given to the VA Contracting Office. We expect the contract to be in place by the second week in March. Six hundred thousand dollars (\$600,000) has been set aside in FY 2000 for the first year of the contract. We expect to set aside a similar amount in FY 2001 for the second year of the contract. Once the contract is in place, we will have a fixed cost for budgeting purposes.

Jefferson Barracks National Cemetery

Question 34a: What is the status of the land acquisition for the Jefferson Barracks National Cemetery near St. Louis.

Answer: On April 26, 1996, the transfer of 20.3 acres from the Jefferson Barracks Division of the St. Louis VA Medical Center to the Jefferson Barracks National Cemetery was approved.

Question 34b. Does the National Cemetery Administration still maintain its projections that the needs of the St. Louis area veterans will be met through 2010?

Answer: The 20.3 acres acquired from the Jefferson Barracks Division of the St. Louis VA Medical Center, along with 15 existing, undeveloped acres, is planned for the development of additional burial areas. Based upon projected interment rates, the National Cemetery Administration (NCA) expects that the development of these 35.3 acres will allow the Jefferson Barracks National Cemetery to have gravesites available until the year 2010.

Transition Assistance

Question 35a: Assess the effectiveness of transition assistance currently. Describe how the effectiveness of transition assistance is determined? Identify all opportunities for improving the effectiveness of transition assistance. Please rank these actions in terms of likely improvement in effectiveness from greatest to least and provide the estimated cost associated with each action. For which actions will funds be expended in fiscal year 2000 and/or have been requested for fiscal year 2001?

Answer: Department of Defense figures show that during FY 1999, 221,482 members separated from active duty. (190,434 CONUS and 31,048 overseas)

Transition assistance benefits counseling services were available nationwide through the formal Transition Assistance Program and through various other briefings conducted for active duty military personnel and their dependents. Over 217,000 servicemembers and dependents attended the 5,466 VA briefings conducted for active duty personnel. In addition, over 80,000 personal interviews were conducted in conjunction with transition services.

VA benefits counseling services were available overseas for 9 months in FY 1999. Just over 10,000 active duty personnel attended the 367 briefings conducted and almost 7,000 servicemembers were interviewed by the VA counselors temporarily assigned overseas.

The pre-discharge claims initiative is at 53 military installations that are served by 27 regional offices. At 15 of those military installations, regional offices have fully out-based claims processing operations including personnel who prepare proposed ratings prior to discharge and final ratings shortly after separation from active duty. These military installations represent 104,191 out of the 190,434 separations in FY 1999 or about 55 percent of all those separated from active duty. The regional offices involved in the initiative continue to report improved customer satisfaction as a result of timely decisions and an extremely low appeal rate.

Transition assistance is a multi-faceted program requiring several measures reflecting the various needs of the target population.

The measures used by VA to evaluate the effectiveness of these efforts include:

- The percent of separating servicemembers whom attend the briefings.
- Nature of the outreach effort (i.e. itinerant versus permanent presence)
- Assistance provided with completing claims for educational, vocational rehabilitation, compensation and insurance benefits.
- Timeliness of claims processing based on outreach efforts
- Quality of claims taken as part of transition assistance services and satisfaction of claims processed based on appeal rates.

We will continue to expand the pre-discharge program in FY 2000 and 2001. It is anticipated the 17 additional sites will be added during FY 2000. The cost of expansion in FY 2000, is \$1 million and in FY 2001, it is \$250,000.

Transition assistance services will be further enhanced by the availability of information through electronic communications such as VA Web Pages and the Virtual Service Center, now known as Veterans On Line Application Program (VONAPP), which is scheduled to be available nationwide by the end of FY 2000. Through VONAPP service members and veterans will be able to apply on line for selected benefits (compensation, pension and vocational rehabilitation). In FY 2000, the cost of this initiative is \$353,000, while \$100,000 has been requested for FY 2001.

Question 35b: Identify and describe all improvements possible in providing transition assistance to servicemembers separating overseas. Provide the estimated cost of achieving all identified improvements? How much is requested in the proposed budget for fiscal year 2001 to improve the provision of transition assistance to servicemembers separating overseas.

Answer. The VA does not have the budget authority to establish a permanent "transition assistance" presence overseas. We will continue to provide itinerant service through rotational assignments of VA military services coordinators in Europe and the Far East. However, it is envisioned that the Department of Defense will provide funding for payment of logistical support such as lodging, travel, communications, etc.

Funding has not been included in the proposed 2001 budget to further expand overseas transition assistance services. We are involved in ongoing decisions with OMB and DOD.

MGIB Basic Benefit

Question 36: There is widespread agreement that the Montgomery GI Bill basic educational benefit is inadequate, yet the Administration has not proposed any increase in the basic benefit. Your comments please.

Answer: It is true that the basic benefit has not kept pace with the rising education costs. We are working with key officials at the Department of Defense to ensure that any enhancements we propose or endorse are complimentary to their recruiting and retention needs. In addition, the Montgomery GI Bill is in the final stages of a program evaluation which is designed to show the extent to which program outcomes are being met. The results of this report and other studies commissioned by DOD will form the foundation for thoughtfully crafted legislation.

Office of Congressional Affairs

Question 37a: The former Acting Deputy Assistant Secretary for Congressional Affairs has reportedly engaged in a number of serious financial and management irregularities. Is she still employed by VA and if so, in what capacity. Provide a complete description of all of her current official responsibilities.

Answer: The Principal Deputy Assistant Secretary for Congressional Affairs remains a VA employee and has been assigned in the Office of the Under Secretary for Health. Her position description is attached:

POSITION DESCRIPTION (Please Read Instructions on the Back)

1. Reason for Submission <input type="checkbox"/> Re-description <input checked="" type="checkbox"/> New <input type="checkbox"/> Re-establishment <input type="checkbox"/> Other Explanation (Show any positions replaced)		3. Service <input checked="" type="checkbox"/> Holders <input type="checkbox"/> Field	4. Employing Office Location VACO	5. Duty Station Washington, DC	1. Agency Position No. DVES-0679 4. OPM Certification
7. Fair Labor Standards Act <input checked="" type="checkbox"/> Exempt <input type="checkbox"/> Nonexempt		8. Financial Statements Required <input type="checkbox"/> Budget <input type="checkbox"/> Management and Financial		9. Subject to IA Action <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10. Position Status <input type="checkbox"/> Competitive <input type="checkbox"/> Excepted (Specify in Remarks) <input checked="" type="checkbox"/> SES (Gen.) <input type="checkbox"/> SES (CA)		11. Position In: <input type="checkbox"/> Supervisor <input type="checkbox"/> 1-Non-Sensitive <input type="checkbox"/> 2-Critical <input checked="" type="checkbox"/> Professional <input checked="" type="checkbox"/> 3-General <input type="checkbox"/> 4-Sensitive		13. Competitive Level Code 14. Agency Use	

15. Classified/Graded by	Official Title of Position	Pay Plan	Occupational	Gen	Initial	Date
a. U.S. Office of Personnel Management						
b. Department, Agency or Establishment	Special Assistant	ES	301			
c. Second Level Review						
d. First Level Review						
e. Recommended by Supervisor or Initiating Office	Special Assistant	ES	0301	06		

16. Organization Title of Position (If different from the official title) _____ **17. Name of Employee (If vacant, specify)** _____

18. Department, Agency, or Establishment Department of Veterans Affairs	c. Third Subdivision Chief Network Office
a. First Subdivision Veterans Health Administration	d. Fourth Subdivision
b. Second Subdivision Office of the Under Secretary for Health	e. Fifth Subdivision

19. Employee Review — This is an accurate description of the major duties and responsibilities of my position. Signature of Employee (optional)

20. Supervisory Certification. I certify that this is an accurate statement of the major duties and responsibilities of this position and its organizational relationships, and that the position is necessary to carry out Government functions for which I am responsible. This certification is made with the knowledge that this information is to be used for statutory purposes relating to appointment and payment of public funds, and that false or misleading statements may constitute violations of such statutes or their implementing regulations.

a. **Typed Name and Title of Immediate Supervisor**
 James S. Jones, Deputy Chief Network Director
 Signature: *James S. Jones* Date: 1/14/00

b. **Typed Name and Title of Higher-Level Supervisor or Manager (optional)**
 Kenneth F. Clark, Chief Network Director
 Signature: *Kenneth F. Clark* Date: 1/14/00

21. Classification/Job Grading Certification. I certify that this position has been classified/graded as required by Title 5, U.S. Code in compliance with standards published by the U.S. Office of Personnel Management or, if no published standards apply directly, consistently with the most applicable published standards.

22. Position Classification Standards Used in Classifying/Grading Position

Information for Employees. The standards, and information on their application, are available in the personnel office. The classification of the position may be not corrected by the agency or the U.S. Office of Personnel Management. Information on classification/job grading appeals, and complaints on exemption from FLSA, is available from the personnel office or the U.S. Office of Personnel Management.

Typed Name and Title of Official Taking Action
 Ronald E. Cowles, Vice Chairperson
 VA Executive Resources Board
 Signature: *Ronald E. Cowles* Date: 1/28/00

23. Position Review	Initials	Date								
a. Employee (optional)										
b. Supervisor										
c. Classifier										

24. Remarks
 Classifiable above the GS-15 level in the General Schedule.

25. Description of Major Duties and Responsibilities (See Attached)

**Special Assistant
Veterans Health Administration
ES-301**

Introduction:

The incumbent of this position serves as an expert advisor to the Veterans Health Administration (VHA) on agency issues in the areas described below. The incumbent's recommendations can impact program operations throughout VHA.

Principal Duties and Responsibilities:

Serves as an expert advisor and project officer for the Deputy Chief Network Officer (DCNO), and advises the Office of the Under Secretary for Health, VHA, on the development, adoption and implementation of agency programs and policies affecting VHA operations. Works closely with the Chief Network Officer and others in formulating, implementing, and evaluating the policies, plans, and procedures. Analyzes and evaluates the effectiveness of these programs and policies and presents balanced recommendations for improvements. Makes recommendations in the following areas:

- Policy and long range planning in connection with agency desired changes.
- Projects or program segments to be initiated, discontinued or curtailed.
- Internal and external program and policy issues affecting the agency, examples of which could involve staffing VA/DOD collaborations in agency identified areas to the VA/DOD Executive Council, AMSUS Initiatives in support of the 2000 convention, and development of a guide on congressional relations.
- Developing, implementing, evaluating, and improving processes and procedures to monitor the effectiveness, efficiency, and productivity of the program segment and/or organization to which assigned.

3

Serves as a project officer over initiatives identified by the DCNO. These projects are typically complex, significant in scope and impact, and require extensive coordination among many VA organizational elements. The incumbent plans, organizes, and ensures execution of special projects and other assignments involving the integrated delivery of health care to veterans across the entire nation. Assignments typically require consideration of short and long-term effects of proposed actions on the veteran population and in other Government health care entities. The incumbent is responsible for analyzing cross-cutting issues to identify all relevant stakeholders and interested parties within and outside the department.

Identifies substantive problems and determines those matters requiring tracking. Maintains up-to-date knowledge of trends in health care management. Develops background and management options available to deal with complex issues and problems. Develops legislative position papers and decision documents for the CNO on a variety of complex and sensitive issues that have significant national impact. Coordinates approved program and policy changes with appropriate staff and key department officials as directed. Consults with and provides advice to the officials responsible for implementing these program or policy changes, if appropriate.

In coordination with the Deputy CNO, the incumbent represents the Veterans Health Administration in dealings with VA senior staff members, serves on committees and special taskforces related to these issues and serves as a liaison between these committees and the official represented, as assigned. Consults with all organizational levels in VA and representatives of other interested agencies and constituencies regarding strategic and operational activities of the CNO's office. The incumbent has frequent contacts with VHA executives in headquarters and field organizations to promote support for the VHA health care program agenda and to develop broad-based support and understanding for VHA's position on various issues. The incumbent determines the cause of problems that arise, determines what efforts are needed to successfully overcome legislative and other obstacles, and develops substantive and sound recommendations to the CNO for specific actions. Contacts are characterized by meaningful interchanges on substantive program matters of critical importance to VA.

Supervisory Controls:

The incumbent functions under broad administrative and policy direction from the Deputy CNO with respect to overall program priorities, goals and objectives. The incumbent may also receive similar assignments from other VHA executives in the Office of the Under Secretary for Health. Assignments are given in terms of broad agency and Administration goals and required outcomes. The incumbent develops strategies, action plans and recommendations based on these parameters. The incumbent's findings, conclusions and recommendations are generally accepted without further review. The incumbent's project assignments are reviewed primarily for results obtained in providing support for the attainment of program goals and objectives.

Other Significant Facts:

This position encompasses responsibilities that require expert level conceptual and functional knowledge of legislative affairs, the principles of health care administration, including managed care, combined with a comprehensive knowledge of issues that affect the overall operation and administration of the entire VHA and VA.

The incumbent of the position must have a significant level of project management expertise to ensure that the planning and the implementation of agency program and

policy modifications are achieved as expected. The incumbent, in addition, must be able to develop and maintain close and effective interpersonal relationships with key officials within and outside the department.

The duties of this position require that the incumbent have acquired significant knowledge and demonstrated progressive development and achievement in health care management and administration. Knowledge is used to advise the CNO and VISN Director/VISN Directors in all aspects of sensitive health care issues of national interest.

Question 37b: A recent report by the Inspector General found that the Office of Congressional Affairs budget was over-expended because salary costs were allowed to increase in an uncontrolled manner, including the hiring of consultants and temporary employees. What steps has the Department taken to assure that this problem will not recur?

Answer: The Office of Congressional Affairs is now under the management and supervision of an experienced Assistant Secretary. There are no longer any consultants or temporary employees on the payroll. OCA management has worked closely with the Office of Budget to ensure that FY 2000 expenditures will remain within the budget allotment as laid out in the Budget Operating Plan.

Question 37c: Please provide the following information concerning the full time or FTE of permanent staff of the Congressional Affairs offices located in the Senate and House Office Buildings:

1. The number, job title and grade of employees currently assigned to these offices.
2. The number, job title and grade of employees budgeted for FY 2001.
3. A description, including the capacity and date of purchase for each computer, fax machine, printer, copier, scanner and typewriter located in these offices.

Answer:

Senate Liaison Office:

Number of Employees	Job Title	Grade
1	Director, Liaison Services	GS-15
1	Sr. Congressional Liaison Rep.	GS-13
1	Congressional Liaison Assistant	GS-08

House Liaison Office

Number of Employees	Job Title	Grade
1	Asst Director, Liaison Services	GS-14
1	Sr. Congressional Liaison Rep	GS-13
	Congressional Liaison Rep.	GS-12
1	Secretary	GS-06

The proposed budget for FY 2001 calls for a moderate FTE and budget increase for the Office of Congressional Affairs. We intend to augment the Senate and House Liaison Office staffs.

Equipment	Quantity	Model	Date of Purchase
Printers	2	HP 4000TN	October 1998
Printers	2	QMS PS1700	1992
Fax	2	Canon L775	1992
Copier	2	Canon 6030	June 1994
Typewriter	2	IBM Sel II & III	1985
Computers	10	IBM Pentium w/ Goldstar Monitors	1995
Scanners	2	Fujitsu	On loan from IT

Through direct purchase or lease agreement, all of the above equipment will be replaced within the next week.

Question 37d: Please provide the job title and job description and salary (including any bonuses) for each temporary employee or consultant currently employed by the Office of Congressional Affairs.

Answer: No temporary employees or consultants are employed in the Office of Congressional Affairs at this time.

Hospital Closures in FY 2000 and FY 2001

Question 38a: Will any VA medical facilities close in FY 2000? In FY 2001? If so, how many and when and where will these closures occur?

Answer: The Department of Veterans Affairs has always faced significant challenges and issues regarding its large inventory of capital assets. The dramatic shift in recent years from inpatient to outpatient care, often at a distance from VA hospitals, has resulted in a dramatic decrease in inpatient beds and reinforced the need to take a close look at our infrastructure needs. For this reason, beginning in FY 2000, VA will begin the Capital Asset Realignment for Enhanced Services (CARES) initiative. The primary purpose of CARES is to determine how best to use existing space and facilities in order to achieve an appropriate balance of veterans' needs and health care delivery options. The first step in implementing the goals of the CARES program is to conduct a series of planning studies and market analyses in each of VA's 22 VISNs. These studies will begin the early part of 2000. Using the results of these studies and further analyses and discussions within VA and with our stakeholders, we will determine what infrastructure options should be pursued.

VA Intranet Access by Congress

Question 39: Why is the VA Intranet not accessible by Congress?

Answer: VA has contacted committee staff on this issue and a meeting will be scheduled to discuss how this issue can best be resolved..

Vocational Rehabilitation and Employment

Question 42: Is VA's Vocational Rehabilitation and Employment Service providing "world class" service to veterans? What results would VA's Vocational Rehabilitation and Employment Service need to achieve to provide "world class" service to veterans? Does the budget proposed for fiscal year 2001 provide the resources for VA's Vocational Rehabilitation and Employment Service to provide "world class" service to veterans? When will VA's Vocational Rehabilitation and Employment Service provide "world class" service to veterans?

Answer: Consistent with the Secretary's goals to provide One VA World-Class Service, Vocational Rehabilitation and Employment Service (VR&E) continues to look for ways to meet the employment needs of disabled veterans. In FY 1999, a total of 10,281 service-disabled veteran program participants achieved rehabilitation, including 3,829 who had serious employment handicaps. Of this number, 9,962 were able to obtain and maintain suitable employment. VR&E provide specialized assistance to severely disabled veterans whose service-connected disabilities make employment unlikely. Many of these veterans, including those who are disabled as a result of traumatic brain injury, are dependent on others, including institutions, for assistance in daily living activities which may range from dressing and feeding to travel on public transportation. VR&E services assisted 319 of these severely disabled veterans to achieve a maximum level of independence in daily living skills.

Our initiatives include strategies and resources to provide high-quality accessible and timely information and service through the development and maintenance of a high-performing workforce, application of state-of-the-art technologies, the continuous improvement of processes, and effective allocation of resources.

Many of our initiatives over the last fiscal year, which also continue throughout FY 2001, include joint training with DOL, improved communications, and employment services training. We have provided joint training to VA/DOL staff in 1998 and will enhance the program and provide additional training this current fiscal year as a train-the-trainer strategy. Working with DOL, we have developed case management teams and a transferable skills assessment to identify job skills needed for the current and future labor market. Our veterans are provided with job skills to meet the labor market needs of today and tomorrow and learn how to market those skills as their employment career evolves. Our staff is receiving the marketing tools to communicate and educate employers, rehabilitation service providers, and other agencies about the VR&E program and participants. Emphasis on employment has increased the number of veterans who obtained suitable employment and reduced the amount of time spent seeking employment. We will continuously work towards improving our services in all facets of the program through initiatives established for the program. Funds are being requested in the 2001 budget to improve our accessibility to veterans in order to ensure benefits and services leading to suitable employment are provided in a timely and accurate manner.

Benefits Claims Decisions Remanded to VBA Regional Offices

Question 43a: By regional office provide the number of original compensation claims appealed to the Board of Veterans' Appeals which were affirmed, reversed or remanded to VBA regional offices during FY 1999. Explain the high percentage of VBA original compensation claim decisions remanded by the Board of Veterans' Appeals to Regional Offices. Have the cause or causes of these remands been analyzed and if so, when and what were the results of this analysis? Have these results been used to reduce remands and describe the results. When will the cause or causes of these remands be analyzed?

Answer: A report showing the disposition of original compensation claims during FY 1999 is attached. Information relating to reasons requiring the Board to remand a case falls into four categories: Medical Examination (examination was either inadequate, too old or didn't contain information needed to answer nexus questions, incomplete findings, unclear diagnosis, etc.); Other Evidence (VA medical, private medical, service personal, Social Security or service medical records needed); Due Process (hearing requested, application of new or existing legislation, application of new or existing court precedent, consideration of new evidence or additional issues, application of contested claims procedures, and other due process deficiencies); and Noncompliance (failure to comply with due process, medical exam or other evidence requested in a prior remand decision). The largest number of remands are for medical examination reasons. This information has been provided to VBA for the past several years. Working with VBA, a new current list of remand reasons was developed and put into operation beginning in November 1998. In June 1999 VACOLS became the appeals database system for both BVA and VBA. At the same time it was programmed to track the individual issues in each case. Thus, we are able to track remand reasons by issue. This information is available and analyzed by both BVA and VBA on a monthly basis. In time this information will pinpoint areas where additional training may be required—not only overall but also by individual station. Also, BVA and VBA management staffs meet periodically to review practices and procedures and to discuss ways to make them better. The Board makes every effort to avoid having to remand an appeal. A program has been established with VHA to provide medical opinions when needed to possibly resolve a case and alleviate the need to remand. Attorneys and Board Members give a careful analysis of claims to see if a final resolution may be possible. During FY 1999, Board members and attorneys conducted 365 hours of videoconferencing educational seminars with various regional offices which has played a significant role in the reduction of the remand rate.

Question 43b Does the budget proposed for fiscal year 2001 provide the resources to reduce the percentage of VBA original compensation claim

decisions remanded by the Board of Veterans' Appeals to VBA Regional Offices to less than 25 percent without increasing the time to adjudicate an original compensation claim by VBA?

During the past five years, the Board's remand rate has dropped from 47.5 percent in FY 1995 to 36.3 percent in FY 1999. Thus far in FY 2000, the remand rate is 29.3 percent. We hope this trend will continue. However, this downward turn could be reversed at anytime by a Court decision requiring a stay on a group of cases, requiring readjudication of cases already decided or any number of other requirements. Reducing the number of remands will over time reduce adjudication time throughout the system.

Benefits Claims Decisions Remanded to the Board of Veterans Appeals

Question 44. Please provide the number of claims appealed to the United States Court of Appeals for Veterans Claims which were affirmed, reversed or remanded to the Board of Veterans Appeals during FY 1999. Does the budget proposed for fiscal year 2001 provide the resources to reduce the percentage of compensation claim decisions made by the BVA which are remanded by the Court without increasing the time required by the BVA to make a decision? Please provide a list of the claims which were remanded in the United States Court of Appeals for Veterans Claims prior to FY 1999 which have not yet finally been adjudicated by the VA.

Answer: The FY 1999 Annual Report for the United States Court of Appeals for Veterans Claims shows the following merits terminations:

Affirmed	666
Affirmed or dismissed in part, reversed/vacated and remanded in part	363
Reversed/vacated and remanded	1,017

In addition, there were 592 procedural terminations (dismissed, lack of jurisdiction; dismissed for default; dismissed voluntarily and extraordinary relief dismissed)

The budget proposed for FY 2001 would support 500 FTE. Of those FTE, 305 will be employees who write and/or sign decisions. The remaining 195 will be executive, management and administrative support. Our statistics show that it takes longer (approximately two hours) to enter a final decision than it takes to do a remand decision. The Board is committed to producing final quality decisions even though it may take longer. The Board has an ongoing quality review program. Cases are reviewed for quality by the Vice Chairman, one individual assigned to Quality Review full time and by the eight Chief Board Members from the four Decisions Teams. The Chief Members are not allowed to review cases from the team to which they are assigned. Completed appellate decisions are reviewed according to a standard protocol. From this process, the Board's accuracy rate is derived. Errors detected are corrected before a decision is dispatched. In addition to this Quality Review process, the Board also has other processes in place to help improve the quality of its decisions. For purposes of keeping the Board Members and staff counsel timely informed about changes in the law and the actions of the Court of Appeals for Veterans Claims in interpreting the law, a head-note summary is prepared and distributed for all Court precedent decisions and orders. Copies of non-precedential orders and memorandum decisions of special interest also are distributed to members of Senior Management for review and further distribution as determined to be appropriate. In addition, for purposes of assisting the Board Members and staff counsel in conducting legal and medical research, the Board has created an extensive set of on-line research tools. Among other things, these tools provide a quick and easy means of locating pertinent laws, regulations, court decisions, internal agency memorandums, medical information, etc. One example of the type of on-line tools that are available is the Veterans Benefits Law Index, which

includes comprehensive summaries of both court and General Counsel precedent decisions. The Veterans Benefits Law Index is searchable either by way of an extensive subject listing or by entering word queries, and it includes links to the complete copies of decisions issued by the Court of Appeals for Veterans Claims.

Besides the distribution of headnote summaries and the on-line research tools, both the Chief Counsel for Legal Affairs and the Chief Counsel for Litigation Support are available to provide advice and assistance to Board Members and staff counsel on difficult legal issues and questions raised in cases pending before the Board. The Chief Counsel for Legal Affairs provides advice and assistance to Board Members and counsel predominantly in the area of attorney fee matters. The Chief Counsel for Litigation Support provides advice and assistance on all other matters relating to the interpretation of court cases, precedent opinions of the VA General Counsel, etc., and also responds to questions concerning how to apply the law to the particular facts of a case pending before the Board. Assistance also is provided in locating relevant precedent decisions and opinions.

In addition, for purposes of gauging the quality of the Board's decisions based on the types and nature of the dispositions made by the Court of Appeals for Veterans Claims, the BVA's Litigation Support Division collects data from Court remands, affirmances, and reversals—i.e., all cases which are decided by the Court on the merits and not simply dismissed on procedural grounds—and enters this information into a database. Some of the information collected includes: (1) the type of disposition made by the Court (remand, affirmance, or reversal); (2) the general type of issue involved in the claim on appeal (service connection, increased rating, waiver of indebtedness, education benefits, entitlement to medical expense reimbursement, etc.); and (3) the reasons for remand, if applicable. Information obtained from this database, as well as from other sources, including the Quality Review database, recent significant Court decisions, changes in the law, etc., are then used to develop training topics for presentation to all Board Members and counsel at periodic "Grand Rounds" training sessions. In cases where the Court affirms the Board's decision on appeal, a copy of the Court decision or order, as well as a copy of the underlying Board decision, also are circulated to the Board Member or Members who issued the decision, the staff counsel who participated in the drafting of the decision, and the Team Deputy Vice Chairman, for purposes of providing feed-back and information on what the Court finds to be a satisfactory and well-reasoned decision.

Attached are two listings. One, of cases that are still active at the Board and one, of cases where the Board entered a Remand decision and the case is still pending in the regional office. Both of these listings contain personal identifying information and are being furnished to you under an exemption to the Privacy Act. It is requested that appropriate safeguards be provided.

Use of Buyout Authority

Question 45: Describe VA's use to date of the buyout authority provided in Public Law 106-117.

Answer: the Office of Management and Budget (OMB) approved VA's buyout plan on December 23, 1999. VA was authorized to offer 4,700 buyouts:

Veterans Health Administration (VHA)	4,400
Veterans Benefits Administration (VBA)	240
National Cemetery Administration (NCA)	15
Staff Offices	45

From the date of OMB's approval through February 1, 2000, 684 employees took buyouts: 540 VHA employees, 142 VBA employees, and 2 staff office employees.

Buyouts will not be used to reduce employment levels. Rather, they will be used to restructure and reengineer VA organizations, and to allow organizations to hire employees who have the critical skills to reshape VA for the future.

Question: Describe any additional anticipated VA use of the buyout authority provided in Public Law 106-117.

Answer: VA expects to make use of all buyouts authorized by Public Law 106-117 before the statutory authority ends on December 31, 2000. Any additional buyouts will be offered in the same manner as described above.

Information Security Risk Assessment

Question 46: Does the proposed budget provide all the resources needed for VA to conduct a thorough and ongoing assessment of computer security risks Department-wide? What is the projected fiscal year 2000 cost for VA conducting a thorough and ongoing assessment of computer security risks? What is the projected fiscal year 2001 cost for VA conducting a thorough and ongoing assessment of computer security risks? Who has primary responsibility for this assessment?

Answer: Yes. In early 1999, the Acting CIO moved promptly to respond to GAO and Inspector General recommendations to strengthen the Department information security program. The CIO's office steered a Department-wide working group to produce a multi-year program plan and budget. This plan calls for a total investment in security of about \$83.3 million over a six-year period beginning in FY 2000. The program plan is a comprehensive approach to manage risk through continuous assessment, incident response and reporting, policy development, workforce training, and strong centralized management and program measurement.

In August 1999, the VA Resources Board approved redirecting a portion of Year 2000 conversion funds in FY 2000 in the amount of \$17.5 million to the security program to be controlled by the CIO.

A FY 2001 capital investment proposal in the amount of \$17.5 million (including four out-years that total \$47 million) was approved by the Capital Investment Board in 1999, and is part of VA's FY 2001 budget submission. The initiative will not increase the Department's funding level in FY 2001.

The Office of the Assistant Secretary for Information and Technology includes the Department's central security program office that is responsible for this assessment, and all other aspects of the security program. That central program office works with and through a network of security professionals in the

Administrations and staff offices to conduct this assessment and carry out other security-related initiatives such as incident response reporting, policy implementation, awareness and training, and program monitoring and oversight.

Enrollment

Question 47a. How many veterans are enrolled in FY 2000?

Answer: As of November 26, 1999, VA had 4,186,955 total enrollees. When deaths, ineligible, and those who decline are subtracted, there remain 4,169,325 current enrollees.

Question 47b: How many veterans does VA project it will enroll in FY 2001?

Answer: The last actuarial projections were done in the Spring of 1999: FY 2001 end-of-year enrollees (does not include deaths, ineligible, and declination) were projected to be 3,787,461. VHA is in the process of updating these projections at this time.

Medical Care for Priority Group 7 in FY 2001

Question 48a: Does the proposed budget provide all the resources required by VA to provide medical care in fiscal year 2001 for all Priority Group 7 veterans enrolled to receive VA provided care in fiscal year 2000? If not, what is the total amount of additional resources required for VA to provide medical care in fiscal year 2001 for all Priority Group 7 veterans enrolled to receive VA provided care in fiscal year 2000?

Answer: VA's enrollment actuarial analysis for FY 2001 is in its early stage. The conclusions of that analysis are expected in the summer and will provide more information regarding this question. However, on the basis of current information, it appears that the proposed FY 2001 medical care budget provides the necessary resources to provide care to enrolled priority 7 veterans.

Question 48b. What is the estimated cost in fiscal year 2000 for VA to provide medical care to all Priority Group veterans enrolled to receive VA care?

Answer: VA currently estimates that total obligations of \$19.7 billion for Medical Care (current estimate of appropriations plus receipts) will provide the direct and indirect support needed to deliver medical care to all Priority Group veterans enrolled to receive care in FY 2000.

Question 48c. What is the estimated cost in fiscal year 2001 for VA to provide medical care to all Priority Group 7 veterans enrolled to receive VA care in fiscal year 2000?

Answer: At this time, VHA does not have sufficient utilization and cost information for FY 2000 enrolled Priority 7 veterans to project the resources necessary to provide their care in FY 2001. Until that information is available, VA cannot say with confidence what the Priority 7 enrollment level decision will be. (Also see response to Question 48a.)

Congressman Lane Evans

VA's Goals

Question 40: Mr. Secretary, in your opinion, what are the most important goals for VA during the remainder of the Clinton Presidency?

Answer: As presented in my first Annual Statement, dated June 1999, VA has 5 new goals. Four are of a strategic nature regarding our major programs and one is our enabling management goal. These goals and associated key initiatives for year 2000 are as follows and will be reflected in my second Annual Statement, which will be published shortly

Strategic Goal 1—Restore the capability of disabled veterans to the greatest extent possible and improve their quality of life and that of their families.

- VA will continuously assess the needs of special populations and evaluate current practices to implement state-of-the-art treatment practices. We will expand outreach efforts to ensure that all potential beneficiaries are enrolled in one or more of VA's special program areas.
- We will continue to assist more than 2.5 million veterans and their dependents and survivors by providing compensation payments that will improve their quality of life. In so doing, we will improve the accuracy and timeliness of our claims decision-making process.
- VA will rehabilitate 10,500 disabled veterans in FY 2000 and assist them in gaining employment.
- We will provide insurance benefits to veterans that may not be available to them due to service-connected disabilities incurred during the course of their military service.

Strategic Goal 2—Ensure a smooth transition for veterans from active military service to civilian life.

- We will work to provide veterans with a disability determination, vocational rehabilitation counseling, and assistance with all VA benefits within 30 days of military separation.
- VA will strive to provide counseling which may be necessary to improve psychological and social well being of veterans who served in combat or were sexually assaulted or harassed during military service.
- We will provide education benefits that assist veterans in readjusting to civilian life by enhancing their ability to achieve education and career goals.

- We will enhance home ownership opportunities for veterans and service members and help them retain their homes by pursuing alternatives to foreclosure

Strategic Goal 3—Honor and serve veterans in life and memorialize them in death for their sacrifices on behalf of the Nation.

- We will ensure patient safety at VA health-care facilities. VA is taking a systematic approach to solving the problem of patient safety. We have launched the National Patient Safety Partnership, which has brought Federal and private sector experts to join forces to address this problem.
- We will implement strategies to decrease waiting times for veterans. We have established national service goals for all VA health-care facilities. These will ensure that:
 - All veterans receive an initial or first-time appointment with their primary care or other appropriate health-care provider within 30 days.
 - No veteran has to wait more than 30 days for an appropriate physician appointment
 - All veterans will be seen within 20 minutes of their scheduled appointments
 - We will bring health care closer to veterans. By the end of FY 2001, VA expects to have 635 Community Based Outpatient Clinics (CBOCs) open for veterans, in addition to our 172 medical centers. VA will also continue to expand its telemedicine and telephone care activities in the year 2000.
- Improving long-term care for older veterans. Thirty-six percent of our Nation's veterans are over 65, compared to 13 percent of the general population. VA will provide an unparalleled array of inter-related long-term care services to elderly and disabled veterans, and we will continue to expand our service in 2000.
- Continuing our delivery of health-care value. VA will ensure health-care value by helping our Nation's veterans attain the highest possible level of functioning and service satisfaction at a reasonable cost. We will continue implementation of performance outcome measures to ensure that all veterans get the same high level of health-care value regardless of where they live or what services they need. VA will continue to lead the Nation in this outcomes-based approach to health care.

- We will provide at least \$17 million of assistance to public and nonprofit community providers of services for homeless veterans.
- VA will continue to establish new national cemeteries to meet the increasing burial demands of the World War II generation. With the opening this year of two new national cemeteries to serve Cleveland (Ohio Western Reserve National Cemetery) and Dallas-Fort Worth (Dallas-Fort Worth National Cemetery), VA will have opened four new national cemeteries within two years, more than at any time since the beginning of World War II.

Strategic Goal 4—Contribute to the public health, socio-economic well being and history of the Nation.

- We will increase our focus on research that directly benefits veterans. We will strive to ensure that 99 percent of our medical research projects are demonstrably related to the health care of veterans or to other departmental missions.
- We will provide backup to DoD in the event of a national security emergency and provide medical and other support during Federal disasters.
- We will ensure that national cemeteries are shrines dedicated to preserving our Nation's history, nurturing patriotism, and honoring the service and sacrifice our veterans have made. VA will maintain the appearance of national cemeteries so that bereaved family members are comforted when they come to the cemetery for the interment or later to visit the grave(s) of their loved one(s).

Ending Goal—Create an environment that fosters the delivery of One VA world-class service to veterans and their families through effective communication and management of people, technology, crosscutting processes, and financial resources

- VA will ensure that employees have access to innovative education and training programs that promote a systematic approach aimed toward providing high-quality, seamless service to veterans.
- VA will invest substantive resources to provide training to new and existing employees, as well as VA's veterans service organization partners in FY 2000. This training will be provided via satellite and on-line packages, as well as through traditional classroom sessions, and will result in improved consistency.
- By the end of FY 2000, we will install interactive kiosks at more than 20 national cemeteries that will enable veterans and other visitors to readily locate gravesites and obtain other important information including eligibility requirements.

VA Treatment of Non Veterans

Question 41: Mr. Secretary, what are your personal views on VA providing medical care to non-veterans if VA is reimbursed for the full cost it incurs providing that care?

Answer: As you know, under existing authority, VA currently provides medical treatment to non-veterans in certain circumstances. I am supportive of such authority as long as it is beneficial to veterans, feasible for the Department in terms of its service delivery capability, and consistent with Administration policy. Any changes or expansion should not be undertaken without extensive discussion, input and advice from our congressional oversight committees and from veterans service organizations.



March 14, 2000

The Honorable Lane Evans
 Ranking Democratic Member
 House Committee on Veterans' Affairs
 333 Cannon House Office Building
 Washington, DC 20515

Dear Representative Evans

Thank you for requesting additional views concerning our testimony before the House Committee on Veterans' Affairs hearing on the VA budget, February 17, 2000. Our response to your question follows

Question The *Independent Budget* (IB) has proposed a large increase for research funding. Please identify the IB VSOs spending priorities for the recommended increase.

Answer: The FY 2001 *Independent Budget* recommends a medical and prosthetics research budget of \$386 million – an increase of \$65 million over the FY 2000 appropriation. Within this budget, priority should be placed on research initiatives with particular relevance to veterans. For example, funding should be allocated for the establishment of needed centers of excellence in spinal cord research, multiple sclerosis, Parkinson's disease and for collaborative studies to address aging, particularly aging with a severe disability. We believe the increase in funding should also go to support additional research in Gulf War illnesses, Hepatitis C and prostate cancer. VA also provides unique opportunities for additional research in the highly specialized areas of environmental exposures, trauma, wound healing, major psychoses and mood disorders. Additional dollars should also be used to promote and distribute cutting edge technology, such as advanced wheelchair designs that remarkably enhance mobility, rehabilitation and quality of life.

Thank you for the opportunity to provide additional detail on the recommendations contained in the *Independent Budget*.

Sincerely,

Gordon H. Mansfield
 Executive Director

Chartered by the Congress of the United States

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**Follow up Question from the Honorable Lane Evans
Ranking Democratic Member
House Committee on Veterans Affairs
To Mr. Dennis Cullinan, National Legislative Director
Veterans of Foreign Wars
Before the
FY 2001 VA Budget Hearing
February 17, 2000**

1. Please explain the flexibility you propose to give director in changing construction projects. Do you mean that you would like to allow them to adjust the size or scope of the projects or allow them to change the type of project they could develop (for example, could the hospital director decide to change a project to renovate a psychiatric wing to a project for a clinical addition

VISN Directors should have flexibility to use construction funds to ensure veterans access to a full range of services in a timely manner. They must assess the long-range impact of mission changes, the Veterans Equitable Resource Allocation System (VERA), and eligibility reform and then adjust their construction priorities appropriately. Moreover, VISN Directors should annually update their construction plans to accommodate changes in medical missions and the needs of the veterans population in their service areas

Notwithstanding, we feel that VISN Directors should be allowed to change a project to renovate a psychiatric wing to a project for a clinical addition, if this best meets the needs of the veteran population in the area served.



For God and Country

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March 8, 2000

Honorable Lane Evans
 Ranking Democratic Member
 Committee on Veterans Affairs
 U S House of Representatives
 335 CHOB
 Washington, DC 20515

Dear Congressman Evans:

The American Legion appreciates the opportunity to respond to your follow-up question from the February 17, 2000, hearing on the Department of Veterans Affairs Fiscal Year 2001 budget

Question.

1. Your testimony identified several construction projects as worthy of investment in FY 2001. Are these projects based on an independent assessment or the VA's assessment of need?

Response.

The National Field Service section of the Veterans Affairs and Rehabilitation Commission (VA&R) makes regularly scheduled visits to VA medical facilities. These visits are intended to identify problem areas regarding the ongoing operations of the Veterans Health Administration. In the course of these visits, the field service representatives review the major and minor construction needs of the facilities visited.

Additionally, staffs of the VA&R Division and VHA's Office of Facilities meet on a regular basis to review priority construction requirements. Through a combination of the field service site visits and the regular staff meetings, The American Legion identifies certain priority construction requirements within VHA. The American Legion draws on this process in making specific construction recommendations.

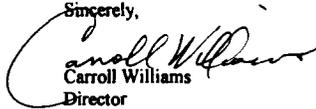
The American Legion supports a priority ranking process for VHA construction projects. As we have testified on a number of occasions, just because no new or replacement medical centers are required within VHA, many major projects are still necessary. VHA identified new major construction requirements of \$260 million for FY 2001. Yet, when the President's FY 2001 budget was released on February 7, only \$62 million for major construction was recommended. This low figure will exclude many

worthwhile projects. The American Legion believes the Congress should fund, at a minimum, the major construction recommendations included in our FY 2001 budget testimony.

The process is similar for minor construction initiatives. It is illogical that VHA would require less minor construction funding for its plethora of needs that it received just a few years ago. VHA has an aging physical plant system. Additionally, the significant conversion from inpatient to primary care creates a need to improve outpatient utilization. It follows that there are many VHA facilities that require considerable renovations and modernization to conform to the new medical care model. For the indefinite future, Congress must make its own assessment of VHA's construction funding requirements. The American Legion does not think that construction funding for VHA should be reduced simply as a cost-saving measure.

Thank you again for allowing us to elaborate on this subject.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carroll Williams". The signature is written in black ink and is positioned above the printed name.

Carroll Williams

Director

National Veterans Affairs and
Rehabilitation Commission

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