

**EFFECT OF GOVERNMENT SHUTDOWN ON VA
BENEFITS AND SERVICES TO VETERANS**

HEARING

BEFORE THE

**COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

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EFFECT OF GOVERNMENT SHUTDOWN ON VA BENEFITS AND SERVICES TO VETERANS

Wednesday, October 9, 2013

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The Committee met, pursuant to notice, at 10:29 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [Chairman of the Committee] presiding.

Present: Representatives Miller, Lamborn, Bilirakis, Roe, Flores, Denham, Runyan, Benishek, Huelskamp, Amodei, Coffman, Cook, Walorski, Michaud, Brown, Takano, Brownley, Titus, Kirkpatrick, Ruiz, Negrete McLeod, Kuster, O'Rourke, and Walz.

Also Present: Representative McNerney.

OPENING STATEMENT OF CHAIRMAN MILLER

The CHAIRMAN. This hearing will come to order. Before we begin, I would like to ask unanimous consent from the Committee that the gentleman from California and former Member of this Committee, Mr. McNerney, be allowed to join us at the dais today and participate in today's proceedings. Hearing no objection, so ordered.

Mr. Secretary, welcome to the Committee. I appreciate, sincerely appreciate you being here on relatively short notice. And we are here today to understand how veterans are being impacted by the lapse in appropriations that has the government currently in a shutdown mode. There is plenty of blame that can be shared as to why we are in this position, but that is not why I called the hearing. I really called the hearing so that we can get the best possible information available out to the veteran community.

Veterans want to know whether their disability checks and GI bill benefits will be paid in November and thereafter. They want to know if their disability claims will be decided or further delayed. Families want to know if their loved ones will receive a timely burial at VA national cemeteries. And many of VA's employees themselves want to know whether they will be serving veterans on the job or whether they are going to be furloughed.

I understand that answers to some of these questions are entirely dependent on how long this shutdown lasts. And although I want to be sure that most of us agree that we want the shutdown over quickly, it is our responsibility to ensure that the public, especially veterans, understand what the current state of play is.

First of all, Mr. Secretary, I want to say, that in the last couple of weeks, getting good information about VA's contingency plans and the effect of a lapse in appropriations, and its effect on veterans has been very difficult to get out of your office. For example, the original field guide that VA put out regarding the shutdown

impact at first spoke of no effect, no effect on payments to veterans, or processing of their benefits. But in a later version, VA stated that a prolonged shutdown would impact both, but didn't provide any details as to how it would be impacted.

Secondly, the Veterans Health Administration is not shut down at all because it has received a full year's appropriation for 2014 back in March. So hospitals, clinics, and vet centers should all be open for business. Yet the President made a statement the day before the shutdown saying that veterans will find their support centers unstaffed and implied that counseling services for veterans with PTS would be affected.

Third, this Committee has consistently been told VBA's mandatory overtime effort towards the backlog would actually end on September 30. Yet days into the shutdown, we are now informed that the shutdown prevented VA's planned continued payment of overtime.

Fourth, although a shutdown should have a relatively uniform effect across all regional offices, as suggested by your own field guide, my staff met with several representatives from VSOs last week, who relayed that their members are hearing mixed messages out of different regional offices. And I think it goes without saying none of this is ideal.

Some degree of confusion is to be expected, and we understand that. But VA employees should be worrying about VA's mission of service to veterans, not planning for furloughs or managing an agency on spare change remaining from last year. However, what can never be expected is anything less than the full truth, as best as it is known at the time. This grave situation does not need to be assisted by misleading statements from anybody, statements designed to aid a political argument by any political party, regardless of which one we may belong to.

It is my hope that we can uphold the best traditions of this Committee and rise above all of that today. Mr. Secretary, I appreciate your willingness to join us in this effort. Since this hearing was called last Friday, we have had a little bit more clarity on some of the issues we have been asking your staff about for the last 10 days. But I thought the public should hear some of the same information.

Now, one last point before I conclude. Last July, we held a hearing on a bill that the Ranking Member and I introduced that proposed to advance fund the entire VA discretionary budget. The administration declined to take a position on the bill, saying, instead, it needed to conduct a review first. It is obvious that no review is necessary given where we are today.

Mr. Secretary, I sincerely hope that you are making that case with the administration. And I will follow up with you on that point during questioning.

And I now recognize the Ranking Member, Mr. Michaud, for his opening statement.

[THE PREPARED STATEMENT OF CHAIRMAN MILLER APPEARS IN THE APPENDIX]

OPENING STATEMENT OF HON. MICHAEL H. MICHAUD

Mr. MICHAUD. Thank you very much, Mr. Chairman, for having this hearing today.

And I want to thank you, Mr. Secretary, for coming.

Before we begin exploring how the government shutdown is affecting veterans and the VA, I want to acknowledge the very real consequences the lapse in appropriation has had on VA employees. I know that VA employees do not work solely for a paycheck. They work because they believe in helping veterans. A lot of them are veterans. And they have done a phenomenal job. And now it is time for Congress to do its job.

We can do this in two ways. Number one, either the Senate take up the MILCON/VA appropriation bill that was passed by the House 4 months ago, or the House can take up a clean CR passed by the Senate. I don't care which one that we choose, as long as we get on with the reopening of government and that we fully fund VA.

The VA contingency plan and field guide provide us with a rough idea of the consequences of a government shutdown. Last week, we saw the immediate shutdown, what it had on some of the VA offices, such as the Inspector General. Yesterday, we saw some VBA and IT accounts run dry and thousands of VA employees furloughed. We know that the mandatory funds to pay compensation and pension benefits are scheduled to run out in little over 2 weeks.

We also know that furloughs and suspensions of programs in other agencies also affect veterans. Of the roughly 2.1 million Federal employees, more than 600,000 are veterans. Many of them are already, or expect to be, furloughed. Also, as programs and services at other agencies are disrupted, it affects VA's ability to receive the necessary information and support to deliver those services for our veterans.

We know we will hear bad news today from you, Mr. Secretary. Important VA operations have, or will be, suspended. Some veterans will not get what they are expecting, what they deserve, and most importantly, what they have earned. This may be a difficult conversation, but one that we must have openly, frankly, and honestly.

But amidst the bad news, there is some good news. With VA's medical accounts under advance appropriation, the Veterans Health Administration is largely unaffected by lapse in the fiscal year 2014 appropriation. All medical facilities are open, as you heard from the Chairman, and operating under normal status. This will continue, regardless how long the current government is shut down.

It is clear now that in the midst of the shutdown, that getting a vote on H.R. 813, as amended, the Putting the Veterans Funding First Act, is necessary and a critical step in ensuring veterans' benefits and services are not put at risk when there is a lapse in appropriations.

Mr. Chairman, I want to thank you for signing on the letter with me to the Speaker asking that H.R. 813, as amended, be scheduled for floor action. I encourage all Members of the Committee to sign onto that letter and to send a message that veterans should not,

and cannot, and will not be disadvantaged by party politics in the future, regardless of which party is in control.

Mr. Secretary, I look forward to your testimony and the questions to follow.

Mr. Chairman, once again I want to thank you very much for having this very important and timely hearing today. With that, I yield back the balance of my time.

[THE PREPARED STATEMENT OF HON. MICHAEL H. MICHAUD APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you, Mr. Michaud.

Thank you to all the Members for your attendance today. As you might imagine, this is a critical time within our government, and certainly for our veterans out there. And that is why I asked the Secretary, and I am so pleased that on very short notice, he was able to come in and give us some indication of where we are now within the VA, and where we will be going in the future, depending on how long this shutdown does in fact continue.

I want to welcome to the table our first and only witness of this morning, the Honorable Eric Shinseki, Secretary for the U.S. Department of Veterans Affairs.

Your complete written statement, Mr. Secretary, will be entered into the record, and you are recognized now for 5 minutes.

STATEMENT OF THE HON. ERIC K. SHINSEKI

Secretary SHINSEKI. Great. Chairman Miller, Ranking Member Michaud, Members of the Committee, thank you for entering my written statement.

Let me, Mr. Chairman, just recognize that in the room here, we have partners for all of us from our veterans service organizations. I would tell you they have been quite directly helpful to me over the past 4½ years in trying to help us understand how to be better at our responsibilities of caring for veterans, but also servicemembers and families and survivors that we are responsible for.

Mr. Chairman, you called this hearing to examine the effect of the government shutdown on VA benefits and services to veterans. And while my written testimony describes many effects on VA due to the ongoing lapse in appropriations, let me just say, unequivocally, that all the effects that I described, and I am going to describe of the shutdown are negative. It is an impediment to VA's ability to deliver services and benefits that veterans have earned through their service.

VA continues to invest significant resources and time and planning for this unique, infrequent, and avoidable situation. The ongoing shutdown presents myriad legal and programmatic challenges. The last time a shutdown occurred, in 1996, as I am told, our Nation was enjoying a sustained period of relative peace. That is not true today. Today, we are in the 13th year of the war in Afghanistan, providing care and benefits to veterans of that war, and the war in Iraq as well. Members of this latest generation of veterans are enrolling in VA at a higher rate than ever before. They, along with the veterans of every preceding generation, will be harmed if the shutdown continues.

In brief, in the last 6 months, through 30 September, the Veterans Benefits Administration, VBA, reduced the backlog of compensation claims, something we have all been working on, and prodding, and encouraging them to do better. Well, they have begun that delivery, 193,000 claims in the backlog reduced in the last 190 days, roughly 190 days, a 31.5 percent increase in about a little over 6 months.

Since the shutdown began on 1 October, the backlog has stalled, and in fact has increased by about 2,000 claims. VBA has already furloughed more than 7,800 of its employees, half of whom are veterans. The shutdown directly threatens VA's ability to eliminate the backlog. We have lost ground we fought hard to take. Roughly 1,400 veterans a day are now not receiving decisions on their disability compensation claims due to the end of overtime. If the shutdown does not end in the coming weeks, VA will not be able to assure delivery of 1 November checks to more than 5.18 million beneficiaries, and that accounts for about \$6.25 billion in payments that people are expecting in compensation, and pensions, and Dependency and Indemnity Compensation, DIC, fiduciary, educational, vocational rehabilitation and employment benefits, including veterans who are 100 percent disabled, surviving spouses, and eligible children orphaned by the death of their military or veteran parent. Tuition and stipends for over 500,000 veteran servicemembers and eligible family members in education programs will also stop.

These are some of the major issues veterans face if the shutdown continues. My written testimony includes details of other negative impacts, to our IT initiatives, to our National Cemetery Administration, whose employees lay to honored rest those who have served this Nation, to VA staff offices, and to VA employees themselves, especially those who are veterans.

While some have suggested a series of mini-continuing resolutions, or mini-CRs, if you will, as an approach to meeting our fiscal year 2014 budgetary responsibilities for funding the government, that is not a solution for veterans or for our Nation. The budget request submitted by President Obama nearly 6 months ago is the result of an extensive, cooperative, synchronized effort across all departments and agencies to produce a budget request that coherently balanced priorities and risks.

Picking and choosing parts of government to fund would ignore two key drumbeats that I have tried to deliver over the past 4½ years. The first is that very little of what we work on in VA originates in VA. Much of that originates in another department. And then, second, VA's care for veterans, and by that I mean health care, education, employment, insurance, housing for both the homeowner and the homeless, does not occur without significant coordination with DoD, with Housing and Urban Development, HHS, Social Security, Treasury, Education, Labor, the IRS, Small Business Administration. And frankly, it is this collaboration amongst and across the government that allows us to be effective.

And I would add to that, we have a fourth mission, I think as the Chairman recalls. Besides our three administrations, we have a fourth mission in the event of emergency, national disaster, humanitarian requirements, that I must make available our capabili-

ties where they are needed. So we work with FEMA and DHS. Homeland Security is also part of our day-to-day responsibilities. These are not insignificant connections for this department. Without them, we are less effective in serving veterans, our servicemembers, their families, and our survivors.

And so, these are the facts that I present, Mr. Chairman. At a critical time for veterans, everyone at VA, as you said, should be focusing on how best to accomplish their missions. And so I ask the Committee, and the rest of Congress, to help us by resolving this fiscal impasse now, so that VA and our Federal partners, on whom we have to rely to do our work, can get back to work full-time, fulfilling President Lincoln's call to care for those who have borne the battle.

Thank you, Mr. Chairman.

[THE PREPARED STATEMENT OF ERIC K. SHINSEKI APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Secretary.

You and I both know that regular order is not the mode that we are in today. But regular order in fact requires a piecemeal approach of 12 appropriation bills. One hundred and twenty-six-plus days ago this House, on a bipartisan basis, passed a VA/military construction bill that fully funded, not just partially funded on a short-term basis, which is what folks are asking for now, but fully funded VA. Yet that bill languishes over in the Senate.

To my colleagues who may not recall, because it has been so long that we sent that bill over to the Senate, there is very little difference, maybe a quarter of a percent difference between the two bills on VA spending. It could very easily be brought forward, and this would be off the table.

And so my question is and statement is, in years past, House and Senate, regardless of parties, and the White House have always come together and tried to find a way to prioritize how money would be spent, who would be at the top of the list as we started to shut the government down and run out of money. And today, we don't have that. Even back in the shutdown of 1995, there was a prioritization, and DoD and veterans were taken off the table, which they are not right now.

So my question, Mr. Secretary is, don't you think VA benefits certainly should get the same priority or prioritization today as it has in other shutdown situations?

Secretary SHINSEKI. I missed the last piece of your question, Mr. Chairman.

The CHAIRMAN. Just basically, in years past, we have in fact prioritized spending needs. DoD and VA has always been basically taken off the table. And my question is, what is different this time? And don't you think veterans' benefits in fact should be prioritized at a higher level than others within our Federal Government?

Secretary SHINSEKI. Mr. Chairman, I would just tell you this department has benefited from the leadership of the President and the leadership and support of the Congress. If you look at what has transpired over the last 4 years to our budgets, I think we can all be proud of what we have done to take care of veterans. And I will always tell you that that is a top priority with me.

But I do understand there is a budget request presented to the Congress, there is a process that you referred to that requires the passage of a budget. And within that, the individual departments are then provided guidance on what their budgets will be. I am not sure where the Congress is in that process, but I would ask the Congress to provide us a budget so that not only this department, but our partners in government, on whom we rely to do our mission well, can get on with business.

The CHAIRMAN. I think it is important to discuss the differences between a budget and an appropriation, because it has been conflated in the national media that because a budget hasn't been passed, we can't appropriate money. In fact, we have done it for a number of years now because we haven't been able to come to an agreement on a budget.

We did pass in this House over 126 days ago now, by a large bipartisan measure, and I would hope you would know, or have some type of an idea of why the Senate is holding that so tight, has chosen not to move that legislation forward. We passed four different full appropriation bills. And I am hoping that maybe you can help me understand why the Senate continues not to act on the full, not a piecemeal, partial bill, but a whole funding bill.

Secretary SHINSEKI. Mr. Chairman, I appreciate your confidence in my ability to sort through this for the Congress. I would just claim to be just an average guy trying to do a job here.

But here is what I am facing: I didn't know there was going to be a shutdown; I had no idea that this was intended to happen; And so the month of September is for me the end of a fiscal year. What usually happens is, I am trying to get people to tell me how they have finished what I have instructed them to do throughout the year with the funds that the Congress has provided, generously provided, and then anticipate that I will have a budget on 1 October in which to understand how to make that transition.

Because these transitions in the past have been difficult. Congress authorizes a carryover opportunity, but it limits what I can carry over. And so in one administration, it may be as low as 4 percent, in another, it may go as high as 10 percent. But these are limitations. I need to understand what we are doing to close out properly, so I know what our carryover is going to be, so that I can understand that we are meeting Congress' intent, and then expecting that I am going to have a budget in which to dovetail these activities into.

It usually takes me about 10 days at the end of a fiscal year to be able to bring this to order. So about today, is when I would have these factors coming together, and, in fact, this week would have been the week that I would have my fiscal year 2014 execution meetings with the various accounts. I would just tell you these factors are coming together daily, and there are adjustments here in how much money is available, and the burn rate at which those funds will last. And so, we are doing the best we can.

Two things we are doing here—we are trying to keep our operations going for as long as possible, where we are allowed by exception under the law, to take care of as many veterans as we can for as long as possible. The other thing I have to do, is make sure I am taking care of our employees so that I am not telling people

that they are going to be furloughed, when in fact they aren't going to be. So there is a period of time here not to be alarmist. But at an appropriate moment, when we know we are not going to have a budget and we are going to have to take other steps, that we will inform our employees that they are going to be furloughed. The ones that have been furloughed, we have gone through this process.

But it is not just telling them you are furloughed, close the door, and leave. We are going to get a budget here at some point, Mr. Chairman. And what I want our offices to be able to do is come back and, as soon as capable, be up and running at full speed. And that requires us to close out in an orderly function. If I would, you know, forgive me, I will fall back to my own military experience. At the end of a day, I want everyone in a fighting position to organize for whatever might happen that night. Grenades in one location, rifles oriented in the right direction, left and right aiming stakes, ammunition, water, and be prepared. I want us to be in the same position, that, when we have a budget, people go back to work, and we are up at full speed, so we are taking care of veterans as quickly as we can. I don't want to spend 30 days trying to figure out how we get back to that point.

The CHAIRMAN. Thank you, Mr. Secretary.

Mr. Michaud.

Mr. MICHAUD. Thank you, Mr. Secretary. And I can understand why you can't predict what the Senate will do, or the House, as far as that goes. But as I mentioned in my opening statement, there are two areas we can solve this. One, the Senate can pass the full appropriation bill that we passed about 4 months ago to fund all of VA. Or the House can pass the clean Senate CR that will get us—unfortunately it is still a CR—but it will still move us beyond this particular point. And I understand that even with the full MILCON/VA appropriation bill, there are still services that veterans will not be able to receive because other parts of the Federal Government are not up and operating because of the shutdown. And I totally understand that. But it is my hope that the bulk of the VA could be taken care of.

My question to you, Mr. Secretary, you had mentioned trying to get the staff back up and running once the shutdown is done. If, say, today that Congress and the President was able to get our act together, how long will it take the VA to get up and running full steam ahead? And when will you be able to assess some of the damages, particularly as it relates to the backlog, that it will take to try to get back on track again?

Secretary SHINSEKI. I would say, Congressman, at this point, in some sections, hours, to days in others, other sections. But the longer we go, then the startup will just take longer.

The fact is, I have indicated that 1 November, I will not be able to pay all these beneficiaries who are expecting those checks. I need the authorization, appropriations, and a budget to be able to do that. And I don't do that independently. In order to make those claims decisions, I link into IRS and Social Security, with the Department of Education, Small Business.

So I would say that what is best for veterans, and for all of us right now, is a budget for the entire Federal Government. Let us

get back to work. The sooner we do it, the faster I get back up to full speed.

Mr. MICHAUD. We did, a couple years ago, passed advanced appropriations for the department of VHA. Are there some components of that, even though they have advanced appropriation, that you are not able to do because of IT or some other components of the VA that would actually hinder VHA in providing the services that they need?

Secretary SHINSEKI. Well, we have had these discussions in the past, Congressman. And you know that we are a little bit bifurcated here. We get the generosity of the Congress advanced appropriations for our Health Administration, so they are fully funded on 1 October.

So the question how much of an impact? You know, 80 percent of VA is functioning because our hospitals are open, our community-based outpatient clinics are seeing patients, as are our vet centers and our mobile clinics. And so that will continue, and the impact to them is negligible.

Where we get a little bifurcated is where we have authorization to do something with a facility and then we have to wait for our IT budget to clear, and then we marry the two up. It is something we have worked in the past. Are there easier ways to handle this? I think down the road perhaps worthy of discussion. But for right now, that would not be able to turn on checks on 1 November, and that is my great concern here.

And I don't want to be alarmist, but I want to speak for the veterans who are looking in on this. Not only do we have a large number of beneficiaries that are looking for those checks, I have veterans myself that I employ, a third, over 100,000 veterans. A number of them are going to be subject to furlough. And so, if they are furloughed and they are also recipients of disability checks, their resources go to zero. And then, I have the responsibility of trying to figure out how to keep them from becoming homeless. And HUD plays in that game. So this is a much larger challenge for us.

Mr. MICHAUD. Thank you very much. I yield back.

The CHAIRMAN. Mr. Denham.

Mr. DENHAM. Thank you, Mr. Chairman.

Mr. Secretary, as the Chairman outlined in his opening statement, recently the House passed the Honoring Our Promise to America's Veterans Act that, if signed into law, would provide immediate funding for critical veterans benefits and services, including disability claims, education, training, many of the items you discussed in your testimony. But you also made an important point when you stated that many services veterans rely on are not housed directly within VA, like the vets employment programs, the Small Business Administration loans are two of those examples you cite in your testimony. Could you expand on other types of these programs that would be outside of that bill that we passed that is now sitting in the Senate?

Secretary SHINSEKI. You mean other departments that are impacted by this?

Mr. DENHAM. Impact our veterans that are outside of the VA bill.

Secretary SHINSEKI. Sure. Our claims processing requires, by law, our responsibility to check with the IRS for income data, with

Social Security for other benefits. And so that is part of the process that we go through in completing our claims.

Mr. DENHAM. Are you saying then that even if the Senate passed the VA bill and the Senate were willing to sign that VA funding bill, that there would still be some challenges because of the interactivity with the IRS and their furloughs?

Secretary SHINSEKI. Exactly. It depends on the issue, Congressman. It could have greater impact than on others. But the impact is there. Education. Whether it is 9/11 GI Bill, Montgomery GI Bill, vocational rehabilitation and employment, there are ties that go to the Department of Education. So we are not an independent operator here. Employment, veterans employment, a high priority for us and for all of you. Department of Labor plays in that. And as you indicated, Small Business Administration does play as well.

Mr. DENHAM. Thank you. And second question, you and I have talked several times about French Camp, a facility that borders mine and Congressman McNerney's district, affecting all of our veterans. The ongoing construction projects. Can you outline what a protracted or a long delay in funding, or a long—a long delay in funding would affect both our ongoing construction projects, the staff at the VA Office of Construction and Facilities Management, or the planning for future VA construction projects?

Secretary SHINSEKI. Congressman, if I might, I will get back to you with specifics on French Camp. It is just a little more detail than I had time to brush up on. But let me just say that in the office that overwatches construction, they also have acquisition, logistics, and construction. So depending on which of those topics, they are variously affected by the shutdown.

In the case of construction, for those construction activities that are underway, those will continue. Our oversight responsibilities will be reduced. But we will continue to provide oversight as best we can, ensuring that the requirements of the contract are met. Here I am talking about 52 projects and about \$12 billion of construction. And the major projects will continue.

Design, on the other hand, about 20 projects may be delayed, and may be significantly delayed depending on how long this process goes. And so your question about French Camp, I just need to find out exactly where we are in this process.

Other aspects of this, major leasing actions, about 33 projects liable to be delayed. And here, examples would be the Greenville, North Carolina, outpatient clinic, South Bend, Indiana, community-based outpatient clinic. Butler, Pennsylvania, HCC. And so, you know, I would like to see these uninterrupted, but there will be some delays here. And the significance will be determined by how long the shutdown continues.

Mr. DENHAM. Thank you, Mr. Secretary.
I yield back.

The CHAIRMAN. Thank you.

Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chair.

And thank you, Mr. Secretary, for being here with us today. And I certainly agree with your remarks on the importance of passing a complete and clean continuing resolution that will provide the

certainty, I think Americans are looking for in their government, and their leaders.

As you know, last week the House passed H.J. Resolution 72, which was an attempt, I think, to provide some funding for our Nation's veterans in the middle of this debate that we are having. I think that particular bill still underfunded a lot of different areas. And I wanted you, if you could, to just sort of speak to those.

You have already mentioned, I think, a couple. But if you could comment a little bit more specifically around, let's say, the medical and prosthetic budget that I don't believe was funded in that resolution. You have mentioned something, I think a little on the technology piece. The Office of the Inspector General. The grants to VA homes, grants to State cemeteries and the like. If you could comment a little bit more specifically about the impacts there.

Secretary SHINSEKI. Sure. As I indicated earlier, with advanced appropriations for our health care administration, a large portion of VA is fully funded. I would say well over 70, approximately 80 percent, is funded. And those activities continue. There are pieces of our medical activities that don't come under advanced appropriations. And so, you have cited a couple. Research is another area. And so those activities would stop until we had a full budget.

Ms. BROWNLEY. Thank you. And just to follow up on an area I don't think we have spoken too much about so far, having to do with the GI bill, and what that will mean to veterans who are enrolled in colleges and universities across the country, does that mean that they can't continue, they need to drop out? How are we going to handle that?

Secretary SHINSEKI. So what I would say here is two accounts I am dealing with. One is the carryover appropriations of money that were not expended in 2013. This carryover in the Benefits Administration, I think roughly \$40 million, was used to keep that office open as long as possible to take care of all the various categories of claims: education among them, disability, pension, compensation, vocational rehab and education claims.

That money, that was exhausted on 7 October. So on the 8th, we furloughed over 7,800 of the workforce in the Benefits Administration. We still have about 13,000 people working, because we have under the law declared them excepted, and they are excepted because in the other account, the mandatory funding account, which currently has money in it, that will end before the end of the month. And so we have these folks processing claims. And where it is appropriate to make a decision today and pay today, retroactive claims, for example, to pay that back pay, if you will, we are doing that.

But every payment we make reduces the amount of mandatory funds, and before the end of the month, this account will be exhausted. At that point, these 13,000 or so people who are doing this will have no reason to continue to function because the necessary implication clause that allows them to work will be exceeded when the mandatory account is exhausted. And at that point, they will be furloughed, and our Veterans Benefits Administration will be reduced to, you know, something over a thousand, maybe less than 1,500 folks, who will continue to operate in our 56 regional offices and our call center.

And the reason for that is, every veteran who submits a claim, we are required to accept it, date stamp it, so there is a place in line for them to be recognized when funding is restored. For education claims, students who are currently in school, and as those come up, we will pay those like we do the retroactive claims. But at some point, that is a draw on the mandatory account, and that will end before the end of this month. And I will be required to furlough a large portion of that 13,000 workforce.

Ms. BROWNLEY. Thank you, sir. And again, I appreciate you being here.

I yield back.

The CHAIRMAN. Thank you, Ms. Brownley.

Mr. Runyan, you are recognized.

Mr. RUNYAN. Thank you, Mr. Chairman.

Secretary, thanks again for your testimony. You kind of answered a couple of my questions over there. But what is the last day of this calendar month that you can process all award payments for timely receipt on the first of the month?

Secretary SHINSEKI. It is again. It will be later this month, towards the end of the month. You know, the exact day is going to be determined by, pardon the term, the burn rate here. And once the mandatory account is no longer solvent, then we will stop.

But we are processing claims as fast and as hard as we can, as we were before 1 October, to ensure that we get as many of those claims ready to be paid as soon as the budget is provided. And that is the description I give our folks about setting up your fighting position. When the budget is provided, we go to work and we start, you know, paying benefits.

Mr. RUNYAN. Has there been any discussion within your department and/or your staff on prioritization of claims, i.e. fully disabled, that type of thing, as you get near that deadline come the first of the month?

Secretary SHINSEKI. Well, there are a good portion, I would say over 400,000, 100 percent disabled veterans who will be affected by our inability to deliver checks on 1 November. Five million beneficiaries, over 5 million, 5.18 million, I think is a closer number. But there are a good portion of them, as I indicated, who are 100 percent disabled. And amongst them there will be survivors, surviving spouses, children orphaned by the death of their servicemember or veteran parent.

Mr. RUNYAN. But there has been no discussion of priority there? You are just doing it as they go through the process?

Secretary SHINSEKI. Well, we are operating at, while we have the funds to operate, we do prioritize in our processing of claims for financially challenged veterans or claimants, Medal of Honor recipients, former prisoners of war, terminally ill. And then we add to that fully developed claims, because they are easier to process.

But in the processing business, that is where we give priority. And then we work the remainder of the claims. And I would say in September, we produced the biggest production output since I have been here, 128,000 claims. But once it goes into the payment process, Congressman, then there is a sequence that goes along with how they have been put in line.

Mr. RUNYAN. Going to the—hopefully when we get out of this mess—obviously chairing the DAMA Subcommittee here, dealing with the claims is a project. Can you provide information on VBA's funding and the future plans for use of mandatory overtime to address the backlog? Mandatory use in the future to impact the backlog.

Secretary SHINSEKI. Mandatory overtime?

Mr. RUNYAN. Yeah.

Secretary SHINSEKI. We use mandatory overtime. It is a device that has been used over the last several years when we see an opportunity, and we want to get more production because for some reason, we have gotten a little behind. And so in May, we declared we were going to do this until the end of the year.

Our 2014 budget has \$50 million in it for overtime, and that is essentially what I was counting on, on 1 October, to be able to transition to that. So we do have a plan. We do need that piece of the budget recognized so we can resume our overtime option.

Part of what we, as we began to close out the year, before we knew that a shutdown was going to occur, and as we were trying to assess how much carryover we were going to have, we thought we were going to be able to carry over \$40 million to apply, to add to the \$50 million that is in the budget, to give us a good run at the year of additional overtime, so the numbers would be up there, closer to \$100 million, \$90 million or so. That \$40 million was used to keep our operation going for as long as possible, to get as many claims lined up before the end of the month.

Mr. RUNYAN. I thank you for that. Because we had a hearing about some difficulty with Legislative Affairs a couple weeks back, and have had issues with getting an answer like that from them. So I appreciate that.

Yield back.

The CHAIRMAN. Thank you, Mr. Runyan.

Ms. Kirkpatrick, you are recognized for 5 minutes.

Mrs. KIRKPATRICK. Thank you, Mr. Secretary.

One of the important projects that the VA has been working on is the transition to a paperless system for claims benefit processing. And yet in your written testimony, you say on Monday, 2,764 OIT employees were furloughed. And then the 7,800 VBA employees furloughed yesterday.

Would you describe for me and for our Committee what impact those furloughs are going to have on that transition to the paperless system? Right now, give us a snapshot right now this week, and then what it looks like if this shutdown continues into November.

Secretary SHINSEKI. Very important question. Congresswoman, as you know, we have set a long-term goal of ending the backlog in 2015. Key to that has been the automated system we have put into place, and we finished fielding that 6 months ahead of schedule, in June. That is fielding the sort of, the basic model. And much like any IT operation, you have newer versions that add capability, give you more robustness, and then reduce the workload.

So all of those plans that have been in place, we have had to put a hold on. There is no new development work being done for VBMS. And there is much to be done if we are going to get this

up to where we expected we would have it, to be able to hold our target of ending the backlog in 2015. I haven't given up on that. I am hoping that we will have an opportunity here to get back on track. But the longer we go, the more difficult that becomes.

What I would like to assure you, though, is that I am allowed by the rules to maintain what we have. I can't add, I can't make it better, I can't increase capability. But I can and will maintain the operation. So if computers are having problems, I have sufficient workforce to be able to bring them back online.

Mrs. KIRKPATRICK. But basically, what you are saying is any progress in that project has come to a screeching halt.

Secretary SHINSEKI. That is correct.

Mrs. KIRKPATRICK. And let me just ask you, Secretary, you are a general with an outstanding, distinguished combat record. And, you know, Congress voted to pay Federal employees when the shut-down ends. So they are going to be paid. Does it make any sense to you to not allow them to work?

Secretary SHINSEKI. I can't think of any. And they are ready to work. I would just refer to the folks in the Benefits Administration who have brought this backlog down, 193,000 claims in about 190 days. Lots of folks wondered whether we were going to be able to do it. VBMS will be important to that effort, but VBMS is just coming online. So all of this work was done by good folks in the benefits administration. I would speak for them. They are disappointed that the ground they gained is being lost day by day.

Mrs. KIRKPATRICK. I just want to thank you for your leadership under the department, and thank your employees for their good hard work. Thank you.

And I yield back.

The CHAIRMAN. Thank you very much. I would like to remind my colleague that only the House has passed a bill that would allow for furloughed workers to be paid. The Senate continues to hold fast in not helping us resolve this particular situation.

Dr. Benishek.

Mr. BENISHEK. Thank you, Mr. Chairman.

And thank you, Mr. Secretary, for being here today.

I, like all of my colleagues, would like to see this shutdown put behind us as soon as possible, and frankly, wish that the appropriation process went on in regular order, that we would have passed the appropriate appropriations for all of the segments of our government. I am happy that the House has passed the military construction and VA bill in a bipartisan fashion, and hope that the Senate acts on that. And frankly, I think that the entire government should be funded in that usual fashion, that this policy of continuing resolution is just a bad policy. But nevertheless, you know, I understand that we have to get something done.

I had a couple of questions about the communication between the VA and the Committee here. As I understand it, and correct me if I am wrong, is that apparently the department issued a notice in late September that 95 percent of VA employees would be either fully funded or exempted from furloughs. Now, is that incorrect?

Secretary SHINSEKI. I would ask for the opportunity to go and retrieve whatever this announcement you are referring to. But I would say that if you look at VA as a whole, 90 percent of us are

in VHA, and they are fully funded. And so as of 1 October, our hospitals are seeing patients, community-based outpatient clinics are operating. So if this is the 95 percent that is being referred to, I would say I can understand why that information was provided.

But again, Congressman, trying to close out 2013 and understanding what kind of resource capability we are going to have, expecting that we are going to have a budget on 1 October, knowing that VHA had a budget because it was passed last year through the advanced appropriations provision that you all have provided. So I think the 95 percent here is referring to VHA because of advanced appropriations.

Mr. BENISHEK. Yeah, okay. And, frankly, I tend to agree with you on the advanced funding issue. Frankly, I don't see why we don't have 2-year budgeting for everything. You know, it would allow us more time to get the appropriations done. But the President on September 30 indicated that some PTSD counseling would be affected by the shutdown. Is that true?

Secretary SHINSEKI. I would say we are open for business at VA. And I believe, as I have said, we have ties to other departments. The IHS and HHS, the Indian Health Service, we have veterans being served there who, if those operations are not funded, are not being seen for any variety of requirements, PTSD being one.

Mr. BENISHEK. All right.

Secretary SHINSEKI. Alaskan natives who are veterans that we provide services to through either the consortium there or through IHS are probably not being seen. And that is why I say, we can focus on VA as long as we understand that there is a broader group.

Mr. BENISHEK. Right. And understand that the cooperation with other departments is going to be hindered by this situation. There is no medical centers being shut down, though, right? All the CBOCs are going to be open. That is correct. Is that right?

Secretary SHINSEKI. There is one that is affected, and that is the North Chicago Lovell Health Care Center. It is a joint initiative between the United States Navy and VA. It operates off a joint account in which we each contribute dollars. So that is affected.

Mr. BENISHEK. Why is that being affected? I thought we funded, the President signed a bill that funded the military.

Secretary SHINSEKI. The authorization to continue to fund that is the issue. However, we have excepted all of the civilian staff, excepted meaning that they will continue to work, continue to see servicemembers and veterans and families. And then, we will look for an opportunity then to make right their compensation.

Mr. BENISHEK. Okay. Well, I know I would really like to get this behind us. And I take this opportunity to urge my Senate colleagues to come to the table and let's get this figured out. So thank you very much.

I am out of time.

Secretary SHINSEKI. Thank you.

The CHAIRMAN. Thank you, Dr. Benishek.

Ms. Kuster, you are recognized for 5 minutes.

Ms. KUSTER. Thank you very much.

And thank you, Secretary Shinseki, for being with us today.

My question has to do with the vet centers and the services that in my district in New Hampshire are particularly valuable, the counseling, the group therapy, and just having a place to go. And I am just wondering where this falls in the shutdown.

Secretary SHINSEKI. All 300 vet centers will continue to operate. They are covered under the Health Administration's appropriation. So they are funded for the year.

Ms. KUSTER. Okay. Thank you.

And then my next question has to do with the November 1st payments. Could you give us a more accurate sense here? I mean we very much want a clean continuing resolution to get the country back to work, get the government back to work. But each day that goes by seems to be critical in this. I would imagine with the number of checks that go out there is a process and a procedure that takes a period of time. Could you give us a sense—you have talked about the end of the month—could you give us a sense of the number of days that a delay in reopening the government would cause a delay in those payments being received after the 1st of November?

Secretary SHINSEKI. Sure. The mandatory account, it is the account against which I am writing checks, so to speak, processing claims and having them ready to be executed, but as that account has demands written against it, it is exhausted at some point before the end of the month. And the reason I can't be more specific is the rate at which I am able to do this.

But before the end of the month, the mandatory account will not support payments in November, even though I have checks, you know, lined up to draw against it. I think I indicated \$6.25 billion of requirements, and I will be down to about \$2 billion. And if I can't pay it all, it stops.

And so on 1 November, right now, unless I can provide mandatory funding to make the account solvent again, 1 November, I will not be sending checks out.

Ms. KUSTER. And could you give us a sense of the scope of that, the types of people whose lives will be irreparably harmed and sort of the categories and the numbers of that devastation?

Secretary SHINSEKI. I think I gave sort of a rough population here of 5.18 million beneficiaries. And these are compensation payments, these are pension payments, these are education payments, and vocational rehabilitation and employment payments as well. And within this category are veterans. There are also servicemembers, because we have active duty members who participate in some of our programs. We have surviving spouses and children who have lost parents.

Ms. KUSTER. And I know you can't speculate as to people's lives, but would you say that these are people that generally don't have a lot of savings to fall back on, that missing this type of disability check or this type of compensation check could really set them back?

Secretary SHINSEKI. Our eligibility for VA benefits is usually income-based. And so, I would say that a large portion of the beneficiaries we service are lower waged and are in need of our help. There will be those who, by virtue of the severity of their combat

injuries, will qualify because of that. But by and large, our patient population is older, sicker, and in need of support.

Ms. KUSTER. Thank you, Mr. Secretary.

And I yield back my time.

I hope that—I appreciate you coming today, and I hope that your testimony will cause all of us to redouble our efforts to get the government back to work. Thank you for your service.

The CHAIRMAN. Mr. Secretary, did I hear you say that disability is income-based, or—

Secretary SHINSEKI. No, I said there are some, because by virtue of the severity of their disabilities, come in at a higher category here—

The CHAIRMAN. So people—

Secretary SHINSEKI.—but in the broad categories.

The CHAIRMAN. So people with shaving bumps, or sleep apnea, or hemorrhoids, or all of those disabilities that are out there today, that is—they get that regardless of the income, correct?

Secretary SHINSEKI. Well, Mr. Chairman, you are getting into some detail here that I will probably want to give you a better answer for.

The CHAIRMAN. Okay.

Secretary SHINSEKI. I would just tell you that I will do my best to answer your questions on some of those issues, but 1 November, no mandatory account, 5.18 million beneficiaries do not receive checks. And in response to the Congresswoman's question, a large portion of them are compensation—or beneficiary checks are crucial to their being able to have order in their lives.

The CHAIRMAN. Mr. Huelskamp.

Mr. HUELSKAMP. Thank you, Mr. Chairman, I appreciate the opportunity.

And I really find this a difficult question to ask you, Mr. Shinseki, given the discussion we have had, but do you think Senator Reid doesn't like our veterans or the VA in particular?

Mr. WALZ. Mr. Chairman—

Mr. HUELSKAMP. It is a tough question. The reason I ask that, Mr. Secretary, is that, as the Chairman has indicated, 127 days ago, the U.S. House passed the appropriations; 105 days ago, the Appropriations Committee actually sent it to the floor of the U.S. Senate; and for 105 days now, Senator Harry Reid has refused to bring the appropriations to a vote in the U.S. Senate. Have you visited with the Senator and asked him, could you please, Mr. Reid, bring that to a vote in the U.S. Senate?

Secretary SHINSEKI. Mr. Huelskamp, I am happy to answer the question about Senator Reid. Personally, I think he very highly values veterans.

As to why we are unable, Congress is unable to do its business, I will leave to the Members to discuss.

Mr. HUELSKAMP. Okay. Well, and I appreciate that, and you mentioned Congress, but it is an issue in the U.S. Senate.

And have you visited with the Senator, to see if the appropriations are—I know have been disappointed in the House, that 4 out of 12 appropriations bill is all we passed through the U.S. House, and that includes your budget. That means 8 out of 12 have not

passed here, but 12 out of 12 have not passed in the U.S. Senate, and that has been the case now since 2009.

Is there any indication in your visits with the Senator that they would consider at least passing your appropriations, Mr. Shinseki, and I appreciate the work you have done to continue to meet the needs of our veterans in this shutdown period.

Secretary SHINSEKI. To your specific question, have I visited Senator Reid over this, I would answer I have not.

Mr. HUELSKAMP. Okay.

Secretary SHINSEKI. That is not something that I would ordinarily do. I deal with this Committee and with the appropriate Committee in the Senate when it comes to my budget, and that is where the work is done.

Mr. HUELSKAMP. And I haven't compared the budget that came out of the Senate Appropriations Committee compared to what came through the House by a pretty wide margin, and hopefully, it would meet your needs. I would encourage, perhaps, that conversation to take place.

I would ask you specifically about cemeteries. Are all of your cemeteries still open for business, and would they be impacted in late October, like you have indicated for other programs?

Secretary SHINSEKI. Congressman, that is a great question. I will tell you that our operations will continue. At some point here in the next days to weeks, we will expend our carryover moneys for NCA, and we will be furloughing a good portion of the force.

However, our cemeteries will go into a modified burial schedule, which means, we will continue taking care of families and burying our honored, but it won't be at the rate that we had planned or would like.

Our cemeteries will be open for our normal hours, which is sunrise to sunset. You may see some of our maintenance standards go a bit because we won't be able to maintain the high standards we would like to have, but that is all retrievable once we have a budget.

But the focus here is on taking care of families on a most painful day for them and making sure that they feel that their veteran is respected and has been accorded a dignified burial.

Mr. HUELSKAMP. Thank you, Mr. Secretary.

I appreciate that assurance, and your current work to make sure that is available for our veterans and, obviously, their families as well. I mean, you have seen the images of other Federal places and locations that have been barricaded to our veterans, but I want to make certain we keep the cemeteries open, and I appreciate your work in doing that and making certain that does occur.

And I yield back my time, Mr. Chairman.

The CHAIRMAN. Thank you.

And I think it does go without saying that we all care about the veterans of this country, and what we do have is a failure to communicate, negotiate. And there has been a breakdown in the institutional process of how appropriation bills are in fact passed through both Houses of Congress.

If I am not mistaken, I think the VA MilCon bill that has been passed out of the House only had four dissenting votes. So suffice it to say that it was an extremely bipartisan piece of legislation.

Mr. Walz, you are recognized.

Mr. WALZ. Well, thank you, Mr. Chairman.

I would like to echo that.

I would like to give the gentleman 30 seconds to apologize to Senator Reid if he would like to do that. That is beneath this Congress and certainly beneath this Committee on questioning someone's commitment to veterans.

We may have differences on policy and ideology. We certainly don't have differences on love of this country. So I would give my 30 seconds to the gentleman if he wishes to claim it.

Mr. HUELSKAMP. Thank you, Mr. Walz, and I was asking the question, given that it is very clear, as the Chairman has indicated, that Senator Reid controls the calendar and has the opportunity to move that bill to the floor. And since this shutdown has occurred, unless there was some recorded votes yesterday, we have had 7 days in which there has been not a single—

Mr. WALZ. I reclaim my time.

I am disappointed, to say the least.

I hope that goes on record. One of the things I would say about this, is this Committee, and I am incredibly proud to serve on it, is one of the few places that still works in Congress. The collaboration in here is incredible. The work that is done down to the granular level by Subcommittees actually have power, and that is a testament to you, Mr. Chairman, that you give that power to people.

And I sat in this very chair arguing and making the case for advanced appropriations on VHA with my colleagues, and we did that. That was progress. We have sat here and made progress.

You know, Mr. Secretary, the work you have done, I am incredibly proud of it, and I have said it time and time again. I am your staunchest supporter but your harshest critic. When you get it wrong and something happens in Pittsburgh, we bring it up here, and we discuss it, and we figure out how to make it better. And the conscience that sits behind you representing millions of veterans expects that of us. And it still works and what is so disappointing about this is, and what is so disappointing when we get into this, we are wasting valuable time and resources by a self-inflicted wound that should be going toward our veterans. And it is so frustrating.

And what happens, and I appreciate my colleagues on this, but here is what happens: It starts to be cancerous into this Committee. Last week, when the bill came up on the veterans to try and do them in the CR and to try and make the case, be very clear about this, you are trying to find ways, and I respect that, but in that bill, and Mr. Runyan was out in Preston and held a field hearing and made a great case for a veterans' cemetery that has been needed for decades in southern Minnesota.

There is a grant process that you administered, Mr. Secretary, that ranked us number one. Three weeks ago, we got that notice, and there was a thank you from thousands, 56,000 veterans in southern Minnesota and northern Iowa, that were going to get that.

Last week's bill zeroed that out.

Now, I know you didn't do that on purpose, to stick it in the eye of my veterans, but I can't support that. But within 180 seconds

of my vote, the campaign committee, on the Republican side, sent out an attack that I don't support veterans by not doing that. There is lots of reasons to tell people not to vote for me. Not supporting veterans isn't one of them. We worked as partners to get that right. And that is where we get the point where people's disgust, people's anger, people's frustration, we can come together.

And the continuous going back and forth, the continuous question, I don't question a single person's commitment to our veterans, or love of their country. I think you are wrong on some of the policies. This is the place to debate that; not a Martial Law rule that goes to the floor with no amendments, so the campaign committees can send out an attack ad and try and win an election while veterans are sitting at home saying, Why do I hate Congress? Do I need to see any more proof?

So, Mr. Secretary, I am frustrated you are here. I appreciate you trying to go at this. I understand where some of the questions are going, that this wouldn't be just so bad if you just prioritized differently and picked the stuff I like and not the other stuff, but the questions I was going to ask, you answered. Interagency collaboration is breaking down. That is incredibly important. It helps move forward. IT, and as it impacts electronic medical records that we fought together, for 7 years, I have been sitting here trying to get that right, that progress is going backwards. So I don't really have any questions for you.

I trust that you—and the thing I would say about this is, the comment that we shouldn't be talking about furloughs or whatever, the VA is an organization of people. Furloughs are the most critical issue in that. There is a reason that the VA health care is the best in the world. It is because of the people. And when those people have uncertainty, those people are laid off, those people are not there, it can impact. That is why we advance appropriated.

But you know it yourself; Mr. Runyan asked a beautiful question—I am in 100 percent agreement with him—not having the IT budget advance appropriated has a beautiful MRI machine unhooked in New Jersey that can't help patients in some cases, brought that up. That doesn't make any sense, and we should be today talking about that.

And I compliment and end with, the Chairman and the Ranking Member have approached this the right way. The fix to this, and the way to remove veterans, and we anticipated 3 years ago when we did advance appropriations, remove veterans from this fight. Don't allow people to grandstand and use them as pawns and continue to work to go forward. Their suggestion on the advanced appropriation on the full VA funding is the way to go.

And with that, I thank you and I yield back.

The CHAIRMAN. Thank you very much, Mr. Walz.

If I can ask the Committee's indulgence for just one second and recognize Ms. Kirkpatrick for an introduction.

Mrs. KIRKPATRICK. Thank you, Mr. Chairman.

I just wanted to welcome to the Committee Mr. and Mrs. Somers, who are in the back of the room. Their son, Daniel, an Arizona veteran committed suicide earlier this year. We are going to be doing a roundtable with them in this Committee room at 1:30, and so I just wanted to acknowledge their presence in Committee.

Welcome, and invite everybody to participate in the roundtable at 1:30.

I yield back.

The CHAIRMAN. Thank you very much, Ms. Kirkpatrick.

We welcome the Somers to the Committee room, and to Congress. We certainly add our condolences to you, and thank you for your son's service, and we are extremely sorry for your loss.

With that, Mr. Amodעי, you are recognized.

Mr. AMODEI. Thanks, Mr. Chairman.

Mr. Secretary, going back to the cemetery thing for just a second, under the heading of triage until something changes, do your present procedures allow, on a case-by-case basis, if there is private funding available, to go ahead and either compensate the VA personnel at cemeteries to perform burials in a timely manner? Is there anything that would prevent if somebody said, Listen, we want to pay the expense to go ahead and do this in the normal, instead of warehousing people? Is there an ability, is there anything that prohibits that from happening?

Secretary SHINSEKI. Congressman, I am not aware that there is anything that prohibits that. But again, we try to serve all the veterans that come to us in as equitable manner as we can, at least the appearance of equal treatment. And so just let me research that and come back to you.

What I will tell you is, we continue our burial operations, just at a rate less than we are accustomed to. Last year, 122,000 veterans were laid to rest.

Mr. AMODEI. Well, and I appreciate that.

I am just saying, if an instance develops somewhere in a country at a cemetery where somebody says, it is going to be a few weeks and they say, we will go ahead and incur the expense, or somebody comes forward and says, we will incur the expense to have it happen in 3 days from now, or something like that, it is not something—or I guess my question that you will get back to me on is, there is nothing that prohibits an infusion of funds from a non-appropriated private source to allow somebody to do that in whatever the customary manner is in the instance?

Secretary SHINSEKI. Congressman, my guess is, if it were permitted, I would be doing it now. My guess is that these are funded positions, and people have been put on furlough because of the law. And I want to be careful here that I don't suggest that we have ways to work around it. But I will take a look at it.

Mr. AMODEI. Well, and I appreciate it. When you look at it, make very certain it is at no cost to the government, so it is reimbursement for whatever the costs are, so if furloughed people have to be brought back at non-government expense, then there better be a pretty long opinion that says, no, we will not allow somebody to pay our folks to inter these people in the normal course of events, whatever that expense may be.

And with that, I will yield back. Thank you very much, Mr. Secretary.

Secretary SHINSEKI. May I just conclude this thought, Mr. Chairman?

The CHAIRMAN. Yes.

Secretary SHINSEKI. I would say that the law directed furlough, and it is less the cost, but it is the decision that drove us to do this, and I want to be sure that I am clear on the law before I answer you. It is less how much it costs. I think there is a requirement for me here to be in compliance.

Mr. AMODEI. Well, then, if I may, Mr. Chairman to that, I think there is also a requirement for you to look at the overall mission, which is bigger than the law. So when you look at those laws, I get the furlough. I just want to make sure that everything in VA is looked at, so that those trying to be interred in a cemetery get the full benefit of all of the laws before the little situation that we are in now. Thank you.

Secretary SHINSEKI. I am happy to do that.

The CHAIRMAN. And Mr. Secretary, I know we are still in a very fluid situation, but we reached out and asked, you know, we were talking about PTS and Indian Health Service and whether or not they could get their health provided there. The IHS document we have says that employees at the Indian Health Service will provide direct health service to tribal citizens, and will largely be unaffected by the shutdown, and that they would continue to provide direct clinical health care services as well as referrals for contract services that cannot be provided through their clinics.

So, you know, again, we are just somewhat confused as to the comment that was made in regard to post-traumatic stress, which I think everybody on this Committee is very concerned with. And I get it. Your statement that you came in here with today, paints the worst possible picture that is out there. But in your statement, it does not talk about the hundreds of thousands of VA employees that are still working and the health care that is provided. So we just want to be honest with the questions and the comments that are provided. I am not saying that you were not. I am just saying that there was an inference earlier on that veterans with post-traumatic stress would not, in fact, get their treatment and we are finding that there appears to be no corner anywhere in which they will not have that treatment provided to them.

Mr. O'Rourke, you are recognized for 5 minutes.

Mr. O'ROURKE. Thank you, Mr. Chairman.

Mr. Secretary, thank you for the presentation and your answer and responses to our questions and statements so far. I think they have been helpful.

I wanted to add to a comment you made about the VA and veterans being dependent on other Federal departments and agencies that may or may not be funded in a piecemeal mini-continuing resolution approach. I want to note that there are nearly 600,000 veterans who work for the Federal Government and that constitutes nearly 30 percent of the entire Federal workforce. So these men and women who have served our country, who are being furloughed or who are working without a clear idea of when they are being paid, are being hurt regardless of what we are able to do when it comes to funding the VA and the different agencies and departments within the VA.

That is especially important to me as a Representative for El Paso, Texas, where we have the fifth highest concentration of Federal employees of any community in the country; 43,000 people

that I represent work for the Federal Government. And you know, if that 27 percent holds true, well over 10,000 of them are veterans who are being affected by this current shutdown. So I think it adds to the point that you made that we cannot afford to look at this on a piecemeal basis.

And when I look at the options to get out of this, I want to, in the spirit of cooperation, join my colleagues in urging the Senate and our Federal Government to move forward on advance funding for military construction and Veterans' Affairs. I think that is critical.

In the short term, I think our best option is what everyone refers to as a clean-funding bill or a clean CR, that funds all of your services and programs and personnel at a sustainable level. The piecemeal approach that we saw last week, and I appreciate those who wanted to address the issue that way, but it had zero dollars for medical and prosthetic research, no funding for the National Cemetery Administration, no money for general administration, information technology, at a point where we are trying to get veterans who want to file fully developed claims to do that online because when they do that, their wait time which is now 450 days in El Paso, comes down under 100 days.

And if we are not funding IT, we are not helping them to get the response that they need, and that they deserve, and that they have earned. Construction on major projects and minor projects is zeroed out, as are grants to state VA homes and VA cemeteries. That is why I support a clean funding bill, no strings attached. Let's fund the entire Federal Government, perhaps on a short-term basis, where we can work out some larger deal. That to me is the quickest, cleanest way to help everyone involved, especially our veterans. And I think that is why presidents and leaders of national veteran service organizations have come out against a piecemeal approach. They want to see us tackle this comprehensively. I know that is what you are trying to do, and I think that is what ultimately all of us want to do.

To add to those national VSOs, we reached out yesterday to our local VSOs, said I am going to have a chance to ask questions of the Secretary, would like to know what you want me to ask. And much of it you have already addressed.

Timothy Blodgett of the DAV, Post 165, says, "The VBA budget is just as important as the VHA budget," and I think we all agree with that and we want to see that that moves forward.

David Nevarez of the American GI Forum is concerned about an issue that you brought up: What happens if the shutdown persists and we have veterans who are now in homes who are homeless? Will you have the resources to take care of them?

Richard Britton, a vice commander of the American Legion talks about shutdown exacerbating problems that veterans already have.

David Garcia, commander of the DAV, Post 187, talks about veterans who are recipients of VA and Social Security benefits having a really hard time after November 1st.

And then Kay Davis, president of Veterans of Foreign Wars, actually came up with a solution. Her solution was term limits for Members of Congress if we are unable to figure this problem out.

But the frustration and the questions really are not with you. They are with us. And with the need to respond to this in a way that will get the government up and running, functioning again for all departments because veterans work in all of them, for all veteran services, because veterans are impacted by all of them, and again, from my perspective, the quickest, cleanest way to do this, and we could have the government up and running tonight, is to vote for a clean funding bill.

So, Mr. Secretary, again, thank you for your presence today, for answering our questions, and commenting on our statements. My time is up, so I will yield back to the Chairman, but thank you.

The CHAIRMAN. Thank you very much.

Mr. Coffman, you are recognized.

Mr. COFFMAN. Thank you, Mr. Secretary, and also thank the men and women that work—I like to thank the men and women that work for your department to take care of those who have made so many sacrifices in defense of our freedom.

My question goes to the four hospitals that are under construction by the VA. And VA contingency plan states that certain, quote, “major construction and facilities management support functions will be suspended,” unquote during the shutdown. What has been the status of the four ongoing major projects in Aurora, Las Vegas, Orlando, and New Orleans during the shutdown?

Secretary SHINSEKI. Congressman, I indicated that where we have work underway on site, that work will continue. Our administrative oversight responsibilities will be diminished, but we will exercise those responsibilities. Payments to contractors and therefore payments to the subs, an administrative process that will be slowed. But, in time, payment will be made. We just don’t have the folks to do that as robustly as we would like. But in terms of site work with supervision, that will continue in those locations you described.

Mr. COFFMAN. Mr. Secretary, as you know, the payment has already been—the process has already been very slow according to a GAO report that came out in April.

Secretary SHINSEKI. Yes.

Mr. COFFMAN. In terms of these setbacks that you talk about, will they affect, in your view, the completion date and the budget totals for each project for these four major hospitals?

Secretary SHINSEKI. Our work is slowed. The longer this goes, —I would be concerned that we begin to affect the end of the project, that we continue to slide project execution to the right.

Mr. COFFMAN. Thank you, Mr. Chairman.

I yield back.

The CHAIRMAN. Thank you very much.

Mr. Takano, you are recognized for 5 minutes.

Mr. TAKANO. Thank you, Mr. Chairman.

I wish to associate myself with the remarks with the gentleman from Texas, Mr. O’Rourke. I think he stated very clearly my sentiments about what needs to be done, a clean CR. I also want to thank the Chairman for the tone he set for this Committee, very bipartisan sentiments. I think you, Mr. Chairman, understand that each of us on this Committee, regardless of party, have a deep and sincere commitment to our Nation’s veterans.

So I thank you for that, Mr. Chairman.

Let me also state that, you know, beyond the bipartisan bill that we passed on MilCon veterans, even the Budget Control Act of 2011 reflects that bipartisan spirit and the fact that it exempted the Veterans Administration from sequestration cuts. And it is my belief that—it is my conjecture that what is happening in the Senate and the holdup with consideration of this bill has to do with the complexities of sequestration and the divisions that are occurring between our two sides. I mean, there is a reluctance to pass all of the appropriations bills until we see in toto what we are dealing with in terms of whether we are going to—how we are going to have to deal with that limit, whether we are going to lift it or some negotiation is going to happen over that.

We need to get to negotiations on the bigger picture. I cherish this Committee. I cherish being on it because it is one of—one corner of the Congress that is still functional. And I want to fight fiercely to keep that spirit, and I thank the Chairman for the small ways in this Committee that he has tried to keep that alive.

And I have to—I yield back the balance of my time. I have to go back to a meeting in my office.

The CHAIRMAN. Thank you very much.

Looks like Dr. Wenstrup is gone.

Mr. Bilirakis, you are recognized.

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

And thank you for your testimony, General.

General, let's summarize again, I walked in just a little late in your statement, but which programs I understand because of legislation that we passed, the VA, the health care, the outpatient clinics, the hospitals, the CBOCs are protected, is that correct? They will not be impacted.

But tell me which programs will be impacted because of—due to the shutdown. I think our constituents have a right to know, and if you could briefly summarize, I would appreciate it very much.

Secretary SHINSEKI. Congressman, the Veterans Health Administration, because of its special opportunity to have advance appropriations, courtesy of the Congress, is funded. And so that is hospitals, medical centers, hospitals, vet centers, community-based output clinics, and every version of health care center in-between.

Mr. BILIRAKIS. No exception, correct?

Secretary SHINSEKI. No.

Mr. BILIRAKIS. No exception. They will be funded.

Secretary SHINSEKI. The only exception where there is impact is North Chicago, where I say it is operating, but it is in an excepted category. Everyone else in the VA system is fully funded.

Mr. BILIRAKIS. Okay, thank you very much.

Which programs will be impacted in your opinion and if you can give me some deadlines. I know we went through a lot of this, but I would like for you to summarize.

Secretary SHINSEKI. All of the other programs that are not advanced funded are impacted and being impacted. And some of this is the degree to which, and when they are going to be impacted is a function of how much 2013 residual carryover funds we have available, a device that the Congress authorizes, certain percentages that we are allowed to use as carryover to transition between

budget years. But if this continues, every one of our departments will be impacted. We have a requirement in the Benefits Administration, even if we have expended the mandatory account and therefore have no necessary implication, this is one of the clauses for exception, to keep people working, at that point, there will be a significant requirement to furlough our workforce, who will be working until the end of this month, toward the end of this month. Thereafter, we will have roughly 1,000 folks operating in the 56 regional offices to ensure that we can receive, account, date stamp and control claims that are—will continue to be submitted, both through the normal process, and through the call centers. So there are people working in the call center as well.

Mr. BILIRAKIS. Okay, thank you very much, Mr. Chairman.

I yield back. Thank you, General.

The CHAIRMAN. Mrs. Negrete McLeod.

Mrs. NEGRETE MCLEOD. Thank you, Mr. Chairman.

Mr. Secretary, I know that you said that the VA not only deals with the VA, but other departments also, and so those veterans receiving educational benefits and stipends under the GI bill and that are attending school now because school has already started at various institutions, what will happen after November the 1st, you know, if they won't get their money? Have you talked to the colleges, the institutions, the universities?

Secretary SHINSEKI. Congresswoman, we are doing everything we can while we have mandatory funds available, at least two accounts, two categories that we will expend money to cover immediately. One is the retroactive aspects of a claim. So someone who is due money for previous authorization up until this point, to the best of our ability, we pay those, and for students currently in school, we pay those as well.

But that draws down this mandatory account I am speaking about. So, on 1 November, before the end of this month, it will be in a situation where I can no longer pay. And the 1 November payments that should be going out will not be able to do that unless more mandatory funding is provided.

So it is, if there is funding in the mandatory account, which has got to come through appropriation, then I can accept people to continue to work to draw that down. Without that, by law, I have to furlough these folks.

Mrs. NEGRETE MCLEOD. So what happens to students that are already in classes that have already started the semester or the quarter, whichever they are on?

Secretary SHINSEKI. Well, at this point, this is a crucial question because for students who have already registered and had their tuition and fees paid up front, I think they are going to be okay. Where—and if they have drawn their book stipend, then I think they are probably covered. Every situation is different. But I will not be able to pay the monthly housing stipend, and that would be an issue.

Mrs. NEGRETE MCLEOD. Have the schools, or the universities or the colleges made any kind of—I am sure they are aware of our shenanigans here.

Secretary SHINSEKI. I can assure you we have reached out to schools, and are doing the best we can to get their support and cooperation, to be able to carry this for payment.

But the schools are not involved in the housing stipend. That is directly from VA to the students. So that is an issue. And I would tell you that in my past experience, the schools have been quite cooperative. There are 6,000 of them, and so we want to be sure that we have contacted all of them.

Mrs. NEGRETE MCLEOD. Thank you so much for your testimony today.

Thank you, Mr. Chair.

The CHAIRMAN. Thank you very much. Ms. Walorski, you are recognized for 5 minutes.

Mrs. WALORSKI. Thank you, Mr. Chairman.

Good to see you again, Mr. Secretary.

You had mentioned earlier the South Bend CBOC would be delayed. We were notified more than 4 weeks ago there was already a delay in the South Bend CBOC. So my question is, it obviously has nothing to do with this government shutdown. So would your plan then be to expedite that CBOC, once the furloughed workers are back and if something was delayed prior to a shutdown, that it would be expedited after a shutdown?

Secretary SHINSEKI. Yes, we will do our best to get back on schedule. It was going slower than we would like, but this has just exacerbated the situation. But our effort will be to get all of these projects back online as soon as we can.

Mrs. WALORSKI. And then my second question: I appreciate that. My second question is, according to the most recent Monday morning report, the Indianapolis regional office has 11,460 claims pending, has nothing to do with the government shutdown. This is prior to the shutdown. And these claims are taking an average of 402 days to complete, over a year, still, in the State of Indiana to process these claims. So my first question is, is there an urgent plan when these furloughed workers come back to deal with these hot spots in the country? And number two, if this Furlough Plan Retroactive Fairness Act is signed by the President, are your employees coming back to work the next morning?

Secretary SHINSEKI. I don't know about the next morning, but as soon as they are notified, we expect that they will be in promptly.

Mrs. WALORSKI. And then what would be the plan be for high-impact areas like Indiana with 11,000 veterans by no fault of their own, no fault of a government shutdown, sitting for over a year still waiting for claims to be mitigated on their behalf?

Secretary SHINSEKI. Well, Congresswoman, again, I think you recall, we have made decisions that created an increase in the inventory and increase in the backlog, and we predicted 3 years ago that that backlog would sort of hit the high point this year, and it did on 25 March.

Since that time, we prioritized claims that are older than 2 years, that essentially 99 percent of those are done. Claims that are 1 year of age or older, we are well into the 80 percent of taking that down from like 300,000, down into the double digits here.

I will have to look at Indianapolis and see what the issues are, but they would be in this prioritization that we have been in. Any-

thing older than 1 year, we intended to have done here before the end of this year. And we are on a track to do that and would like to get back on it.

Mrs. WALORSKI. I appreciate that.

Thank you, Mr. Chairman, I yield back my time.

The CHAIRMAN. Ms. Titus, you are recognized for 5 minutes.

Ms. TITUS. Thank you, Mr. Chairman.

And thank you Mr. Secretary for being here.

I will apologize, if some won't, for the inappropriate attempt by people to drag you into the politics of this unfortunate situation.

I am the Ranking Member of the Disability Assistance Subcommittee, and I carefully monitor those Monday morning reports. I guess we won't be able to get those now because of this unnecessary shutdown. And I am optimistic about the strategy we have made. We have heard in that Committee about the 80 percent of the 1-year backlog; the 99 percent of the 2-year backlogs. I think it is remarkable progress, and it is just a crying shame that some of that is going to now be pushed back because of this shutdown.

We have spoken a number of times about what is happening in the Reno office, which serves Las Vegas. It also has very long waiting periods, but we have addressed some of that. General Hickey has been out to visit. That is kind of in process and making some progress. There is still a long way to go.

But I have been hearing some conflicting reports about the closing of the regional offices. Some closed, some not. Could you kind of go into some detail about how that choice is being made, or what is happening in those regional offices during this shutdown?

Secretary SHINSEKI. Congresswoman, I sort of laid out a timeline here, that I have roughly the Benefits Administration just round figures about 20,000 people. Nearly 8,000 of them have been furloughed 2 days ago. The remaining 12,000, 13,000 continue to work because there are mandatory funds available in the account, and I continue to draw down on that.

At the point that mandatory account is depleted before the end of this month, that will happen. At that point, I have no necessary implication to continue to have this workforce present. And at that point, I will—we will be forced to furlough these individuals. The law requires it. Beyond that, we will keep a small workforce present. My understanding is all of the regional offices and the national call center will have presence in order to receive claims, date stamp claims, and control that property for the veterans who have made the effort to submit them. But it will be a much reduced operation, receipt only, and no processing.

Ms. TITUS. But you won't be making choices, say, between the Waco office, and the Reno office, or the Indianapolis office? It is going to be across the board?

Secretary SHINSEKI. That is correct.

Ms. TITUS. And if somebody walks in will there be somebody there to receive a claim? They just won't be able to get information about the progress of their claim? Is that basically how it will work?

Secretary SHINSEKI. I will say, yes, the claims can be submitted. I will have—by location, we are in facilities that are run by the General Services Administration, and merely walking in, I will

have to find out exactly how that goes. But we are not sole occupants of many of the regional offices, many of the buildings in which our regional offices are located. But that is a good point. I mean, that is something I will go check on.

Ms. TITUS. And if they called, or if they call and they can't get you, they are going to call our office to find out, so if they call your office to get an update about claims, what will they—what will happen?

Secretary SHINSEKI. Our national call center will be taking calls, and they are going to be up and running for just that reason.

Ms. TITUS. But not the regional offices?

Secretary SHINSEKI. The regional offices will be much reduced, and my sense is they will be fully engaged in receiving and date stamping claims, and they won't be running a call center out of the regional offices.

Ms. TITUS. Well, thank you very much, and thank you for what you are trying to do to make the most of a bad situation. I can only imagine that the challenges you are facing are much greater than those that you have even outlined for us here today because of this unnecessary shutdown. Thank you.

I yield back.

The CHAIRMAN. Mr. Flores.

Mr. FLORES. Thank you, Mr. Chairman.

Thank you, Mr. Shinseki, for being here today. Thank you for your service to our country, and to our Nation's veterans.

I want to start by giving a shout out to the Waco Regional Office. I visited with them several times over the last 2 years, and they were making remarkable progress on taking care of their disability backlog, and Director Limpose and the team there have done an outstanding job. I, just like you, are very concerned about the impact that this shutdown could have on their operations, and what could potentially happen to our veterans.

So I have a couple of questions in that regard. The first one is: Why is the GI bill hotline closed when other VBA hotlines remain open?

Secretary SHINSEKI. Say that again. Why is the—

Mr. FLORES. Why is the GI bill hotline closed when other VBA hotlines remain open?

Secretary SHINSEKI. The one hotline I know will remain open is our crisis, veterans' crisis hotline. That is funded by the Health Administration.

Mr. FLORES. I am talking about the call center in Muskogee is apparently closed.

Secretary SHINSEKI. I will go and—if you permit, try to provide you a better answer on exactly which ones are open.

Mr. FLORES. Okay, that will be fine, you can follow up. The next question is fairly simple, but it is going to take a little bit of time to give you the background so we can build up to it. And it is—it goes back a few months, starting with the newer information that says that the White House had some involvement in the IRS targeting of certain groups. And then it builds from there by saying that the Park Service has said that they have been told to make it as tough on Americans as possible during this shutdown period.

So again, that doesn't have anything to do with you or me right now. But back on September the 19th, this Committee held a hearing, and it had Assistant Secretary Joan Mooney. And I asked her a question about whether or not the Office of Congressional Legislative Affairs had ever been influenced by the White House in terms of its responses to Congress. She replied at that time that they had not. But then she sent me a follow-up letter a few days later, and she said that sometimes that the White House does intervene on correspondence between the VA and Congress.

So, again, this is still setting up the background for this information. And then if you go through the timeline of activities that we have seen recently: There was a field guide that was issued on Friday, September the 27th, the VA stated that disability claims processing would not be affected. Then, on September the 28th, the VA notified the House Veterans Affairs' Committee that they would not be able to send the November benefit checks because funding would run out in late October. You have confirmed today so there is nothing new there.

But then, on September the 30th, President Obama had an interview and he stated that veterans, and I quote, "Veterans will find their support centers understaffed," which was a direct contradiction of the field guide that said that the vet centers would not be affected from a couple of days earlier. And then, in that same interview, the President also intimated that the shutdown would affect somebody in the VA office who is counseling one of her vets who has got PTSD.

On October the 1st, the VA updated the field guide, or it was amended to add that the end-of-month caveat to benefits payments bullet in the original field guide.

Then yesterday, I get the news that the Waco Regional Office has had to lay off a third—or furlough a third of its staff.

So, again, this goes back to my question, which is fairly simple, and that is, did someone at the White House, or the Office of Management and Budget, or the Treasury, or any other Federal agency, or any other Federal employee ask you or anyone else in the Veterans Administration to modify the timetable under which the VA was going to begin its operational wind down, if you will, to deal with the lapse in appropriations?

Secretary SHINSEKI. Fair enough. I think if your perspective is that there is the ability to reach in and understand and influence how we operate, I would say it is just the opposite. Now, look, we are faced with an unusual event. A shutdown of government doesn't occur frequently, and we have no good plans in place. We had to go back and look at what happened in 1996 to have some idea what the requirements were going to be.

At the same time, we have a 13 close up, and you know, if on the 5th of September, whenever Ms. Mooney testified, if someone had said we are going to shut the government down, I will guarantee you, between the 5th of September and 30th of September, there would have been actions that I would have perhaps taken differently. That didn't become obvious to us until the last week, maybe Wednesday of the last week of September. And then we had to do these assessments. And if your complaint is that we changed—

Mr. FLORES. Let me reclaim my time for just a minute.

I am not complaining. I was asking you a simple question on whether or not the White House had any influence over the timetable for the VA shutdown process. I think you have answered it no. And I just wanted to say—

Secretary SHINSEKI. No, the answer is no.

Mr. FLORES. I am glad to hear that answer. You and I both agree that, I think that—well, let me rephrase that. I think most of us in here agree that the House has done its work by passing two appropriations bills that would deal with this issue. One is the MilCon VA bill, which would fully fund VA. We wouldn't be sitting here having this discussion today. Also, we passed H.J. Res. 72 last week, which would fund the VA so that we wouldn't have this conversation. Both of those bills passed on a bipartisan basis. So I would urge those folks that are listening to this hearing to be sure to influence the Senate to take up on those two bills.

Thank you, Mr. Chairman, I yield back.

The CHAIRMAN. Thank you very much.

Ms. Brown, you are recognized for 5 minutes.

Ms. BROWN. Thank you.

Thank you, Mr. Secretary, for being here.

Let me be clear, I keep hearing “the Senate, the Senate.” I put the responsibility straight here with the House.

We could pass a clean CR, and you would not be sitting there. I have done, my entire career, all I could do that veterans would not be caught up with the House and the Senate politics.

I don't blame the Senate. I thank God for the Senate.

The bad politics of this House, and at some point, you know, let's don't confuse nobody with the facts.

Now, we have been talking about November 1. I want to talk about October the 17th. If we do not pass the full faith and credit, if we default, what will happen to all of the mothers and the spouses in the TRICARE and the checks that go out for the VA, period? Tell us what is going to happen when these people in the House let us default on our credit? What happens to the VA, and the people that have been talking to me aren't Federal employees. They are contractors. And the contractors are not going to get any back pay. They are being laid off in droves because the Government is not effective and the House is responsible.

This House could pass a clean CR. For the first time ever in the history, I voted against a VA bill because this piecemeal bill was \$6 billion less than the full spending bill we passed out of here. So, now, please respond.

Secretary SHINSEKI. Well, Congresswoman.

I would just repeat what the President has pointed out. What he looks for the Congress to do is two things: One, provide a budget so we can operate as a government; and two, pay the bills that have already been incurred. And both of those issues are at play here. I am looking for a budget and so is the rest of the government, so we can do what we are charged to do. And then paying the bills is the issue, the debt ceiling, and that—those are authorizations that have already occurred.

Ms. BROWN. But what happens on the 17th if we default? What happens to the VA? Will—the veterans ask me—will they get their checks?

Secretary SHINSEKI. Congresswoman, I am planning to operate as long as I can this month, but at a certain point here in days, I will begin to furlough people, and that will have to do with my inability to continue to operate under the carryover. And so whatever occurs with the discussions of debt ceiling, I imagine will be even worse, but beginning here, in days to weeks, before the end of this month, for the most part, VA will be reduced in operations. My office will be 90 percent shut down, my office.

And the Legislative Affairs, with whom you deal frequently, will be down to one person; Public Affairs down to one person. And then for the rest of our operation other than receiving claims and looking after families that are expecting us to provide the appropriate burial services, all of that will be reduced.

Ms. BROWN. So I just want to be clear. I want you to know, this is a self-imposed disaster on the veterans and on the country. There is no need, as we sit here. I mean that the Senate and the President had agreed to the poor levels of the House. They have agreed to it. Clean CR, and we could move forward. But yet, we have people that want to blame the Senate, want to blame the President. At 20 minutes to 12, we want a conference. It was over.

The House is inept. I have been in here for 22 years, and I have never seen anything like the people who serve in this House that act like they care about the veterans. They talk the talk, but they don't walk the walk. They are out at the cemeteries or out at the memorial saying, Oh, we don't know why it is shut down. Well, you voted to shut it down a few hours earlier. This is a sad state of affairs.

This Committee used to be bipartisan. And now you got a few Members that are dragging the House of Representatives down, the People's House.

I yield back the balance of my time.

The CHAIRMAN. Thank you. The gentlelady's time has completely expired.

And for the Members of this Committee and those that may be listening today, the VA Continuing Resolution that the House actually put on the floor that has been berated by a couple of Members, saying that it was less than folks wanted by \$6 billion, was exactly the same piece of legislation that Senator Sanders filed Monday night. And so folks that are out there saying we shouldn't do this by piecemeal, Senator Sanders, along with Ms. Hirono, Mr. Begich, Mr. Tester, and Mr. Blumenthal, which coincidentally held a news conference at the very same time we have been having this hearing with the Secretary, to say that we should not be using him as a punching bag.

Mr. Secretary, I trust that we have not used you as a punching bag today. We are trying to get the information out to the veterans, and again, you have talked in depth about those things that we will not be able to do. But my question, how many employees within VA will still be on the job after November 1st if this shutdown continues?

Secretary SHINSEKI. Again, Mr. Chairman, I—let me take that one for the record to give you the specificity that you are looking for. As I say, there are still factors coming together to tell me how long I operate. I have told you that the mandatory funds are expected to be depleted before the end of this month, affecting both the 1 November checks and affecting the VBA in large measure. Their present workforce of about 13,000 people will be severely reduced, will be down to about 1,100, and roughly 1,000 people in VBA. So we will have people functioning in VBA.

NCA will likewise have to furlough a significant portion of their workforce and will go to modified operations. VHA is fully funded, and so when you look at the account, it will look very large, but that is because VHA is about 80 percent of our workforce and our budget.

Ms. BROWN. Mr. Chairman.

The CHAIRMAN. But I do think it is important to remember that, you know, that your total employees are about 335,000. And so when we talk about numbers of 10,000, 4,000, those are big numbers, but as it relates to the overall number of 335,000, I would appreciate, and you have already said that you would take it for the record. I would appreciate you getting that information to us.

Ms. BROWN. Mr. Chairman, I have just a quick question.

The CHAIRMAN. The chair does not recognize the gentlelady from Florida. Her time has expired.

Mr. Secretary—

Ms. BROWN. I have a question, Mr. Chairman, on the question that you were asking the Secretary.

The CHAIRMAN. Madam—

Ms. BROWN. You are asking about the number of employees. My question is, how many people that receive checks will not be getting those checks? I think that is a bigger question.

The CHAIRMAN. Again, the gentlelady is not recognized for her question. And I appreciate what she is asking.

But, you know, I would—we knew the possibility of this some time ago. I don't believe anybody in this room wanted to be where we are today. Do you believe the same thing, Mr. Secretary?

Secretary SHINSEKI. From my background, I would say you look at all the options. This is not one I believed would happen. I just didn't think the august Members of this Committee or the Congress would allow this to happen.

So I had plans, and we have quickly dusted them off, and within 72 hours gone into emergency procedures to continue to take care of veterans as long as we could, and then ensure the orderly shutdown of our activities. So we are taking care of our people as well.

So, Mr. Chairman, if you knew a shutdown was going to happen, it wasn't shared with me. Yes, you always look at the possibilities. I didn't think, I just didn't think you would allow this to happen.

The CHAIRMAN. And I think most Members of this Committee would say that we do not want to be here. This was not an intended consequence. But we are here. And we have asked you to come in and talk to us. And my question, I guess, is at what point did you start doing extraordinary measures to prepare for this and begin to scale back some expenditures so that you would not be perceived as making foolish expenditures of funds that may be nec-

essary? You probably can gather where I am going with this question.

Secretary SHINSEKI. I don't gather where you are going.

The CHAIRMAN. How did we end up with the \$500,000 worth of art in Kansas?

Secretary SHINSEKI. Sure, I would be happy to answer that.

The CHAIRMAN. Why have we been spending over a million dollars in the Washington, D.C., area on PR ads?

Again, I think those that are being furloughed want these questions asked. It is not a political question. It is a question as to prioritization, because we are talking about the people not getting the benefits that they have earned, not being able to be buried in a timely fashion, yet we can spend hundreds of thousands of dollars on things that probably the general public would think were inconsequential to taking care of our veterans.

Secretary SHINSEKI. You raised artwork. And I think the suggestion that this was year-end spending, that is not the case. There were three facilities that have been in the process of being constructed and/or major refurbishment. In the case of the Miami facility, it is an 843,000-square-foot facility, 11 floors. Major renovations in this facility hadn't been done since 1980s. And that project is completed. And part of the project was to replace wall hangings, photographs, prints that add to that environment that says it is a healing environment and welcoming to veterans.

West Los Angeles, a 16,000-square-foot facility in which homeless and mental health clinics have been provided. And then the Jacksonville Community Based Outpatient Clinic, a new construction project, 102,000 square feet needed to be outfitted. All total, about 1,400, a little over 1,400 wall hangings, photographs, prints, pictures of veterans, pictures of local scenery that veterans in that area would recognize. I think artwork is probably an inappropriate description here. I think the average cost is under \$400, all expenses included.

Those were part of the project. They were funded and part of the execution. If there was a way to have anticipated the shutdown and redirected some of those moneys, I probably would have done it. But again, I say that it is not until the last week in September that it was clear that what was going to happen would happen. And we went into emergency procedures.

The CHAIRMAN. And I apologize for not recognizing Mr. McNerney for your question. Thank you for your indulgence. And you are recognized.

Mr. MCNERNEY. Thank you. I want to thank you, Mr. Chairman Miller, and also Ranking Member Michaud, for inviting me to the Committee hearing, and the other Members of the Committee for not objecting. It is good to be back here. It is a great Committee. This is a terrible hearing, though, to make that happen.

So I do want to say the situation is dire. On November 1st, we are going to cut off hundreds of thousands of disability recipients, of students that are depending on the GI Bill, families whose veterans or active servicemembers who have died. I think the American public needs to know the dire situation. We are going to be sending hundreds of thousands of people into dire straits, maybe

making them homeless. And there is no excuse. We need to solve this problem. We need to solve it in the next week.

So I do have some specific questions. Mr. Secretary, in addition to Mr. Denham, my colleague and neighbor, I would like to know from you about the impact of the shutdown on the French Camp project. I would like to know specifically its priority. And I will take that offline.

Now, as you know, the veterans service organizations staff members, the VSO staff members, use the VA regional offices to help counsel veterans. But the VSO staff members are not members, are not employees of the VA. Could the VA allow them to continue to use the facilities? I understand a lot of them are shut out from the facilities. Can they continue to use those facilities to help counsel our veterans?

Secretary SHINSEKI. I am told that we are not allowed to do that. But again, this is a day-to-day assessment. We go back and check to make sure that the interpretation of the law is clear. But these are some pretty well-defined rules that we operate under. The Anti-Deficiency Act has provisions for two categories. One is protection of life and property and the other one is necessary implication.

Mr. MCNERNEY. Well, are there any other functions that the VSOs normally perform that they are not able to perform now?

Secretary SHINSEKI. We will look for every opportunity to help them be successful in their mission. It is part of our mission as well. But, frankly, we are trying to process as many claims as we can before the mandatory account is depleted. And then thereafter we are into receiving and date stamping claims.

Mr. MCNERNEY. Well, you said, I believe, that the VA processing claims are continuing. Are there decisions being made about these claims? And if so, are the veterans being notified about those decisions? Or is that on hold?

Secretary SHINSEKI. In those circumstances where we are able to pay, and I described the retroactive aspects of this, we won't be able to pay continuing monthly benefits. But for those veterans who have a date stamp that goes back some time, when that is awarded, we try to pay the retroactive portion of that. The monthly cycle picks up in November.

Mr. MCNERNEY. So they will be notified if a decision is made even if they are not able to get their check.

Secretary SHINSEKI. Well, they will be notified if we are able to pay the retroactive aspect of that. And then we will process the remainder of the claim and put that in the line.

For students who are currently in school, I think I answered a question earlier that says that, as long as we have mandatory funds remaining, we will honor as many of those requests as we can. But those all draw the mandatory account down. And before the end of the month, it will be depleted. And then we will look to furlough the workforce that has been doing that.

Mr. MCNERNEY. Are the prescription drug benefits being impacted, veterans' prescription drug benefits?

Secretary SHINSEKI. Say that again. I am sorry.

Mr. MCNERNEY. Are the veterans' prescription drug benefits being impacted by the shutdown?

Secretary SHINSEKI. Prescriptions, Veterans Health Administration is fully funded, and so medications are available and will be filled.

Mr. MCNERNEY. All right. Thank you, Mr. Chairman, for allowing me to participate today.

The CHAIRMAN. Thank you very much.

Mr. Bilirakis, you have any other questions?

Mr. Coffman?

Mr. COFFMAN. Thank you, Mr. Chairman. Just one more question.

Mr. Secretary, my Oversight and Investigations Subcommittee uncovered that the VA's cybersecurity protection measures were inadequate, even when the VA has been fully funded before the shutdown. In fact, the investigation discovered numerous occurrences when foreign state-sponsored hackers infiltrated the VA network. How has the shutdown affected the private information of veterans and their families? Are these 20 million individuals in the VA system now at even greater risk?

Secretary SHINSEKI. Congressman, I will tell you of what we know. We will have the ability to respond to what we know. But there is, as you would expect, more to this than sometimes even we are able to know. So we do take steps to assure the security of our system. Every event better prepares us for the next. And we are active here.

Mr. COFFMAN. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Mr. Michaud, you are recognized.

Mr. MICHAUD. Thank you, Mr. Chairman.

Just a quick follow-up question, Mr. Secretary. You mentioned about the delays and the overtime you already had in your original budget you presented to Congress, as well as anticipating, I think it was \$40 million to carry over for next year's budget. Since you have utilized that \$40 million, you can't carry it over, and since the delays have caused the backlog to creep back up again, will you be requesting an additional supplemental to deal with replacing that \$40 million, as well as more overtime money to get you back where you have to be as far as the backlog?

Secretary SHINSEKI. I think the basic question is, am I going to try to reconstitute that \$40 million? I will find every way I can internal my accounts. And if I am not able do that and I need to look for support here to get that funding in place to be able to get veterans the care they need, I will seek it.

Mr. MICHAUD. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Huelskamp?

Mr. HUELSKAMP. Thank you, Mr. Chairman. I did want to take a note, a little bit of time, I would like to apologize to anybody on this Committee that might have been offended by my trying to find out exactly why the U.S. Senate has not voted on these appropriations. I do appreciate the bipartisan nature of this Committee. But I think we all agree here that our veterans should not be used as pawns in this particular debate. And I appreciate the work in terms of the Secretary.

But the language that I have seen, in particular reference to the individual in the Senate that I asked a question about, has used some language that I don't think anybody in this Committee has used, has not called anybody an anarchist or a fanatic or insane. That is the language we hear coming out of here, and it does no service to our veterans. So I apologize if anybody took offense at trying to figure out why we have not seen a vote in that.

I appreciate the Secretary continuing to try to work with the Senate, encourage them to bring that to a vote. I am pretty confident, based on what we hear here, that that can go right to the President and keep those doors open.

I yield back, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Huelskamp. We have asked the other Members if they have any—Mr. Ruiz, do you have a question?

Mr. RUIZ. Yes, sir.

The CHAIRMAN. Sorry, Mr. Secretary.

Mr. Ruiz, you are recognized.

Mr. RUIZ. Thank you very much, Mr. Chairman.

Secretary Shinseki, thank you for your service to our country.

The government shutdown has caused a crisis that could have been avoided had Congress simply worked together to put people ahead of politics and solutions above ideology. It is unconscionable that Congress continues to put political gamesmanship above the needs of our veterans.

The best way to help veterans in my district and across the country is to end this reckless shutdown. Now that the VA is required to furlough thousands of employees, how will that affect the veterans claims backlog and constituents, specifically in my district? Meaning, how will furloughs impact the LA regional office and the San Diego regional office which review claims for veterans in my district?

Secretary SHINSEKI. Congressman, as I indicated earlier, our availability of carryover funding for 2013, roughly \$40 million, we exhausted that on 7 October, and then had to furlough about 7,800 people. We have about 13,000 benefits employees who are doing what they always do, and that is, you know, process claims as quickly and as accurately as they can. With the end of mandatory overtime, we are doing that at 1,400 claims each day less than we were doing, you know, before 30 September. So there is a cumulative effect here.

These employees will continue to work until such time as something we call the mandatory account, that currently has some residual funds, they will continue to process claims until that point. And where we can pay for a retroactive claim or for a student claim, we will continue to do that. But as we do that, we draw down the mandatory account. When the mandatory account is exhausted before the end of this month, then the vast majority of these people will also be furloughed, and that will begin to have a great impact on the backlog. Today, the backlog is already 2,000 higher than it was on 30 September. So it is already beginning to have an effect.

Mr. RUIZ. Well, I want you to know that we will continue, I will continue to advocate for pragmatic solutions so that we can open

our doors, specifically for our veterans. My office in the district has not shut down. We have extended hours, and we are even working weekends, if a veteran needs it, to come and pick up that mantle, because the mantle that has been dropped by this ridiculous shut-down. And we will be there for our veterans. And I look forward to collaborating with you so that once we open our doors, those veterans that have been ill-affected by this will have expedited, prioritized treatment so that we can continue to serve the veterans to the best of our abilities.

So I appreciate your service to our country, and thank you very much.

Secretary SHINSEKI. Thank you. That is my intent as well, Congressman.

Mr. RUIZ. Thank you. I yield back my time.

The CHAIRMAN. Thank you, Mr. Ruiz.

I would like to recognize for a final question Ms. Brown.

Ms. BROWN. Thank you, Mr. Chairman. And Mr. Chairman, I would like, before I ask my question, the four service organizations sent a letter to Congress not supporting the piecemeal VA bill on the floor. So is it possible that I could submit that to the record?

The CHAIRMAN. Without objection.

Ms. BROWN. Thank you.

Now, because, you know, to talk about what a Senator introduced, I don't want to talk about the Senate, I want to talk about the House, the House of Representatives, where I serve. And, Mr. Secretary, my question to you is, come November, or the third week in October, will 3.8 million veterans not get their checks in the mail? Benefits, that is a nice thing, but checks is what they live on. Most veterans that get those checks are on fixed income. Explain to me how they are supposed to make it.

Secretary SHINSEKI. Congresswoman, effective 1 November, if we don't resolve this, those veterans will not receive pension compensation. For veterans who are in school, their education checks, vocational rehab. And those beneficiaries are not just veterans, that is 3 million veterans, but when you add surviving spouses and children, it is over 5 million individuals who will be involved. I mean this is serious, and I am hoping that the leadership of this Committee will help us resolve it.

Ms. BROWN. Thank you, Mr. Secretary.

You know, I was told that the House, somebody fed them some snake oil. So I went home and tried to find snake oil. I think it is just in Texas. So I did look for some holy oil, and I did bring some back.

But this is not a joke. This is very serious. Veterans have come up to me in church Sunday, because that is the only place I went Sunday, two services, and I needed more, and they wanted to know about their benefits. And I told them, as of October the 17th, if we default, they will not get their benefits. And I told the Social Security people the same thing. You know, is this true? Will they not get their benefits? Is this a game?

Secretary SHINSEKI. That is not a game, Congresswoman. There are veterans and servicemembers, families, children counting on us. And they expect us to deliver. Five million of them will be impacted here severely.

Ms. BROWN. I hope that there is some leadership on this Committee that will work with the leadership in the House and come up with a clean continuing resolution, because the problem that we have is that so many of the people that has been furloughed, they are contract people, they will not get back pay. And many of them are veterans. Do you all have contracted employees also?

Secretary SHINSEKI. We do.

Ms. BROWN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentlelady.

Thank you, Mr. Secretary, for being here, again on short notice, and for over 2½ hours. We appreciate you taking the questions. We do have other questions that we will submit to you for the record.

The CHAIRMAN. And in particular, I want to ask that you help this Committee in furthering a bill that was passed out of this Committee in a 100 percent bipartisan fashion, that is advance funding for the remainder of VA's budget, so that we don't get into this type of situation any more.

All members will have 5 legislative days with which to revise and extend their remarks.

Mr. Secretary, thank you.

This hearing is adjourned.

[Whereupon, at 12:48 p.m., the Committee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Jeff Miller, Chairman

Good morning. This hearing will come to order. Before we begin I'd like to ask Unanimous Consent for the gentleman from California, and former Member of this Committee, Mr. Jerry McNerney to join us at the dais. Hearing no objection, so ordered.

Mr. Secretary, welcome. I appreciate you being here on short notice.

We're here today to understand how veterans are being impacted by the lapse in appropriation that has led to the government shutdown. There is plenty of blame to go around as to why we're in this position, but that's not why I called this hearing. Put simply, we're looking for the best information possible on what all of this means for veterans.

Veterans want to know whether their disability checks and GI Bill benefits will be paid on November 1 and thereafter. They want to know if their disability claims will be decided or further delayed. Families want to know if their loved ones will receive a timely burial at a VA national cemetery. And many of VA's employees want to know whether they'll be serving veterans on the job, or whether they'll be furloughed.

I understand that the answers to some of these questions are entirely dependent on how long this shutdown lasts. And although I want it to be over quickly, it is our responsibility to ensure that the public, especially veterans, understand precisely what the current state of play is.

Mr. Secretary, we've had some difficulty in the last couple of weeks getting good information about VA's contingency plan and the effects a lapse in appropriation would have on veterans. For example:

- First, the original field guide VA put out regarding the shutdown's impact at first spoke of no effect on payments to veterans or processing of their benefits. But in a later version, VA stated that a prolonged shutdown would impact both, but didn't provide precise details as to how.
- Second, the Veterans Health Administration is not shutdown at all because it received its full year appropriation for 2014 back in March. So, hospitals, clinics, and Vet Centers should all be open for business. Yet the President made a statement the day before the shutdown saying that veterans "will find their support centers unstaffed," and implying that counseling services for veterans with PTSD would be affected.
- Third, this Committee has consistently been told that VBA's mandatory overtime effort towards the backlog would end on September 30. Yet days into the shutdown, we were informed that the shutdown prevented VA's planned continued payment of overtime.
- Fourth, although a shutdown should have a relatively uniform effect across all Regional Offices as suggested by VA's field guide, my staff met with several representatives from the veterans' organizations last week who relayed that their members are hearing mixed messages out of different Regional Offices.

I want to be clear that none of this is ideal. Some degree of confusion is to be expected. VA employees should be worrying about VA's mission of service to veterans, not planning for furloughs or managing an agency on spare change remaining from last year.

However, what can never be expected is anything less than the full truth, as best as it is known. This grave situation does not need to be assisted by misleading statements designed to aid a political argument by any party. It's my hope that we can uphold the best traditions of this Committee and rise above all of that today.

Mr. Secretary, thank you for your willingness to join us in that effort. Since this hearing was called last Friday we've had a bit more clarity on some of these issues we have been asking your staff about for the last ten days, but I thought the public should hear that same information.

One last point before I conclude. Last July we held a hearing on a bill the Ranking Member and I introduced that proposed to advance fund the entire VA discretionary budget. The Administration declined to take a position on the bill, saying instead it needed to conduct a review first. It is obvious that no review is necessary given where we are today. Mr. Secretary, I sincerely hope that you are making that case within the Administration, and I'll follow up with you on that point during questioning.

I now recognize the Ranking Member for his statement.

Prepared Statement of Hon. Michael H. Michaud

Thank you, Mr. Chairman.

Before we begin exploring how the government shutdown is affecting veterans and the VA, I want to acknowledge the very real consequences the lapse in appropriations has had on VA employees. I know that VA employees do not work solely for a paycheck. They work because they believe in helping veterans. You have done your job, now it is time for Congress to do its job.

We can do this in two ways, either the Senate can take up the MILCONVA appropriation bill passed by the House, or the House can take up the clean CR bill passed by the Senate. I don't care which we choose as long as we get on with re-opening the government with a fully funded VA.

The VA "contingency plan" and "field guide" provided us a rough idea of the consequences of a government shutdown. Last week, we saw the immediate shutdown of some VA offices, such as the Inspector General. Yesterday, we saw some VBA and IT accounts run dry and thousands of VA employees furloughed. We know that the mandatory funds to pay compensation and pension benefits are scheduled to run out in a little over two weeks.

We also know that furloughs and suspension of programs in other agencies affect veterans. Of the roughly 2.1 million Federal employees, more than 600,000 are veterans. Many of them are already, or expect to be, furloughed. Also, as programs and services at other agencies are disrupted, it affects VA's ability to receive the necessary information and support to deliver veteran services.

We know we will hear bad news today. Important VA operations have or will be suspended. Some veterans will not get what they are expecting, what they deserve, and most importantly, what they have earned. This may be a difficult conversation, but one we must have – openly, frankly and honestly.

But, amidst the bad news there is some good news. With VA's medical accounts under advanced appropriations, the Veterans' Health Administration is largely unaffected by the lapse in fiscal year 2014 appropriations. All medical facilities are open and operating under normal status. This will continue regardless of how long the current government shutdown lasts.

It is clear now, in the midst of the shutdown, that getting a vote on H.R. 813, as amended, "The Putting Veterans' Funding First Act," is a necessary and critical step in ensuring veterans' benefits and services are not put at risk when there is a lapse in appropriations. Mr. Chairman, I appreciate you signing a letter with me to The Speaker asking for H.R. 813, as amended, to be scheduled for floor action immediately. I encourage all members of the Committee to sign onto our letter and send the message that veterans should not, cannot, and will not be disadvantaged by party politics in the future.

Mr. Secretary, I look forward to your testimony. With that Mr. Chairman, I yield back.

Prepared Statement of Hon. Corrine Brown

Thank you, Chairman Miller and Ranking Member Michaud, for calling this hearing today.

Thank you, Secretary Shinseki, for briefing us today on the effect on Veterans by this Republican Government Shutdown.

We are currently in Day 9 of the Republican Government Shutdown. There is no end in sight and now the full faith and credit of the United States is being put at risk regarding the debt limit needing to be increased.

I want to thank the Secretary for coming here today to brief this Committee on how this Republican Government Shutdown will affect our Nations veterans.

However, it seems as though the Republican Majority has lost the focus of this issue: there would be no effect on veterans, claims would still be filed, veterans

would still be receiving the services they spilled their blood for if this Congress would just do its job and pass a clean funding bill for the Federal government.

House Republicans continue to drag out this damaging shutdown by voting a cynical, piecemeal approach to funding government. This is no way to govern and no way to run the largest economy in the world. It's time for House Republicans to drop the political games and join Democrats to bring a vote to the floor immediately to end the shutdown and get our government working again for the American people.

Even the mini-veterans appropriations bill would not have fully funded the VA. I am appalled that the House considered a bill that only partially funded the Department of Veterans Affairs, to take one small portion of the budget to help those men and women who have sacrificed so much and use it as a club to hammer the American people over the head while you argue about the Republican Government Shutdown.

The House has not considered funding:

- the National Cemetery Administration
- the Office in charge of Construction of VA facilities
- Office of Inspector General
- Grants to state veterans homes
- Grants to state cemeteries

We need to stop this charade and fund the entirety of veterans programs, no matter what department they are funded out of.

Prepared Statement of Hon. Eric K. Shinseki

Chairman Miller, Ranking Member Michaud, Members of the House Committee on Veterans' Affairs:

The Committee invited me here today to examine the effects of the government lapse in appropriations on VA benefits and services provided to Veterans, their families, and survivors. It is important for you to know the following:

- When appropriations lapsed, we had to discontinue overtime, slowing our review of benefit claims. This has led to delays for an average of 1,400 Veterans a day. As a result, we are no longer making the significant gains we have made in recent months toward eliminating the backlog in claims.
- Yesterday, we exhausted carryover funds for Veterans Benefits Administration (VBA) employees. Therefore, consistent with our contingency plan, as of October 8th, VBA furloughed more than 7,800 of its employees, half of whom are Veterans.
- The Office of Information and Technology (OIT), as of Monday, has furloughed 2,754 of its employees, approximately 56 percent of whom are Veterans. While support for existing operations continues, all improvements to our systems have ceased. This threatens to delay updates to the Veterans Benefits Management System (VBMS) that allows us to help take down the backlog and give Veterans quick and accurate decisions.
- If the shutdown continues through late October, claims processing for compensation, pension, education, vocational rehabilitation, and employment benefits will be suspended due to lack of funding. Once mandatory funds are depleted at the end of this month, nearly 5,600 Veterans a day will not receive a decision on their disability claims. We have brought down the backlog by over 30 percent, or 190,000 claims since March. This lapse in funds will likely increase the backlog instead of continuing the progress.
- If the shutdown continues into late October, November compensation payments to more than 3.8 million Veterans will halt. These include thousands of Veterans who have the most severe disabilities. Payments will also stop for over 364,000 survivors and over 1,200 children receiving special benefits, such as children with Spina Bifida born to Vietnam Veterans and certain Korean War Veterans as well as children of women Veterans with birth defects.
- In addition, should the shutdown continue into late October, pension payments will stop for almost 315,000 Veterans and over 202,000 surviving spouses and dependents. As you know, these Veterans have very low incomes and depend heavily upon these benefits.
- If the shutdown continues, education benefits and living stipends under our GI Bill programs will stop for over 500,000 Veterans and Service members.

These are simply the facts. Mr. Chairman, this shutdown could end today if Congress would fully fund government operations so that VA and the rest of the Federal

government can get back to work. There are those who have suggested a piecemeal approach, to pick and choose which parts of the government to fund. This is not the best solution for our Veterans or our Nation.

Veterans depend on government services beyond just those provided by VA. First, there are important programs and benefits that are the result of partnerships between VA and other agencies. For example, the Department of Labor (DoL) is a close partner with VA on Veterans jobs programs. However, the shutdown requires the suspension of functions of DoL's Veterans Employment and Training Service (VETS). The work VA does in partnership with the Department of Housing & Urban development (HUD) to end Veteran homelessness has also been impacted by the lapse. Veteran entrepreneurs are impacted by the loss of Veteran programs at SBA, particularly the assistance granted through the Veterans Business Outreach Centers and the Small Business Development Centers. These organizations help Veterans start and build their small businesses, including helping them locate sources of capital. Veterans just leaving the military will not have access to programs intended to educate them about becoming entrepreneurs.

Additionally, service-disabled Veteran-owned small businesses that are involved in status protests in any agency other than VA will not have their protests determined, thus holding up procurement actions at the issuing agency.

Veterans, of course, are affected like other Americans by the government shutdown – more than 600,000 Veterans are employed by the Federal government, many others work for impacted Federal contractors, or work for other businesses that are suffering from the shutdown. They, like other Americans, could be impacted in other ways. For example, they and their families are likely feeling the effects that a shutdown has had on small business loans.

Over the past week the Department of Veterans Affairs has worked to refine and implement closure plans, prepare for multiple contingencies, and communicate with our employees and stakeholders—all while continuing to fulfill our primary mission of serving Veterans and their families.

We are working diligently to keep the delivery of services and benefits seamless for our Veterans to the greatest extent we can in light of the lapse in appropriations. In some areas, like healthcare delivery, there are fewer adverse effects. In others, such as reducing the claims backlog, we have already seen a negative impact due to the lapse in appropriations.

VA's Appropriations Lapse Contingency Plan outlines the activities being undertaken by the Department during the government shutdown. This plan is designed to ensure that VA can perform an orderly suspension of its programs and operations during the shutdown. As the shutdown is a dynamic and evolving process, we continue to evaluate our contingency plan as time passes.

Under applicable law, VA has a limited ability to continue "excepted functions" under a lapse in appropriations to "protect life and property" or that are a "necessary implication" of functions that are funded. An example of an excepted function is the work performed by personnel from the Office of Information and Technology, who support the provision of health services at Veterans Health Administration (VHA) facilities. VA functions and offices not funded by advanced appropriations will have to operate with very few excepted employees, as set forth in detail in the VA shutdown planning materials available on our website. VA does have the flexibility to use a very limited amount of unexpended fiscal year 2013 funds to continue some offices' operations for a limited time. For some offices, such as OIT, VBA, and the Office of Inspector General, those limited funds have already been exhausted and non-excepted employees furloughed. For those remaining, it is a day to day determination.

Following is a brief status update from each of our Administrations and major offices.

Veterans Benefit Administration (VBA)

During the last six months, VBA had made significant progress in executing its Transformation Plan to improve the speed and accuracy of disability claims processing. Between March and September, VBA reduced the claims backlog from a high point of 611,000 down to 418,000 – a drop of approximately 31 percent. As of October 8th, claims processors had completed approximately 99 percent of claims over two years old, and nearly 81 percent of all claims pending over one year – from 333,000 to less than 68,000 – giving Veterans who have waited the longest a decision on their claim. Most importantly, while increasing productivity, VBA also increased the quality of claims decisions. In June 2011, processing of disability claims was approximately 83 percent accurate. By August 2013, VBA's three-month average for claims accuracy had risen eight percentage points to approximately 91 percent. When measuring accuracy at the individual medical issue level – which is a

truer measure of VA's proficiency because it captures how well employees rate each condition in a Veteran's claim – the rating accuracy is approximately 96.7 percent.

The momentum achieved over the past six months has now stalled with the government shutdown. Since October 1st, claims production has slowed by an average of 1,400 per day, and it may slow further as support personnel began their furloughs on October 8th. VBA currently has enough unobligated FY 2013 funds available in its mandatory account to pay benefits and continue to process claims until about the end of October, assuming current year spending mirrors prior years. With no further appropriations, however, VBA will not be able to pay Veterans, their families or survivors on November 1st for all our benefit programs including compensation, pension, Dependence and Indemnity Compensation (DIC), fiduciary, education, and Vocational Rehabilitation and Employment. Quite simply, without the passage of appropriations soon, Veterans won't be paid their earned benefits on November 1st.

On October 1st, when the lapse in appropriations began, VBA had roughly five days of carry over funding available in its General Operating Expense (discretionary) account for staff and operating expenses. Discretionary funding was exhausted on October 7th, requiring the furlough of over 7,800 VBA employees on Tuesday, October 8th, leaving 13,097 excepted and funded employees across all VBA programs to process claims and provide other benefits activities.

The remaining claims processing operations and staffing have been reduced to the minimum levels necessary to continue mandatory payment processing. Consequently, VBA's progress in reducing the claims inventory and backlog is now stalled. The duration of the shutdown is directly impacting VA's ability to eliminate the backlog.

Once the mandatory appropriations are exhausted near the end of the month, there will be 1,100 excepted personnel to staff VBA's 56 Regional Offices and National Call Centers to date stamp incoming claims receipts. As a result of the exhaustion of available funding, VA will not be able to pay the on average \$6.25 billion in monthly compensation, pension, education, and vocational rehabilitation benefits to over four million Veterans, Service members, and Survivors. This includes the following, specific impacts:

- Over \$4.5 billion in recurring monthly compensation benefits payments will not get paid to 3.8 million Veterans, including an estimated 433,000 service-connected 100 percent disabled Veterans.
- Over \$514 million monthly compensation benefits will not be paid to over 360,000 surviving spouses and children of wartime service Veterans.
- Over \$304 million monthly pension benefits will not get paid to nearly 315,000 wartime low-income Veterans who are permanently and totally disabled or who are over the age of 65.
- Over \$132 million monthly pension benefits will not get paid to over 200,000 low-income Survivors.
- No tuition, fees, or housing allowance benefits will be paid for Veteran education programs - impacting 500,000 Veterans, Service members, survivors and their designated beneficiary.
- Over \$65 million in monthly Survivors and Dependents Educational Assistance will not be paid to an estimated 60,000 eligible spouses and children of Veterans.
- Over \$42 million in Vocational Rehabilitation and Employment Program subsistence allowances will not be paid to 41,000 service-connected disabled Veterans.
- All Volunteer Force Educational Assistance: Nearly \$77 million in All Volunteer Force Educational Assistance benefits will not be paid to 35,000 Veterans and Active Duty personnel.
- Over \$12 million in Specially Adapted Housing and Auto Equipment Grants will not be provided to over 2,000 severely disabled Veterans for home and automobile adaptations.

Even though most VBA funding is 'mandatory' (connected with cash payments established by eligibility for programs), almost all of the funding for VBA-administered benefits has to be approved in annual appropriations. Areas continuing to fully operate throughout the lapse in appropriations are the VA Home Loan Guaranty program and the self-supporting Insurance program that operates through trust funds. VBA Compensation & Pension and Readjustment Benefits accounts are entitlement accounts requiring annual appropriations from Congress. The FY 2014 VA request of \$86.1 billion included \$84.4 billion to pay Compensation & Pension and Readjustment mandatory benefits.

National Cemetery Administration (NCA)

The National Cemetery Administration has sufficient funding to continue regular operations through late October. After available funds are exhausted, NCA will implement its lapse in appropriations shutdown plan. Of the 1,802 NCA employees, 1,046 will be non-excepted and subject to furlough. NCA employs the highest percentage of Veterans in the Federal workforce. Of the 1,046 non-excepted employees in NCA who may be furloughed, 757, approximately 72 percent, are Veterans. Many of them are disabled Veterans, who will also lose their disability compensation from VBA, if the shutdown continues.

There will be 756 excepted employees, approximately 91 percent of whom are located in the field. Each national cemetery will conduct a reduced number of burials each day. This could cause some families to pay for storage of their loved ones' remains until burials can be scheduled. Although there may be possible delays in scheduling internments, NCA will continue to provide services to our Veterans and their families during their time of need with the utmost dignity, respect and compassion.

Administrative and maintenance operations beyond emergency or essential functions will cease until the government reopens, and this reduced support may impact cemetery appearance. Requests for Presidential Memorial Certificates will not be processed. Several burial benefits are funded from the Compensation and Pension account. When these mandatory funds are exhausted, NCA will not be able to provide headstones, markers, medallions and outer burial receptacles to Veterans and eligible family members.

Veterans Appeals Processing

Based on applicable legal standards, the processing of appeals will be suspended once funding is exhausted as of October 7th. The Board of Veterans Appeals (the Board) estimates that FY 2013 funds for its staff will be expended in early November, while funding for VBA's regional offices and AMC has already been exhausted. Employees who process appeals at VBA's 56 Regional Offices and the AMC have already been furloughed, and Board employees will be put into furlough status when remaining funds are expended. Once this funding is exhausted, all but one member of the Board staff will be furloughed. Hearings in Veterans' appeals are being cancelled each week, and appeals decisions will not be issued, leading to longer wait times for Veterans.

Office of Information Technology (OIT)

The Office of Information and Technology provides critical support to VHA, VBA, NCA, and Central Office staff that ensures the delivery of benefits and health services to our Nations' Veterans.

As of Monday, October 7th, 2,754 OIT employees were furloughed. About 551 OIT employees are paid from a revolving fund with a capital reserve; these positions are fully funded for approximately 3 months. An additional 4,670 employees are excepted to provide support for healthcare delivery and for benefits determination and delivery, support for staff offices, and ensuring our Veterans information continues to be protected. This number will decrease as the shutdown continues and additional staff members are furloughed. Most, if not all, improvements to our existing IT systems, as well as implementations of new capabilities, are suspended. Specific examples include; the Veterans Benefits Management System, the Veterans Relationship Management (VRM) Initiative, the Integrated Electronic Health Record (iEHR) IOC 2014, the Internal Classification of Diseases-10 (ICD-10), and Personal Identify Verification (PIV)-only Authentication rollout.

While these IT systems will be maintained, no new development upgrades will occur after October 7th. One system, VBMS, is one of the critical initiatives to reducing the backlog of disability claims over the next several years. On Monday, October 7th, all VBMS development ceased.

Veterans Health Administration

Advanced appropriations have allowed VHA to continue its operations with its fiscal year 2014 funding in place, with some exceptions, such as funding for medical research and prosthetics, and operation of the Lovell VA-DoD joint facility. Lovell is fully operating with all staff on excepted status. Advanced appropriations only apply to selected VHA accounts.

Staff Offices

In most VA staff offices there is a limited pool of FY 2013 funds to support a short period of continued operation. After this short period, the majority of the functions will no longer be performed as a result of the majority of the employees being non-excepted.

In other offices, there are revolving fund programs that will continue to operate. Staff offices also have personnel who provide support to VHA and are reimbursed by VHA with advance appropriations. These staff will continue to work and perform their regular duties as “fully funded” staff. Finally there are some staff who will continue to work, due to “necessary implications” or “protection of life and property.” Details by staff office are provided on the VA webpage in our VA Contingency Plan, Advance Operation in the Absence of Appropriations.

Summary

While VA planned for an orderly shutdown in the event of a lapse in appropriations, a government shutdown of this scale is a new responsibility with unprecedented legal and programmatic questions. VA depends on coordination and synchronization with other Federal departments and agencies. There are functions in other agencies impacted by the shutdown that, in turn, impact our plan in unanticipated ways. Every department and agency is doing the best they can to deal with this evolving situation. With the predicted uncertainty that accompanies this lapse in appropriations, VA will do its best to keep this Committee informed. However, unforecasted impacts of the shutdown are difficult to predict.

President Lincoln’s charge, to care for those who “shall have borne the battle,” remains clear and undiminished. Congress must resolve this fiscal impasse so that VA and our partners can fully deliver its mission of caring for and serving our Nation’s Veterans.

Statement For The Record

Paralyzed Veterans of America

Chairman Miller, Ranking Member Michaud, and members of the Committee, Paralyzed Veterans of America (PVA) would like to thank you for the opportunity to offer our views on the effect that the federal government shutdown is having and could potentially have on the operations of the Veterans Benefits Administration (VBA) and the payment of veterans benefits. As the shutdown has now stretched into a second week, veterans anxiously await a solution that will ensure benefits and services are not disrupted. Unfortunately, that prospect of a solution seems more and more unlikely with each passing day.

Without question, the number one concern that has been raised by our members is whether or not they will receive their compensation and pension benefits at the end of October. Similarly, we have received some questions about payment of Dependency and Indemnity Compensation as well. Everyone has been caught off guard by this problem because no one seemed to realize that an authorization would be required in order to pay veterans benefits. While we appreciate the intent behind the various legislative measures that have been considered to establish this authorization during the shutdown, we must emphasize that we cannot support this method of doing business. If Congress is serious about addressing this problem, then it should fully fund the Department of Veterans Affairs (VA) and its programs immediately.

It is our understanding that many parts of the operations of VBA will be shuttered this week. While VBA retained some carryover funds to continue operations for a limited period of time, those funds are drying up quickly. As a result, more employees will be furloughed as the days and weeks progress. Interestingly, we have received conflicting reports as to what affect the furloughs and office closures are having on our own field operations. It is our understanding that some Regional Offices are all but closed while some remain at least partially open. Some of our National Service Officers (NSO) have access to federal facilities while others do not. Additionally, the information available to our NSO’s will be limited to what can be obtained from the VBA systems which remain functional during the shutdown. It is also more widely understood that while our NSO’s may still be working, veterans seeking claims assistance will be unable to come into the Regional Offices to meet with them. We have real concerns that given the wide-ranging feedback we have received from the field, it seems that VA has no clear and consistent plan for the Regional Offices to handle the shutdown, as well as why the veterans’ service organizations have been kept in the dark about what the plans are moving forward.

It is our understanding that VA Call centers that provide information and assistance on a broad range of VA benefits and services will not be available. Claimants will thus be in danger of losing entitlement to benefits which are time sensitive. VA has informed us that during this period it will date stamp any mail that it receives

for claims purposes in order to preserve the date of claim. However, we question what will happen to claimants who were unable to obtain relevant information that would have prompted the timely submission of a claim.

Similarly, we have serious concerns about the impact that the government shutdown will have on the process for providing Specially Adapted Housing (SAH) benefits. SAH claims require expeditious follow-up to the multiple step processes that are required to provide a safe environment to catastrophically disabled veterans. Many veterans with Amyotrophic Lateral Sclerosis (ALS) experience rapid exacerbations of their terminal illness which require appropriate modifications to their home to protect them from the hazards of everyday living. The role of VA employees who handle SAH in these cases is to evaluate the needs of the veteran and coordinate the various building codes and other related issues to facilitate the implementation of the needed home modifications as quickly as possible. Unfortunately, the decrease in the VBA workforce as a result of the shutdown will certainly cause unnecessary delays to SAH claims that may result in severe consequences for veterans who need the greatest assistance.

Meanwhile, the function of the Veterans Benefits Management System (VBMS) and its widespread implementation is jeopardized by the shutdown. VBMS roll outs are already falling behind schedule and the furlough will further erode the progress of this critical VBA initiative. The incremental releases which build on the ability of VSO's to better support the claims adjudication process will be delayed and will likely have a reverse catalytic effect to the progress that has been made. Additionally, the system, which requires significant and ongoing maintenance through the Information Technology (IT) management structure just to remain operational, will likely experience considerable down time.

Similarly, the Stakeholder Enterprise Portal (SEP) and other IT initiatives will not be supported and related problems will go unresolved. SEP is used to obtain the status of claims and payment history. The program is user friendly when it operates properly, but intervention at the current stage of development is often required to reconcile technical issues for individual issues and to develop patches for more broad based problems. With IT staff that support VBA's operations furloughed, any problems that arise with the IT support systems will simply languish, further slowing the ability of VBA to process claims in a timely fashion.

Finally, what will be the long term impact on claims processing in general? The longer the government shutdown continues, the greater inevitable effect it will have on the increase in the claims and appeals backlog. This is of particular concern as it relates to the erosion of the progress made since April and the ability to meet the 2015 target set by Secretary Shinseki. The shutdown will have an impact, but we do not want it to become an excuse for failure to meet the stated goals.

Ultimately, the partisan bickering and political gridlock that have put veterans' benefits and services at risk is unacceptable. We cannot emphasize enough our opposition to funding the operations of the VA through short-term continuing resolutions (CRs) or other stop-gap measures, such as the partial funding measures that have been debated in the House of Representatives. While we recognize the fact that the House did in fact complete the "FY 2014 Military Construction and Veterans Affairs Appropriations Act" earlier this year, it is time for the political grandstanding to stop. PVA, along with our partners in The Independent Budget—AMVETS, Disabled American Veterans, and Veterans of Foreign Wars—just last week called on the leadership of the House and Senate to take immediate action to enact the full year FY 2014 appropriations bill for the VA.

Additionally, the activities in Congress over the last two weeks (and really for many years) further affirm the need to approve legislation to make the VBA and all other VA programs a part of advance appropriations. Advance appropriations have shielded VA health care from most of the harmful effects of the current government shutdown as well as prior continuing resolutions. The Independent Budget called on leadership last week to immediately bring H.R. 813, the "Putting Veterans Funding First Act," to the floor for consideration, amendment and approval. We hope that you will continue your efforts to see this critical legislation through to final enactment.

In the end, PVA, the co-authors of The Independent Budget, our partners in the veterans' service organization community, and the millions of veterans that we represent will no longer tolerate Congress leveraging veterans' health care and benefits to achieve unrelated political ends. The actions of Congress in the last couple of weeks reflect a failure of leadership. Congress' obligation to veterans does not start in the eleventh hour of a national crisis; you have an obligation to pass a timely, sufficient budget for all veterans programs, benefits and services.

We appreciate the bipartisan atmosphere that this Committee has often experienced. And yet, even that has now been tarnished. It is time for this nonsense to stop.

PVA thanks you once again for allowing us to submit comments for the record. We will continue to keep the Committee staff updated on the impact of the shutdown on VBA as well as our own operations. We would be happy to answer any questions that you may have.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2013

No federal grants or contracts received.

Fiscal Year 2012

No federal grants or contracts received.

Fiscal Year 2011

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— \$262,787.

Iraq & Afghanistan Veterans Of America

Chairman Miller, Ranking Member Michaud, and Distinguished Members of the Committee:

On behalf of Iraq and Afghanistan Veterans of America (IAVA), I would like to extend our gratitude for the opportunity to share with you our views, thoughts, and concerns regarding the ongoing government shutdown and its impact on the ability of the Department of Veterans Affairs (VA) to provide benefits and services to America's veterans.

IAVA is the nation's first and largest nonprofit, nonpartisan organization for veterans of the wars in Iraq and Afghanistan and their supporters. Founded in 2004, our mission is critically important but simple – to improve the lives of Iraq and Afghanistan veterans and their families. With a steadily growing base of nearly 270,000 members and supporters, we strive to help create a society that honors and supports veterans of all generations.

In partnership with other veteran service organizations (VSOs), IAVA has worked tirelessly to see that veterans' needs and concerns are appropriately addressed by the VA. IAVA has fought hard over the years to not only hold the VA accountable on its promises to our nation's veterans, but also to ensure that veterans are fully aware of the status of operations within VA.

Lately, however, the political climate in Washington has made doing this a very difficult task. Congress, VSOs, and the public have often received incomplete, inaccurate, and/or inconsistent information from the administration and the VA about how the government shutdown would impact veterans and VA services. These inconsistencies have left veterans confused, concerned, and dismayed.

Since the federal government shutdown began, IAVA has fielded countless calls and received numerous emails, tweets, and Facebook messages from veterans all over the country asking about the impact of the shutdown on their benefits and services. We have heard from a number of veterans who rely on disability and GI Bill benefits and don't know if they'll get their next check. In fact, demand for education resources at IAVA has tripled in just a week.

One recent call came from a female veteran who is 100% disabled with three kids and no savings. If she does not receive her November disability check on time, she worries that she will not be able to pay her rent and electric bill or even buy food for her family. She shared that several other veterans she knows in her own hometown are in the same situation as she is, and they all are worried about what is yet to come.

Another IAVA member veteran recently relayed that he had applied for a VA home loan and had already received his Certificate of Eligibility and appraisal for the home he purchased when his mortgage lender indicated that it may not be able to proceed with the loan due to the government shutdown. While VA's most updated version of its public guidance on the shutdown states that VA home loan processing

should not be impacted by a lapse in appropriations, this veteran's story is evidence of a common concern we are starting to see: the impact of uncertainty and doubt on businesses that interact with veterans and impact their lives and livelihoods.

Stories such as these are only the tip of the iceberg. We also hear from veterans who are furloughed federal government employees, veterans unsure of what a new wave of furloughs at VA means for services on which they rely, and veterans in the VA disability claims backlog who are worried that their wait will be even longer.

In recent months, we have seen a significant and laudable reduction in the backlog, due in part to a variety of factors such as the special claims processing initiatives, veterans filing more fully developed claims with the guidance of VSO service officers, mandatory overtime for VA claims processors, media attention, and public pressure. But if the shutdown continues, we may not only see a slowdown of this trend, but a potential reversal of the trend. This would represent a major setback for the VA, for veterans, and for the country.

The men and women who served our nation did their jobs without question and without delay, and those currently serving, continue to perform their duties even while questions about whether or not our government will default on its commitment to compensate and care for them and their families. IAVA urges Congress to end this standoff and will restore funding to the government so that it can properly and fully serve our nation's veteran population.

Veterans are hurting during the shutdown. They need the shutdown to end so they can receive and benefit from the services and support they have earned. But until Congress can re-open the government, our veterans deserve clear, reliable, and accurate information.

Mr. Chairman, IAVA again appreciates the opportunity to offer our views on this important topic, and we look forward to continuing to work with each of you, your staff, and this Committee to continue to improve the lives of veterans and their families.

Thank you for your time and attention.

AMVETS

Introduction

Distinguished members of the House Veterans' Affairs Committee, it is my pleasure, on behalf of AMVETS, to offer this testimony outlining our questions and concerns related to the effects on the government shutdown on VA benefits and services to veterans.

I would like to begin today by commending the committee for all of its work on behalf of American veterans everywhere, especially its efforts to improve efficiencies by eliminating redundant and/or counterproductive programs and its unwavering commitment to all of the men and women whose job it is to protect and defend this country.

As the United States absorbs the aftereffects of more than a decade of continuous war and in the face of the planned draw-down of military personnel, the VA has been, and will continue to be, severely stressed for the foreseeable future. Nothing is more important for our veterans than adequately meeting their physical/mental health care needs and the accurate and efficient processing of their disability claims.

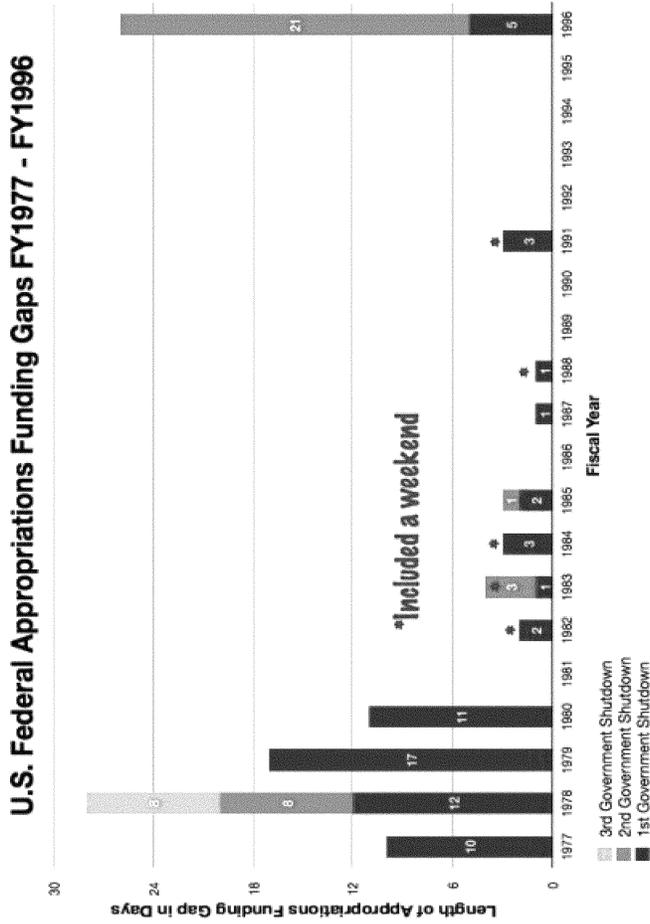
Thanks to improvements in battlefield medicine, swift triage, aeromedical evacuations and trauma surgery, more combat-wounded than ever before are surviving horrific wounds and will be applying for the benefits they were promised and earned on the battlefield. Your committee has a responsibility to ensure that the VA and our nation live up to the obligations imposed by the sacrifices of our veterans.

It is encouraging to acknowledge at this time that, despite the extraordinary sacrifices being asked of our men and women in uniform, the best and the brightest continue to step forward to answer the call of our nation in its time of need. I know that each of you is aware of, and appreciates, the numerous issues of importance facing our military members, veterans, retirees, families, and survivors.

Background

In the early 1980s, Attorney General Benjamin Civiletti pointed out that the *Anti-Deficiency Act*, which was originally enacted in 1884, required government agencies to close if their funding expired. This legislation is one of the major laws that gives Congress constitutional control over public funds. All funding lapses since the 80's, have resulted in actual government shutdowns, although most of them shutdowns were of very limited duration. The most significant government shutdown to date came during the Clinton Administration and lasted 21 days in 1996.

As mentioned above, this current government shutdown is not a situation without precedence, even excluding the shutdown in 1996. Continuing with our historical look back, we find that since 1976, there have actually been 17 occasions when Congress failed to meet its annual funding deadline, six of which took place in the 1970s. Not all of these funding gaps actually lead to physical shutdowns.



Data Source: Robert Keith, Congressional Research Service Report, "Federal Funding Gaps: A Brief Overview," Order Code RS20346-20080924
 Notes: As of March 04, 2011, there have been no appropriations funding gaps since FY1996. The enactment of a Continuing Resolution (CR) on the day after the previous CR expired is not counted as a funding gap for this purpose.

© Tammy M. Frisby, Research Fellow, Hoover Institution at Stanford University

Comments

The focus of the remainder of my remarks will pertain to the current situation we find ourselves in, the second government shutdown in 17 years and its effects on VA. And even though the underlying cause of these shutdowns, the inability of Congress and the president to agree on a spending bill, have a lot in common, there are also many differences. The result, not surprisingly, is that there is a lot of confusion, frustration and outright hostility being experienced, not only by American Veterans and federal employees, but also by ordinary citizens and even government decision-makers.

It goes without saying, that the government we have today is not the same as the one we had in 1996, thanks to technology and government overhauls, etc., so we cannot depend on previous experience as a guide to what may or may not happen. This unknown factor is creating undue fear and anxiety for the millions of

American Veterans receiving a myriad of VA services and benefits and this is unacceptable to AMVETS and the larger veteran's community.

Since anything that effects VA has cascading effects on all VA stakeholders, AMVETS is seeking clear guidance to share with our members as this shutdown continues. Currently, AMVETS National Service Officers and the AMVETS National Service Director's office are being inundated with urgent requests for information from veterans all around the country who are concerned that their earned benefits may lapse as a result of the government shutdown. It must not be forgotten that for many veterans, especially the most vulnerable, their VA benefits may be their sole source of income. Additionally, veterans want to know:

- if they'll be able to file new claims;
- if they'll be able to file appeals;
- whether they'll be able to check the status of a pending claim or appeal;
- what will happen to their G.I. Bill benefit payments;
- if NCA interments will continue in a timely manner;
- why they are being prevented from visiting monuments dedicated to their own service and sacrifice;
- what effect the shutdown will have on the backlog;
- will disabled veterans continue to receive their compensation or pension benefits;
- whether or not they'll be able to meet with Service Officers in VA Regional Offices;
- how will the furloughing of 2,754 Office of Information Technology employees and contractors impact the development of important VA programs such as, VBMS, Data2Data (D2D), DBQ's (Disability Benefit Questionnaires), and VBMS Calculators;
- what are the long-term ramifications of an extended shutdown; and
- for those with security clearances, there are concerns about possible negative effects during their next background check to renew their clearance if they are not paid in a timely manner.

Concerning meeting Secretary Shinseki's goal of eliminating the backlog by 2015, back of the envelope calculations show that since the beginning of calendar year 2013, VA has been reducing the backlog by an average of 5,420 claims a week. With 98 weeks left until the end of FY15 if the VA is able to continue reducing the backlog at the same rate, VA will have successfully eliminated the backlog by 2015. Additional calculations show that the VA has a buffer of 112,000 claims if they continue reducing the backlog at the current rate; however, every week that the shutdown continues reduces the VA's ability to meet the Secretary Shinseki's goal by 2015.

Of major concern to AMVETS is the information coming out of VA indicating that it may not have enough money to pay disability claims and pension payments beyond the end of October, which would drastically affect some 3.6 million veterans.

Closing

I would like to conclude this testimony, by noting for the record, that AMVETS fully supports both Secretary Shinseki and Under Secretary for Benefits Hickey. Both of these leaders have struggled to fulfill their obligations to their fellow veterans thanks to the antiquated civil service system current in place. While we appreciate that this system, and its attendant protections, was originally established to rightly protect against patronage, worker exploitation, and political manipulation. But instead of protecting the best employees and creating an environment in which excellence can thrive, civil service protections now serve to lock the worst employees into place, making it virtually impossible for managers to fire poor performers. Neither VA Secretary Eric Shinseki, nor any future VA secretary, can be fully expected to fix a system in which they are unable to fire bad employees and reward good employees based on merit (instead of tenure). We need to give the VA's leadership the tools they need to fix the system.

This completes my statement at this time; thank you for the opportunity to offer our remarks on this critical issue.

Veterans of Foreign Wars of The United States

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, I would like to thank you for the opportunity to

present our views on the effects of the government shutdown on the Veterans Benefits Administration (VBA) and the VFW's ability to provide service officer assistance to veterans and active duty servicemembers.

Now in the second week of the government shutdown, veterans are raising concerns about receiving compensation, pension and Dependency and Indemnity Compensation at the end of October. We have asked our membership to call and write their members of Congress to tell them to pass a fully funded budget for the Department of Veterans Affairs (VA). Included in this call-to-action is a request to pass H.R. 813 and S. 932 to ensure that VA will be fully funded through Advance Appropriations in the future.

In conversations with VA personnel and VFW service officers, the effectiveness of our service officers to represent veterans will be greatly impaired. VA has informed the VFW that all service officers, whose offices reside inside the Regional Offices (RO), will continue to have access to their offices to make phone calls and to review claims, but veterans will not be allowed into the buildings for face-to-face meetings. As the ROs begin closing, VFW service officers will have to reschedule meetings off-site to continue to assist veterans. Even if all service officers are granted access, there will be a loss of productivity in taking claims, counseling veterans and, responding to calls and reviewing decisions prior to promulgation.

Our service officers are working to reschedule appointments at locations that range from local Vet Centers to VFW Posts. Aside from the logistics of changing these meeting locations, service officers who do not have access to encrypted laptop computers will have to rely on filing paper claims as opposed to helping veterans file claims electronically. This is counterproductive to the desire of VA to move to an all-electronic claims process.

Currently, our service officers are in their offices to take calls from veterans, allowing for timely responses to questions and concerns. With our service officers rescheduling meetings outside the office, those calls will go to voicemail, leaving our service officers trying to reconnect with the veterans at a later time.

The Transition Assistance Program (TAP) operates on military installations around the country. It is a perfect opportunity for our service officers who are on or near a military installation to introduce themselves to service members and describe how we can assist them in filing a claim. TAP operations are halted by the shutdown at most locations where VFW pre-discharge counselors work. Currently, our service officers at military installations are working from their usual worksites after being denied access early on. Our service officer at Joint Base Lewis-McCord, Wa, will be relocated to the Veterans Home at American Lake VA Hospital if the shutdown continues beyond this week. At some of our pre-discharge locations, the intake sites are closed, so our service officers are either faxing claims to our Department service officer or hand delivering claims to the RO for a date stamp. The VFW also predicts a fall off of service members and veterans who will reach out to us because weekly TAP classes are being disrupted.

It is our understanding that the Board of Veterans Appeals is operating day-to-day. Once this office closes, our service officers who assist at the Board will no longer have access to the building and their work - again, slowing the claims process and denying veterans of their disability and pension claims decisions and appeal denials.

These are the known setbacks of the government shutdown on the everyday work the VFW conducts on behalf of veterans, and the partial impact the shutdown will have on veterans and VA. It is time to stop leveraging veterans against larger political agendas. Partial funding measures or short-term Continuing Resolutions will only continue to adversely affect the care and benefits veterans have earned. So again, the VFW asks Congress to pass a full-year Fiscal Year 2014 appropriations bill without delay, and pass H.R. 813 and S. 932 to ensure veteran programs and services are not disrupted in the future.

Mr. Chairman, thank you again for allowing the VFW to submit our views for the record. We will continue to inform your Committee of the impact this shutdown has on our daily operations and the veterans we serve.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, VFW has not received any federal grants in Fiscal Year 2013, nor has it received any federal grants in the two previous Fiscal Years.