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104th Congress, 2d Session - - - - - House Report 104-869

ACTIVITIES REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

Convened January 4, 1995

Adjourned January 3, 1996

SECOND SESSION

Convened January 3, 1996

Adjourned January 3, 1997



DECEMBER 18, 1996—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

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WASHINGTON : 1996

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Page

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| | COLLIN C. PETERSON, Minnesota ² |

¹ April 1, 1996—Rep. Maxine Waters resigned from the Committee.

² September 17, 1996—Rep. Collin C. Peterson was appointed to the Committee.

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LETTER OF SUBMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, December 18, 1996

Hon. ROBIN H. CARLE,
Clerk, House of Representatives,
Washington, D.C.

DEAR MS. CARLE:

In accordance with Clause 1(d) of Rule XI of the Rules of the House of Representatives, I submit herewith the report of the Committee on Veterans' Affairs setting forth its activities in reviewing and studying the application, administration, and execution of those laws, the subject matter of which is within the jurisdiction of our committee.

BOB STUMP,
Chairman

FOREWORD

The 104th Congress achieved historic veterans' health care eligibility reform and significant improvements in veterans' benefits. The House of Representatives passed 14 bills reported by the Committee on Veterans' Affairs, and the Committee and its subcommittees held 24 oversight hearings. The Congress passed legislation to create six public laws solely related to veterans. Three of the public laws came from omnibus bills combining many provisions of House-passed bills.

Legislative proposals enacted into law during the 104th Congress include:

- Reforming eligibility for veterans' health care provided by the Department of Veterans Affairs (VA).
- Directing VA to establish and manage health care programs to promote the cost-effective delivery of health services to eligible veterans.
- Requiring VA to develop five-year strategic health care plans to guide system operations as well as construction prioritization.
- Authorizing 18 major medical construction projects totaling \$358.15 million.
- Extending VA's authority to provide priority health care to veterans exposed to ionizing radiation, herbicide-exposed veterans, and Persian Gulf veterans.
- Lifting restrictions on title 38 employees to work in their professional capacity in outside employment while employed full-time by VA.
- Providing full cost-of-living adjustments for 1996 and 1997 for service-connected disabled veterans and survivors of certain veterans.
- Extending the date of the Vietnam era to February 28, 1961, and extending eligibility for certain health benefits to those serving on or after January 9, 1962.
- Allowing conversion of Veterans Group Life Insurance policies to commercial policies at any time.
- Requiring VA to pay a veteran's surviving spouse an entire month's compensation or pension payment for the month in which a veteran dies.
- Increasing the period for which accrued benefits are payable for veterans' survivors from one year to two years.
- Making permanent a pilot program authorizing VA education benefits for participation in alternative teacher certification programs.
- Authorizing transfer of active-duty VEAP participants to the Montgomery GI Bill.

- Authorizing those active-duty members of the Army and Air Force National Guard who enlisted between June 30, 1985, and November 29, 1989, to participate in the Montgomery GI Bill.
- Improving administrative functions within the VA education service, the National Cemetery System, the VA life insurance program, and the Veterans Benefits Administration.
- Establishing a commission to evaluate the programs of the Federal Government that assist members of the Armed Forces and veterans in readjusting to civilian life.
- Re-establishing the requirement that a veteran's employment handicap must be a result of a service-connected disability in order to receive VA vocational rehabilitation benefits.

Federal expenditures for veterans in fiscal year 1996 amounted to \$36.9 billion, and in fiscal year 1997 will amount to approximately \$39.8 billion. This funding provides health care services to eligible veterans through a Department of Veterans Affairs (VA) system of 173 hospitals, 398 outpatient clinics, 132 nursing home care units and 39 domiciliaries, and through private providers under contract arrangements. This funding also provides compensation, pension, insurance, memorial affairs, education, training, employment and housing programs for veterans. As a result, the United States continues to have the most generous and comprehensive veterans' benefits of any nation in the world.

I especially thank the Honorable G.V. (Sonny) Montgomery, the Ranking Minority Member and former chairman of our Committee, for his lifetime of work on behalf of veterans. He retires at the end of this Congress. My good friend is widely known as "Mr. Veteran" because of his prominence in veterans' affairs. The education program named for him, the Montgomery GI Bill, is probably his greatest and best known legislative achievement. This program is of immense benefit to veterans and to America. No member is more respected and popular among his colleagues than Mr. Montgomery. As chairman of the Committee for fourteen years, he became the paradigm for its bipartisan tradition, and as ranking minority member he continued it. It has been an honor and a pleasure to have served in the House with the distinguished gentleman from Mississippi.

I also greatly appreciate the diligence of the subcommittee chairmen and ranking minority members in holding the many hearings and markups so necessary to the accomplishment of the Committee's oversight and legislative agendas for veterans. They are: the Honorable Tim Hutchinson, Chairman of the Subcommittee on Hospitals and Health Care, and the Honorable Chet Edwards, the Subcommittee's Ranking Minority Member; the Honorable Terry Everett, Chairman of the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs, and the Honorable Lane Evans, the Subcommittee's Ranking Minority Member; the Honorable Steve Buyer, Chairman of the Subcommittee on Education, Training, Employment and Housing, and the Honorable Bob Filner, the Subcommittee's Ranking Minority Member.

The House and Senate Veterans' Affairs Committees have continued their cooperative relationship during the 104th Congress, keeping the needs of our nation's veterans in the forefront. What dif-

ferences have arisen were resolved through a constructive process of compromise which I believe resulted in the most beneficial legislation possible for veterans. I particularly acknowledge the leadership of the Honorable Alan Simpson of Wyoming, Chairman of the Senate Committee, who is also retiring at the end of this Congress. His insightful analysis of the issues and his keen wit will be greatly missed. Additionally, I express my appreciation to the Honorable John D. Rockefeller of West Virginia, the Ranking Minority Member of the Senate Committee, for his hard work on our veterans' legislation and I look forward to a continuation of our efforts on behalf of veterans.

For those members of this Committee who, in addition to the Honorable G.V. (Sonny) Montgomery, will be leaving their assignments here at the end of this Congress, I commend their faithful and dedicated service to veterans. They are: the Honorable Tim Hutchinson, the Honorable Chet Edwards, the Honorable Robert W. Ney, the Honorable Jon D. Fox, the Honorable Michael Flanagan, the Honorable Jerry Weller, the Honorable J.D. Hayworth, and the Honorable Wes Cooley.

Finally, I thank the staff of the Committee on Veterans' Affairs for their constancy and attention to the daily tasks of committee business. Together with our Committee members and our Senate colleagues, their work on our legislative and oversight agendas was invaluable to the Committee's success in reaching its objectives for veterans.

BOB STUMP,
Chairman

CONTENTS

| | Page |
|--|------|
| Jurisdiction of the House Committee on Veterans' Affairs | 1 |
| Activities under jurisdiction of the committee as administered by: | |
| The Department of Veterans Affairs | 2 |
| Medical care | 2 |
| Medical research | 3 |
| Compensation and pension | 4 |
| Insurance | 4 |
| National cemeteries | 4 |
| Education | 5 |
| Home loan assistance | 5 |
| Employees | 5 |
| History of the Department of Veterans Affairs | 6 |
| The Department of Labor | 7 |
| The American Battle Monuments Commission | 9 |
| Messages from the President and other Executive Branch communications | 10 |
| Summary of action by the Committee on Veterans' Affairs | 18 |
| Hearings and Executive Sessions | 19 |
| Legislation enacted into law: | |
| Public Law 104-57 | 23 |
| Public Law 104-110 | 24 |
| Public Law 104-262 | 26 |
| Public Law 104-263 | 30 |
| Public Law 104-275 | 31 |
| Public Law 104-202 | 34 |
| Activities of the subcommittees: | |
| Subcommittee on Hospitals and Health Care | 35 |
| Subcommittee on Compensation, Pension, Insurance and Memorial Affairs | 41 |
| Subcommittee on Education, Training, Employment and Housing | 48 |
| Budget activities | 58 |
| Committee web site | 59 |
| Oversight Plan for the 104th Congress | 61 |
| Subcommittee on Hospitals and Health Care | 61 |
| Subcommittee on Compensation, Pension, Insurance and Memorial Affairs | 64 |
| Subcommittee on Education, Training, Employment and Housing | 65 |
| Report on the budget for fiscal year 1996 | 67 |
| Report on the budget for fiscal year 1997 | 99 |
| Statistical data—war veterans and dependents | 113 |

Union Calendar No. 472

104TH CONGRESS }
2d Session } HOUSE OF REPRESENTATIVES { REPORT
104-869

ACTIVITIES OF THE COMMITTEE ON VETERANS' AFFAIRS FOR THE 104TH CONGRESS

DECEMBER 18, 1996—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. STUMP, from the Committee on Veterans' Affairs, pursuant to
Clause 1(d) of Rule XI, submitted the following

REPORT

JURISDICTION

Rule X of the Rules of the House of Representatives establishes the standing committees of the House and their jurisdiction. Under that rule, all bills, resolutions, and other matters relating to the subjects within the jurisdiction of any standing committee shall be referred to such committee. Clause 1(r) of Rule X establishes the jurisdiction of the Committee on Veterans' Affairs as follows:

- (1) Veterans' measures generally.
- (2) Cemeteries of the United States in which veterans of any war or conflict are or may be buried, whether in the United States or abroad, except cemeteries administered by the Secretary of the Interior.
- (3) Compensation, vocational rehabilitation, and education of veterans.
- (4) Life insurance issued by the government on account of service in the armed forces.
- (5) Pensions of all the wars of the United States, general and special.
- (6) Readjustment of servicemen to civil life.
- (7) Soldiers' and sailors' civil relief.
- (8) Veterans' hospitals, medical care, and treatment of veterans.

This committee was established January 2, 1947, as a part of the Legislative Reorganization Act of 1946 (60 Stat. 812), and was vested with jurisdiction formerly exercised by the Committee on World War Veterans' Legislation, Invalid Pensions, and Pensions. Jurisdiction over veterans' cemeteries administered by the Department of Defense was transferred from the Committee on Interior and Insular Affairs on October 20, 1967, by H. Res. 241, 90th Congress.

DEPARTMENT OF VETERANS AFFAIRS

The U.S. Department of Veterans Affairs was established March 15, 1989, with Cabinet rank, succeeding the Veterans Administration (VA), and assumed responsibility for providing federal benefits to veterans and their dependents. Headed by the Secretary of Veterans Affairs, VA is the second largest of the 14 cabinet departments and operates nationwide programs of health care, assistance services and national cemeteries.

The present veteran population is estimated at 26 million, as of September 30, 1996. Nearly 80 of every 100 living veterans served during defined periods of armed hostilities. Altogether, more than one-fourth of the nation's population—approximately 70 million persons who are veterans, dependents and survivors of deceased veterans—are potentially eligible for VA benefits and services.

MEDICAL CARE

The largest and most visible component of the Department of Veterans Affairs is its health care system. The system has grown from 54 hospitals in 1930, when the Veterans Administration was formed, to 173 today. VA operates at least one medical center in each of the 48 contiguous states, Puerto Rico, and the District of Columbia, however, a concerted effort has been made to move away from the "bricks and mortar" approach to health care. Accordingly, only one new VA hospital—at Palm Beach, Florida—has been constructed in the recent past.

In 1996, with 45,804 medical center beds, VA treated 834,511 patients in VA hospitals, 35,929 in nursing home care units, and 19,229 in domiciliary facilities. VA's outpatient clinics register approximately 28.4 million visits each year. An estimated three million individual veterans receive care annually.

VA currently is affiliated with 105 medical schools, 85 dental schools and 1,196 other schools across the nation. More than one-half of all practicing physicians in the United States had part of their professional education in the VA health care system. Each year, approximately 110,000 health professionals receive training in VA medical centers.

Since 1979, VA has operated Vietnam Veteran Outreach Centers (Vet Centers), which provide readjustment counseling services to Vietnam-era veterans. With the advent of the Persian Gulf War, eligibility for Vet Center counseling was expanded to include those veterans as well as veterans who served during other periods of armed hostilities following the Vietnam era—Lebanon, Grenada and Panama. Additionally, Public Law 104-262 expands eligibility for Vet Center counseling to combat veterans of conflicts prior to the Vietnam era. However, Public Law 104-262 also places a dead-

line on non-theater Vietnam-era veterans to seek VA readjustment counseling by January 1, 2000.

Currently, there are 206 Vet Centers nationwide. Approximately 8 million veterans have visited Vet Centers since the program began. Counseling is provided for a variety of reasons, including employment problems, marital difficulties, and post-traumatic stress disorder (PTSD). VA also conducts a variety of special programs to assist homeless veterans. Both alcohol and drug abuse rehabilitation and PTSD programs were expanded in recent years.

In addition to outreach programs for homeless veterans, VA utilizes the contributions of time and energy of volunteers from all walks of life. More than 95,000 volunteers through VA's Voluntary Service donate more than 13 million hours of service each year to bring companionship and additional care to hospitalized veterans.

MEDICAL RESEARCH

While providing high quality health care to the nation's veterans, VA also conducts an array of research activities concentrating on some of the most difficult research challenges facing medical science today. VA is a world leader in such areas as aging, women veterans' health issues, AIDS, post-traumatic stress disorder (PTSD) and other mental health issues. VA research has improved medical care not only for the veteran population but also for the entire population.

VA researchers played key roles in improving artificial limbs and eradicating tuberculosis, and in developing the cardiac pacemaker, the CT scan, and magnetic source imaging, which permits safe removal of brain tumors. The first kidney transplant in the United States was performed at a VA medical facility, and the first successful drug treatments for high blood pressure and schizophrenia were pioneered by VA researchers. The "Seattle Foot" was created by VA to give amputees the push-off needed to run and jump, as well as walk. VA contributions to medical knowledge have won VA scientists many prestigious awards, including the Nobel prize.

Recent advances by VA researchers showed that prostate cancer can now be treated with laser surgery, which is faster, less painful and more cost-efficient. In treating high blood pressure, doctors are now able to choose the most beneficial treatments based on patient characteristics such as age and race. VA researchers also showed that low doses of the drug warfarin reduce the risk of stroke by 79 percent in patients who suffer from an irregular heartbeat, with minimal risk of side effects. A new diagnostic tool for Alzheimer's disease can predict dementia outcomes during a six to eight year period with an accuracy rate of from 80 to 90 percent. Through "compassionate use" drug trials, veterans with AIDS have access to investigational drugs before they are available to the public for clinical use.

Early research by VA with animals gives hope that spinal cord regeneration may be possible after paralysis. Rheumatoid arthritis, an autoimmune disease, can be genetically cured in mice; this is the first step toward a treatment in humans. VA researchers also found the substance responsible for the breakdown of bones in osteoporosis. In cancer research, VA researchers are developing new "suicide genes" that would seek out cancerous cells and iden-

tify them so that drugs would affect cancer cells but not healthy ones.

Research topics identified as the result of the Vietnam experience such as PTSD and the health effects of Agent Orange exposure are continuing, with new topics relating to the Persian Gulf War. VA researchers are now examining the early effects of war trauma, including the aspect of gender differences. VA is involved in a number of Persian Gulf War-related research projects and recently established three environmental hazards research centers, with an initial focus on the possible health effects of environmental exposures of Persian Gulf veterans.

COMPENSATION AND PENSION

More than 2.6 million veterans receive disability compensation or pension payments from VA. Some 680,585 widows, children and parents of deceased veterans are being paid survivor compensation or death pension benefits. VA disability and death compensation and pension payments were more than \$18 billion for fiscal year 1996.

INSURANCE

VA operates one of the largest life insurance programs in the world and the fourth largest in the United States. VA administers seven life insurance programs under which 2.7 million policies with a value of \$24.7 billion remained in force at the end of fiscal year 1996. In addition, VA supervises the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance programs, which provide some \$540 billion in insurance coverage to approximately 3 million veterans and members of the uniformed services. The 1996 GI life insurance dividend will return almost \$912 million to more than 2.2 million policyholders.

NATIONAL CEMETERIES

Since 1973, when VA assumed responsibility for the National Cemetery System, 12 new national cemeteries have been established. Today the system is composed of 114 cemeteries in 38 states and Puerto Rico. Of these, 56 have unassigned grave sites for complete interments (those which include a casket).

VA is continuing to actively pursue the development of new cemeteries in those metropolitan areas which are presently not served by a national cemetery. The most recent construction of these new cemeteries is the San Joaquin Valley National Cemetery in northern California. It serves the greater San Francisco Bay area and opened in 1992. Since then, VA has acquired a site in the Seattle/Tacoma, Washington area and construction of that national cemetery is well underway. In addition, acreage has been acquired by VA for the establishment of national cemeteries at the following locations: a Saratoga site near Albany, New York; a Joliet site near Chicago, Illinois; a Medina site near Cleveland, Ohio; and a Mountain Creek site intended to serve the Dallas/Ft. Worth, Texas area.

Since July 30, 1973, when VA assumed management of the cemetery system from the Department of the Army, total acreage in the system increased from 4,139 to the present 13,118.5 acres (al-

though this does not include the acreage in 34 soldiers' lots, monument sites and confederate cemeteries administered by NCS). Interments are expected to increase from 71,786 in fiscal year 1996 to more than 106,300 in 2008.

In fiscal year 1996, VA provided nearly 319,758 headstones or markers to mark the graves of veterans buried in private, state veterans, and national cemeteries.

EDUCATION

Since 1944, when the first GI Bill became law, more than 20 million beneficiaries have participated in GI Bill education and training programs. This includes 7.8 million World War II veterans, 2.4 million Korean War veterans, and 8.2 million post Korean and Vietnam era veterans and active duty service personnel.

Proportionally, Vietnam era veterans were the greatest participants in GI Bill training. Approximately 76 percent of those eligible took training, compared with 50.5 percent for World War II veterans and 43.4 percent for Korean era veterans.

The All-Volunteer Force Educational Assistance Program provides benefits for veterans, service personnel and members of the Selected Reserve who train under the Montgomery GI Bill. In 1995, 274,606 veterans, 17,352 service personnel and 97,246 reservists received these benefits. In 1996, 271,592 veterans, 15,159 service personnel and 83,639 reservists were projected to receive training. In 1997, projected trainees are expected to number 304,901 veterans, 13,228 service personnel, and 81,714 reservists. Since the inception of the Orphan's Educational Assistance Act of 1956, VA has assisted in the education of nearly 575,000 eligible dependents of veterans whose deaths or permanent and total disabilities were service-connected. Since the enactment of the Servicemen's Readjustment Act of 1944, the cost of educational benefits has totaled nearly \$73 billion.

HOME LOAN ASSISTANCE

VA's 52 year old loan guarantee program has benefited more than 15 million veterans and their dependents. From 1944, when this program was established as part of the original GI Bill, through September 1996, VA home loan guarantees totaled more than \$534 billion. In fiscal year 1996, VA guaranteed 320,767 loans valued at \$32.6 billion and assisted 449 disabled veterans with grants totaling \$15.2 million for specially adapted housing.

DEPARTMENT OF VETERANS AFFAIRS EMPLOYEES

As of September 30, 1996, VA personnel consisted of 221,868 employees. Among all the departments and agencies of the federal government, only the Department of Defense has a larger work force. Of the total number of VA employees, 199,050 work in the Veterans Health Administration, 12,603 are employed in the Veterans Benefits Administration, 1,287 are within the National Cemetery System, and 3,065 work in the Veterans Canteen Service. The remainder, 5,863 employees, are in various staff offices.

Women account for 54.5 percent of VA employees and the Department is a leader in hiring veterans. Approximately 49 percent

of all male employees are veterans and as of September 30, 1996, VA employed 7,041 women veterans. Of those employees who are veterans, 70.1 percent of the men and 48.5 percent of the women served during the Vietnam era. Of VA's total workforce, 5.8 percent are disabled veterans.

HISTORY OF THE DEPARTMENT OF VETERANS AFFAIRS (VA)

- 1930—The Veterans Administration was created by Executive Order 5398, signed by President Herbert Hoover on July 21, 1930. At the time, there were 54 hospitals, 4.7 million living veterans, and 31,600 VA employees.
- 1933—The Board of Veterans' Appeals was established.
- 1944—On June 22, President Roosevelt Franklin Roosevelt signed the "Servicemen's Readjustment Act of 1944" (Public Law 346, passed unanimously by the 78th Congress).
- 1946—The Department of Medicine & Surgery was established, succeeded in 1989 by the Veterans Health Services and Research Administration, renamed the Veterans Health Administration in 1991.
- 1953—The Department of Veterans Benefits was established, succeeded in 1989 by the Veterans Benefits Administration.
- 1973—The National Cemetery System (except for Arlington National Cemetery) was transferred by the Army to VA.
- 1988—Legislation to elevate VA to Cabinet status was signed by President Ronald Reagan.
- 1989—On March 15, VA became the 14th Department in the President's Cabinet.

Secretaries of the Department of Veterans Affairs

| | |
|---------------------|--------------|
| Jesse Brown | 1993—Present |
| Edward J. Derwinski | 1989—1992 |

Administrators of the Veterans Administration

| | |
|----------------------|-----------|
| Thomas K. Turnage | 1986—1989 |
| Harry N. Walters | 1982—1986 |
| Robert P. Nimmo | 1981—1982 |
| Max Cleland | 1977—1981 |
| Richard L. Roudebush | 1974—1977 |
| Donald E. Johnson | 1969—1974 |
| William J. Driver | 1965—1969 |
| John S. Gleason | 1961—1964 |
| Sumner G. Whittier | 1957—1961 |
| Harvey V. Higley | 1953—1957 |
| Carl N. Gray | 1948—1953 |
| Omar N. Bradley | 1945—1947 |
| Frank T. Hines | 1930—1945 |

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

The Department of Labor (DOL) engages in a variety of activities to assist veterans obtain a job or the training and other employment development services they need to become employable. In accordance with Chapter 41 of title 38, United States Code, the highest priority is given to disabled veterans and veterans of the Vietnam era.

The Assistant Secretary for Veterans' Employment and Training (ASVET) is the principal advisor to the Secretary of Labor regarding DOL policies and programs to meet the employment and training needs of veterans, to protect the reemployment rights of protected individuals in the uniformed services, and to facilitate the transition of military servicemembers to the civilian work force. The Office of the ASVET, through the Veterans' Employment and Training Service (VETS), administers grants to States and local government entities primarily to support veterans' employment specialist staffing, provides reemployment rights complaint investigation and mediation services, formulates and implements inter-agency agreements to ensure the seamless provision of services to veterans, provides technical assistance and training to veterans services providers' staff, monitors the performance of state job service agencies for veterans, conducts pilot projects to develop and test new approaches to serving veterans, and conducts pilot projects for veterans' hiring by public and private sector employers.

The field staff of the VETS is stationed in a nationwide network of regional, state and area offices. There is at least one VETS representative in every state and DOL Regional Office (Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco and Seattle). Other than the regional office staff, most VETS staff are located in state job service agency offices.

The major activities and programs for veterans, Reservists, National Guard members, and transitioners conducted by the Office of the ASVET are:

Job Service and One Stop Service Centers. The state job service agencies are funded primarily by DOL grants. Each must give priority to veterans for job counseling, job development, job referral, and other employment services they offer to the public. Nearly all job service offices have at least one specially trained state employee known as the Local Veterans' Employment Representative (LVER), funded by a VETS grant. LVERs work directly with veterans, assist local office management in maintaining veterans' priority, act as case manager for veterans in need of intensive service, and network with other service providers.

Disabled Veterans Outreach Program. DVOP staff also are state employees funded by a VETS grant and are located in most Job Service offices. About one in four are stationed at locations where disabled and other disadvantaged veterans in need of intensive job placement assistance have better access, e.g., at Departments of Veterans Affairs offices, Job Training Partnership Act program centers, One Stop Service Centers and military base transition centers. The specially trained DVOP staff provides intensive job development, vocational guidance, outreach, community networking and

post-placement follow-up services to veterans with serious barriers to employment to help them become employed.

Transition Assistance Program. TAP is a joint effort by the Departments of Labor, Defense and Veterans Affairs to facilitate the transition of separating military personnel into the civilian work force. At approximately 200 military bases nationwide, DOL-funded staff (either LVERs, DVOPS, VETS or contractor staff) deliver three-day workshops to personnel up to 180 days prior to separation. Workshop participants receive labor market information and are taught job search skills.

Unemployment Compensation for Ex-servicemembers. Unemployment compensation is available to certain veterans immediately following separation from active duty while they are looking for work. Federally funded, this program is administered by the State Employment Security Agencies' unemployment insurance divisions. Such offices are usually co-located with the State Job Service offices or One Stop Service Centers. Veterans filing for or collecting unemployment compensation are generally referred to the Local Veterans' Employment Representative for help in obtaining employment.

Veterans Affirmative Action. Chapter 42 of title 38 of the United States Code prohibits employers who are federal contractors from discriminating against qualified disabled or Vietnam era veterans in hiring or promotional actions, and requires them to list virtually all of their job openings with the Job Service agency for priority referral of target-group veterans. Employers may list directly with the local office, or electronically with "America's Job Bank," DOL's nationwide labor exchange operated in cooperation with the States. Subject employers must submit an annual report to the VETS that enumerates their hiring record relative to this statute. Also, federal agencies must include in their affirmative action plans specific provisions for disabled veterans, and must submit an annual report to the Office of Personnel Management.

Training Programs. As authorized by title IV of the Job Training Partnership Act (JTPA), VETS awards grants to State and local government entities and non-profit organizations specifically for training leading to job placement of disabled, Vietnam era and recently separated veterans. The majority of these grants are awarded through a competitive process to the applicants whose project proposals best meet the special emphasis and performance goal criteria set forth by the ASVET, and are renewed for a second year if the performance goals are met in the first year. Also, VETS staff at the local level promotes inclusion of goals for veterans in training programs funded by other DOL sources, for example, the JTPA grants administered by the Employment and Training Administration.

Reemployment Rights. The Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 amended chapter 43 of title 38 of the United States Code. Among other improvements, it expanded the purview of DOL to include federal employers. Under USERRA, most recently separated veterans, Reservists, and National Guard members upon completion of active duty are entitled to reinstatement to their pre-service employment, with all attendant rights and benefits, as if they had never left to perform the

active duty. Also, the statute prohibits discrimination against Reservists and National Guard members by employers. The VETS staff is responsible for investigating complaints, mediating settlements, referring cases that cannot be settled to the Department of Justice for litigation, and providing information and technical assistance to employers to prevent inadvertent violations of the statute.

Veterans' Preference and Federal Contractor Non-Compliance Complaints. VETS is responsible under the provisions of chapter 41 of title 38 of the United States Code for monitoring federal agencies' implementation of veterans' preference requirements applicable to hiring, and to report to the Office of Personnel Management (OPM) for remedial action any evidence of non-compliance. Under the inter-agency agreement with OPM, upon receipt of a complaint, VETS staff completes a fact-finding process, attempts to resolve the complaint, and reports the matter to OPM for remedial action if not settled. Similarly, VETS staff follow up on complaints from veterans alleging non-compliance by federal contractors, and try to settle the complaints through fact-finding and mediation. If not settled, the complaint goes to the DOL's Office of Federal Contract Compliance Program (OFCCP) for enforcement of the statute.

National Veterans' Training Institute. Through a competitively awarded contract with the University of Colorado at Denver, VETS administers a training institute for service provider staff. The multi-course curriculum is continually refined so that staff such as DVOPS and LVERs may acquire the basic and advanced knowledge and skills needed to effectively serve their customers. Courses are delivered in both residential and distance learning modes.

AMERICAN BATTLE MONUMENTS COMMISSION

The American Battle Monuments Commission (ABMC), created by an Act of Congress in 1923 (36 U.S.C. 121-138B), is a federal agency responsible for the construction and permanent maintenance of military cemeteries and memorials on foreign soil, as well as certain memorials in the United States. Its principal functions are to commemorate, through the erection and maintenance of suitable memorial shrines, the sacrifices and achievements of American armed forces where they served since April 6, 1917; to design, construct, operate, and maintain permanent American military burial grounds and memorials in foreign countries; to control the design and construction on foreign soil of U.S. military monuments and markers by other U.S. citizens and organizations, both public and private; and to encourage U.S. governmental agencies and private individuals and organizations to maintain adequately the monuments and markers erected by them on foreign soils. When directed by Congress, the Commission develops and erects national military monuments in the United States, such as the Korean War Veterans Memorial and the World War II Memorial.

In the performance of these functions, ABMC administers, operates and maintains 24 permanent American military cemetery memorials and 53 monuments, memorials, markers and separate chapels in fourteen foreign countries, the Commonwealth of the Northern Mariana Islands, Gibraltar, and four memorials in the United States.

Interred in the cemeteries are 124,912 U.S. war dead—750 from the Mexican War, 30,921 from World War I, and 93,241 from World War II. Additionally, 6,573 American veterans and others are interred in the Mexico City and Corozal cemeteries. The Mexico City cemetery and those of the World Wars are closed to future burials except for the remains of U.S. war dead yet to be found in the battle areas of World Wars I and II. In addition to burials at the cemeteries and tablets of the missing at the cemeteries overseas, three memorials on U.S. soil commemorate those who were missing in action, lost or buried at sea during the World Wars, the Korean Conflict and the Vietnam era. Those 94,100 war dead are listed individually on the Tablets of the Missing.

In addition to its other activities, the ABMC provides information and assistance, on request, to relatives and friends of the war dead interred or commemorated at its facilities.

MESSAGES FROM THE PRESIDENT AND EXECUTIVE COMMUNICATIONS

A letter from the Secretary, Department of Labor, transmitting a report on the labor market situation for certain disabled veterans and Vietnam Theater veterans, pursuant to 38 U.S.C. 2010A.

A letter from the Secretary of Veterans Affairs, transmitting a report on the Montgomery GI Bill, pursuant to 38 U.S.C. 3036.

A letter from the Secretaries of Defense and Veterans Affairs, transmitting a report on the implementation of the health resources sharing portion of the “Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act” for Fiscal Year 1994, pursuant to 38 U.S.C. 8111(f).

A letter from the Secretary of Veterans Affairs, transmitting a report on contract care and services, furnished to eligible veterans, pursuant to Public Law 100–322, sec. 112(a).

A letter from the Secretary, Department of Veterans Affairs, transmitting the 1994 Annual Report, pursuant to 38 U.S.C. 214, 221(c), 664.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to increase, effective as of December 1, 1995, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of such veterans, and for other purposes.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide for cost-savings in the housing loan program for veterans, to limit cost-of-living increases for Montgomery GI Bill benefits, and for other purposes.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, and other statutes, to extend VA’s authority to operate various programs, collect copayments associated with provision of medical ben-

efits, and obtain reimbursement from insurance companies for care furnished.

A letter from the Secretary of Labor, transmitting the annual report on employment and training programs for veterans during program year 1992 (July 1, 1992 through June 30, 1993) and fiscal year 1993 (October 1, 1992 through September 30, 1993), pursuant to 38 U.S.C. 2009(b).

A letter from the Secretary of Veterans Affairs, transmitting a report covering the disposition of cases granted relief from administrative error, overpayment and forfeiture by the Administrator in 1994, pursuant to 38 U.S.C. 210(c)(3)(B).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to clarify the eligibility of certain minors for burial in national cemeteries.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to restrict payment of a clothing allowance to incarcerated veterans and to create a presumption of permanent and total disability for pension purposes for certain veterans who are patients in a nursing home.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to change the name of Servicemen's Group Life Insurance program to Servicemembers' Group Life Insurance, to merge the Retired Reservists' Servicemembers' Group Life Insurance program into the Veterans' Group Life Insurance program, to extend Veterans' Group Life Insurance coverage to members of the Ready Reserve of a uniformed service who retire with less than 20 years of service, to permit an insured to convert a Veterans' Group Life Insurance policy to an individual policy of life insurance with a commercial insurance company at any time, and to permit an insured to convert a Servicemember's Group Life Insurance policy.

A letter from the General Counsel, Department of Defense, transmitting a draft of proposed legislation to amend title 38, United States Code, to authorize the termination of Servicemen's Group Life Insurance when premiums are not paid.

A letter from the Chief Judge, United States Court of Veterans Appeals, transmitting the annual estimate of the expenditures and appropriations necessary for the maintenance and operation of the Court of Veterans Appeals Retirement Fund, pursuant to 31 U.S.C. 9503(a)(1)(B).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to permit the Secretary of Veterans Affairs to reorganize the Veterans Health Administration notwithstanding the notice and wait requirements of section 510 of title 38, United States Code, and to amend title 38, United States Code, to facilitate the reorganization of the headquarters of the Veterans Health Administration.

A letter from the Secretary of Labor, transmitting the Department's report entitled, "Transition Assistance Program: Phase III Impact Analysis", pursuant to Public Law 101-237, Section 408(d) (103 Stat. 2084).

A letter from the Director, Office of Personnel Management, transmitting the 1993 and 1994 combined annual report on Veteran's Employment in the Federal Government, pursuant to 38 U.S.C. 4214(e)(1).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation entitled the "Department of Veterans Affairs Improvement and Reinvention Act of 1995".

A letter from the Secretary, Department of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, sections 810(2) and 810(h)(3)(B), U.S.C.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to modify disbursement agreement authority to include residents and interns serving in any Department facility providing hospital care or medical services.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to revise the procedures for providing claimants and their representatives with copies of Board of Veterans' Appeals decisions and to protect the right of claimants to appoint veterans service organizations as their representatives in claims before the Department of Veterans Affairs.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to expand the authority of the Secretary of Veterans Affairs to suspend a special pay agreement for physicians and dentists who enter residency training programs.

A letter from THE NATIONAL ADJUTANT, THE DISABLED AMERICAN VETERANS, transmitting the report of the proceedings of the organization's 74th National Convention, including their annual audit report of receipts and expenditures as of December 31, 1994, pursuant to 36 U.S.C. 90i and 44 U.S.C. 1332.

A letter from THE DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, transmitting the proceedings of the 77th National Convention of the American Legion, held in Indianapolis, Indiana, September 4, 5, and 6, 1995, as well as a report on the Organization's activities for the year preceding the Convention, pursuant to 36 U.S.C. 49.

A letter from the Secretaries of Veterans Affairs and Defense, transmitting a report on the implementation of the health resources sharing portion of the "Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act" for Fiscal Year 1995, pursuant to 38 U.S.C. 8111(f).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code,

to exempt full-time registered nurses, physician assistants, and expanded-function dental auxiliaries from restrictions on remunerated outside professional activities.

A letter from the Secretary of Health and Human Services, transmitting the Department's report on Medicaid Drug Rebate Program Best Price Changes and Rebates Claimed for 4th quarter calendar year 1992 through 2nd quarter calendar year 1994, pursuant to Public Law 102-585, Section 602(b)(2) (106 Stat. 4970).

A letter from the Secretary of Veterans Affairs, transmitting a report covering the disposition of cases granted relief from administrative error, overpayment and forfeiture by the Administrator in 1995, pursuant to 38 U.S.C. 503.

A letter from the Secretary of Veterans Affairs transmitting the Department's report on the evaluation of health status of spouses and children of Persian Gulf War veterans, pursuant to 38 U.S.C. 1117nt.

A letter from the Secretary of Veterans Affairs, transmitting the Department's sixth report describing the administration of the Montgomery GI Bill—Active Duty educational assistance program, pursuant to 38 U.S.C. 3036.

A letter from the Director, Office of Management and Budget, transmitting a draft of proposed legislation entitled the "Work First and Personal Responsibility Act of 1996".

A letter from the Secretary of Veterans Affairs, transmitting the Fiscal Year 1995 Annual Report of the Secretary of Veterans Affairs, pursuant to 38 U.S.C. 529.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—VA Acquisition Regulations: Loan Guaranty and Vocational Rehabilitation and Counseling Programs (RIN: 2900-AG65) Received May 3, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule —Delegation of Authority to Order Advertising for Use in Recruitment (RIN: 2900-AH74) Received May 3, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Servicemen's and Veterans' Group Life Insurance (RIN: 2900-AH50) Received May 3, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Fibromyalgia (RIN: 2900-AH05) Received May 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations; Rules of Practice: Single Member and Panel Decisions; Reconsiderations; Order of Consideration

(RIN: 2900 AH16) Received May 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Removal of references to “vicious habits” (RIN: 2900–AH87) Received May 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—VA Acquisition Regulations: Miscellaneous Amendments (RIN: 2900–AI02) Received May 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Adjudication Regulations: Miscellaneous (RIN: 2900–AH83) Received May 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Medical; Nonsubstantive Miscellaneous Changes (RIN: 2900–AH95) Received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Medical; VA Health Professional Scholarship Program, Correction (RIN: 2900–AH99) Received May 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Increase in Rates Payable Under the Montgomery GI Bill—Active Duty, 1995–96 (RIN: 2900–AH79) Received May 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Compensation for Disability Resulting from Hospitalization, Treatment, Examination, or Vocational Rehabilitation (RIN: 2900–AH44) Received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Endocrine System Disabilities (RIN: 2900–AH41) Received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans and Dependents Education: Miscellaneous (RIN: 2900–AH60) Received May 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—National Cemeteries (RIN: 2900–AI06) Received May 29, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Delegations of Authority; Tort Claims and Debt Collection (RIN: 2900–AI13) Received May 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Gender Policy for VA Publications and Other Communications (RIN: 2900–AI09) Received May 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Miscellaneous (RIN: 2900–AI01) Received May 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Rules of Practice: Elimination of unnecessary provisions relating to representation, witnesses, and access to Board records (RIN: 2900–AI15) Received June 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Mortgage Life Insurance (RIN: 2900–AH54) Received June 5, 1996 pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Soldiers' and Sailors' Civil Relief (RIN: 2900–AH53) Received June 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—United States Government Life Insurance (RIN: 2900–AH52) Received June 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Post-Vietnam Era Veterans' Educational Assistance: Miscellaneous (RIN: 2900–AH64) Received June 7, 1996 Pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Autopsies (RIN: 2900–AI07) Received June 10, 1996 pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Investigation Regulations (RIN: 2900–AI25) Received June 11, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Information Law; Miscellaneous (RIN: 2900–AI23) Received June 11, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Educational Assistance Programs and Service Members Occupational Conversion and Training Act Program (RIN: 2900-AH31) Received June 11, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Inventions by Employees of the Department of Veterans Affairs (38 CFR Part1) (RIN: 2900-AI03) Received June 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Course Measurement for Graduate Courses (RIN: 2900-AH39) Received June 11, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—National Service Life Insurance (RIN: 2900-AH55) Received June 24, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to ensure that appropriated funds are not used for operation of golf courses on real property controlled by the Department of Veterans Affairs.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to redesignate the title of the National Cemetery System and the position of the Director of the National Cemetery System.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Re-establishing Rulemaking Procedures (RIN: 2900-AI32) Received June 28, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Part-Time Career Employment Program (RIN: 2900-AH75) Received July 25, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Infectious Diseases, Immune Disorders and Nutritional Deficiencies (Systemic Conditions) (RIN: 2900-AE95) Received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations, Rules of Practice: Hearings before the Board of Veterans' Appeals at Department of Veterans Affairs

Field Facilities (RIN: 2900–AI11) Received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to require the Secretary of Veterans Affairs and the Secretary of Health and Human Services to carry out a model project to provide the Department of Veterans Affairs with Medicare reimbursement for Medicare health care services provided to certain Medicare-eligible veterans.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Respiratory System (RIN: 2900–AE94) Received September 3, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation entitled, “Department of Veterans Affairs Employment Reduction Assistance Act of 1996”.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Mental Disorders (RIN: 2900–AF01) Received October 3, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule— VA Acquisition Regulation: Service Contracting (RIN: 2900–AG67) Received October 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A Communication from the President of the United States, transmitting the Administration's 1996 National Drug Control Strategy, pursuant to 21 U.S.C. 1504.

**SUMMARY OF VETERANS' AFFAIRS COMMITTEE ACTION
BILLS AND RESOLUTIONS REFERRED AND HEARINGS/EXECUTIVE SESSIONS CONDUCTED**

| | Congress | | | | | | | | | | | | | | | | | | | | | |
|---|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----|----|
| | 86th | 87th | 88th | 89th | 90th | 91st | 92d | 93d | 94th | 95th | 96th | 97th | 98th | 99th | 100th | 101st | 102d | 103d | 104th | | | |
| Bills and resolutions referred | 628 | 592 | 508 | 791 | 685 | 740 | 693 | 839 | 719 | 709 | 339 | 273 | 229 | 198 | 147 | 194 | 215 | 174 | 128 | | | |
| Hearing sessions | 55 | 45 | 50 | 71 | 46 | 43 | 37 | 44 | 58 | 72 | 84 | 89 | 71 | 76 | 44 | 72 | 67 | 71 | 39 | | | |
| Meetings and mark-up sessions | 21 | 15 | 21 | 32 | 13 | 27 | 21 | 16 | 30 | 26 | 19 | 18 | 16 | 20 | 16 | 26 | 20 | 23 | 19 | | | |
| Bills reported | 42 | 52 | 41 | 47 | 8 | 19 | 34 | 26 | 9 | 14 | 23 | 32 | 11 | 16 | 15 | 17 | 14 | 33 | 21 | 25 | 15 | |
| Bills in House | 2 | 18 | 55 | 64 | 4 | 1 | 4 | 1 | ..... | 1 | 1 | 1 | 1 | 3 | 3 | 1 | 4 | 3 | 11 | ..... |  |  |
| Pending in Senate committees | 6 | 2 | 13 | 7 | 7 | 12 | 3 | 9 | 7 | 2 | 10 | 9 | 17 | 3 | 6 | 6 | 8 | 9 | 23 | 7 | 11 | 10 |
| Bills on Senate Calendar or in Senate | 1 | 3 | 2 | ..... | 1 | ..... | ..... | ..... | ..... | 1 | 1 | 1 | ..... | ..... | 1 | 3 | 1 | 3 | ..... | ..... |  |  |
| Recommitted ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |  |  |
| Bills vetoed ..... | ..... | ..... | ..... | ..... | ..... | ..... | 2 | 1 | ..... | ..... | 1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |  |  |
| Bills passed over veto ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 1 | ..... | ..... | 1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |  |  |
| Laws enacted | 33 | 4 | 32 | 29 | 30 | 15 | 24 | 15 | 15 | 13 | 6 | 8 | 8 | 6 | 4 | 8 | 24 | 15 | 6 | ..... |  |  |

¹Including 4 bills enacted as amendment in other legislation; 1 left in House when similar Senate bill returned to Senate; and 1 similar to another bill enacted (Public Law 87-645).

²Includes 2 bills enacted as amendments to other bills.

³Includes 1 bill enacted as amendment to another bill.

⁴Some laws include the substance of more than 1 bill reported separately. 39 separately reported bills were enacted, 7 as amendments to other legislation.

⁵Provisions of 3 of these bills were passed by the House as separate bills, and the provisions of 1 bill were included as an amendment to another bill which became public law.

⁶7 One bill in a Senate committee had purpose accomplished administratively. 5 other were enacted as sections of another bill, and portions of 1 bill left in the House were enacted as part of another bill.

⁸Includes S.J. Res. 197 making technical correction to law, which was brought to House floor for immediate consideration and passage by unanimous consent.

⁹The difference in number of bills reported (14) and laws enacted (15), is due to the fact that S. 3705 did not go to the House Committee. However, the subject matter was included in H.R. 12628.

¹⁰Includes H.R. 9576 subject matter of which was contained in S. 969, passed in lieu.

HEARINGS AND EXECUTIVE SESSIONS

(All hearings and executive sessions of the Committee are held in the Committee hearing room, 334 Cannon House Office Building, unless otherwise designated.)

Jan. 11, 1995. OPEN. 10:00 a.m. Full Committee. Meeting. Organizational.

Feb. 9, 1995. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Room 345 Cannon HOB. The 1995 legislative agenda of the Paralyzed Veterans of America; Jewish War Veterans; The Retired Officers Association; Association of the U.S. Army; and Non Commissioned Officers Association.

Feb. 14, 1995. OPEN. 9:00 a.m. Full Committee. Meeting. Oversight Plan.

Feb. 24, 1995. OPEN. 9:00 a.m. Full Committee. Hearing. FY 96 Department of Veterans Affairs budget. (Serial No. 104-1).

Mar. 1, 1995. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Room 345 Cannon HOB. The 1995 legislative agenda of the Disabled American Veterans.

Mar. 7, 1995. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Room 345 Cannon HOB. The 1995 legislative agenda of the Veterans of Foreign Wars.

Mar. 9, 1995. OPEN. 9:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Progress of Research on Undiagnosed Illnesses of Persian Gulf War Veterans. (Serial No. 104-2).

Mar. 16, 1995. OPEN. 9:30 a.m. Full Committee. Meeting. Reviewing the President's Budget.

Mar. 30, 1995. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Room 345 Cannon HOB. The 1995 legislative agenda of the Veterans of World War I; Blinded Veterans Association; American Ex-Prisoners of War; AMVETS; Vietnam Veterans of America; and the Military Order of the Purple Heart.

Apr. 6, 1995. OPEN. 9:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Veterans Health Administration Reorganization. (Serial No. 104-3).

May 3, 1995. OPEN. 9:00 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. Room 340 Cannon HOB. Veterans Vocational Rehabilitation and Counseling Service (VR&C) and the Veterans Employment and Training Services (VETS). (Serial No. 104-4).

May 11, 1995. OPEN. 9:30 a.m. Subcommittee on Hospitals and Health Care. Markup. H.R. 1384, 1536, and 1565.

May 12, 1995. OPEN. 9:30 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Hearing. Veterans Benefits Administration's processing of compensation claims, with an emphasis on Persian Gulf War claims; oversight of P.L. 103-446, Veterans' Benefits Improvements Act of 1994. (Serial No. 104-5).

June 15, 1995. OPEN. 9:30 a.m. Full Committee. Markup. H.R. 1384, 1536, and 1565.

June 22, 1995. OPEN. 9:00 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Hearing. Veterans Benefits Administration's Computer Modernization. (Serial No. 104-6)

June 29, 1995. OPEN. 9:30 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. Veterans Employment and Training Service (VETS) reorganization; implementation of the Uniformed Services Employment and Reemployment Act (USERRA) and One-Stop Employment Centers. (Serial No. 104-7)

July 19, 1995. OPEN. 10:00 a.m. Full Committee. Hearing. Eligibility Reform Initiatives. (Serial No. 104-8)

Aug. 2, 1995. OPEN. 9:00 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. H.R. 1941 (USSERA), draft bill on Housing Loan Programs and Veterans Small Business, and a discussion draft on LVER/DVOP issues. (Serial No. 104-9)

Sep. 7, 1995. OPEN. 9:00 a.m. Subcommittee on Education, Training, Employment and Housing. Markup. Draft bill including provisions of USERRA (Uniformed Services Employment and Reemployment Rights Act), VA Home Loan programs and the Department of Labor's VETS program.

Sep. 7, 1995. OPEN. 10:30 a.m. Subcommittee on Hospitals and Health Care. Markup. H.R. 2219.

Sep. 19, 1995. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. The 1995 legislative agenda of The American Legion.

Sep. 20, 1995. OPEN. 10:00 a.m. Full Committee. Markup. H.R. 2289 and H.R. 2353.

Sep. 27, 1995. OPEN. 9:30 a.m. Subcommittee on Hospitals and Health Care. Hearing. Department of Veterans Affairs Medical Center, Brooklyn. (Serial No. 104-10)

Sep. 28, 1995. OPEN. 9:30 a.m. Full Committee. Markup. Budget Reconciliation instructions; H.R. 2394.

Oct. 12, 1995. OPEN. 10:00 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Hearing. H.R. 109, H.R. 368, H.R. 1482, H.R. 1483, H.R. 1609, H.R. 1809, H.R. 2155, H.R. 2156, and H.R. 2157. (Serial No. 104-11)

Oct. 18, 1995. OPEN. 9:30 a.m. Subcommittee on Hospitals and Health Care. Hearing. VA/DOD Sharing. (Serial No. 104-12)

Oct. 25, 1995. OPEN. 9:30 a.m. Subcommittee on Hospital and Health Care. Hearing. Issues relating to the Harry S. Truman Veterans Affairs Medical Center in Columbia, Missouri. (Serial No. 104-13)

Dec. 21, 1995. OPEN. 10:00 a.m. Full Committee. Markup. H.R. 2814.

Feb. 28, 1996. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1996 legislative agenda of the Disabled American Veterans.

Mar. 5, 1996. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1996 legislative agenda of the Veterans of Foreign Wars.

Mar. 7, 1996. OPEN. 9:00 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. Montgomery GI Bill. (Serial No. 104-14)

Mar. 14, 1996. OPEN. 3:00 p.m. Full Committee. Meeting. To approve Committee's views and estimates for the FY 1997 budget for submission to the Budget Committee.

Mar. 14, 1996. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Room 345 Cannon HOB. The 1996 legislative agenda of the Paralyzed Veterans of America; Jewish War Veterans; The Retired Officers Association; Association of the U.S. Army; Non Commissioned Officers Association; and Blinded Veterans Association.

Mar. 21, 1996. OPEN. 11:30 a.m. Subcommittee on Hospitals and Health Care. Hearing. Department of Veterans Affairs Medical Care Budget and Construction Priorities for FY 1997. (Serial No. 104-15)

Mar. 27, 1996. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1996 legislative agenda of the Veterans of World War I; AMVETS; American Ex-Prisoners of War; Vietnam Veterans of America; and Military Order of the Purple Heart.

Mar. 29, 1996. OPEN. 10:00 a.m. Full Committee. Hearing. FY 1997 Budget for the Department of Veterans Affairs. (Serial No. 104-16)

Apr. 16, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Results of the recent Study by the Institute of Medicine on Health Effects in Children of Individuals exposed to Agent Orange in Vietnam. (Serial No. 104-17)

Apr. 17, 1996. OPEN. 9:30 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Markup. H.R. 2843, H.R. 2850, H.R. 3248 and H.R. 1483.

Apr. 18, 1996. OPEN. 9:00 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. H.R. 2851, H.R. 2868, H.R. 3036, Homeless Veterans Reintegration Project; and Transition Assistance Program (TAP). (Serial No. 104-18)

Apr. 22, 1996. OPEN. 9:00 a.m. VFW Hall, LaSalle, Illinois. Hearing. Subcommittee on Hospitals and Health Care. Outpatient Services in LaSalle County, Illinois. (Serial No. 104-19)

Apr. 24, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Effectiveness of Community Care Clinics. (Serial No. 104-20)

Apr. 30, 1996. OPEN. 9:30 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Hearing. Access to Treatment and Compensation for Veterans exposed to Ionizing Radiation. (Serial No. 104-21)

May 8, 1996. OPEN. 10:00 a.m. Subcommittee on Education, Training, Employment and Housing and Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Joint Hearing. *Davenport v. Brown* court decision; Veterans' Cost-of-Living Adjustments (COLAs); and the U.S. Court of Veterans Appeals Pro Bono Program. (Serial No. 104-22)

May 8, 1996. OPEN. 1:30 p.m. Subcommittee on Hospitals and Health Care. Markup. H.R. 3118 and H.R. 3376.

May 8, 1996. OPEN. 2:00 p.m. Full Committee. Markup. H.R. 1483, H.R. 3118, H.R. 3373 and H.R. 3376.

May 22, 1996. OPEN. 10:30 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Markup. H.R. 2513, H.R. 3458, H.R. 3493 and H.R. 3495.

May 30, 1996. OPEN. 9:30 a.m. Subcommittee on Education, Training, Employment and Housing. Markup. H.R. 2851, H.R. 3459.

May 30, 1996. OPEN. 10:00 a.m. Subcommittee on Education, Training, Employment and Housing. Hearing. Uniformed Services Employment and Reemployment Rights Act; Veterans' Preference; and the VA Education Services Draft Discussion Bill. (Serial No. 104-23)

June 11, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. VA Pharmacy Program with Emphasis on Over-the-Counter (OTC) Drugs, Medical Supplies and Dietary Supplements. (Serial No. 104-24)

June 12, 1996. OPEN. 10:00 a.m. Subcommittee on Education, Training, Employment and Housing and Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Joint Hearing. Customer Service Standards at the Department of Veterans Affairs and the Veterans' Employment and Training Service. (Serial No. 104-25)

June 18, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Markup. H.R. 3643.

June 19, 1996. OPEN. 10:00 a.m. Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Hearing. Department of Veterans Affairs Computer Modernization Effort as it relates to an overall Strategic Plan within the Department. (Serial No. 104-26)

June 20, 1996. OPEN. 9:30 a.m. Full Committee. Markup. H.R. 3458, H.R. 3643, amended, H.R. 3673, H.R. 3674.

June 26, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Future of the Veterans Health Administration. (Serial No. 104-27)

June 27, 1996. OPEN. 10:00 a.m. Subcommittee on Hospitals and Health Care. Hearing. Future of the Veterans Health Administration. (Serial No. 104-27)

July 31, 1996. OPEN. 10:00 a.m. Subcommittee on Education, Training, Employment and Housing, Veterans' Affairs Committee and Subcommittee on Government Programs, Small Business Com-

mittee. Joint Hearing. Room 2359 Rayburn HOB. Veterans' Small Business Issues.

Sep. 17, 1996. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. The annual legislative presentation of The American Legion.

Sep. 18, 1996. OPEN. 9:00 a.m. Full Committee. Markup. H.R. 4068.

LEGISLATION ENACTED INTO LAW

VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT ACT OF 1995

PUBLIC LAW 104-57

(H.R. 2394, AS AMENDED)

Title: To increase, effective December 1, 1995, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans.

Summary: H.R. 2394 would:

1. Increase, effective December 1, 1995, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans. The rate of increase would follow Social Security Administration figures.
2. Round down to the next lower dollar amount all compensation and DIC benefits, when the amount is not a whole dollar amount.

Effective date: December 1, 1995

Cost: The Congressional Budget Office estimates the savings of H.R. 2394 to be \$15 million in fiscal year 1996, \$19 million in fiscal year 1997 and \$20 million in fiscal year 1998.

Legislative history: CONGRESSIONAL RECORD (1995)

Sep. 28, 1995: H.R. 2394 ordered reported by Committee on Veterans' Affairs.

Oct. 6, 1995: H.R. 2394 reported by Committee on Veterans' Affairs. H. Rept. 104-273.

Oct. 10, 1995: Passed the House under suspension by voice vote.

Oct. 11, 1995: Referred to Senate Committee on Veterans' Affairs.

Nov. 9, 1995: Passed the Senate with an amendment in the nature of a substitute.

Nov. 10, 1995: House agreed to Senate amendment.

Nov. 22, 1995: Signed by the President.

TO EXTEND THE AUTHORITY OF THE SECRETARY OF VETERANS AFFAIRS TO CARRY OUT CERTAIN PROGRAMS AND ACTIVITIES, TO REQUIRE CERTAIN REPORTS FROM THE SECRETARY OF VETERANS AFFAIRS, AND FOR OTHER PURPOSES

PUBLIC LAW 104–110

(H.R. 2353, AS AMENDED)

Title: An Act to amend title 38, United States Code, to extend the authority of the Secretary of Veterans Affairs to carry out certain programs and activities, to require certain reports from the Secretary of Veterans Affairs, and for other purposes.

Summary: H.R. 2353, as amended, would:

Title I—Extensions of Authority

1. Authorize VA to provide health care until December 31, 1996, on a priority basis for certain veterans exposed to toxic substances; and those with service in the Persian Gulf;
2. Provide contract authority for alcohol and drug abuse care until December 31, 1997;
3. Authorize the non-institutional Nursing Home Care Alternatives Program until December 31, 1997;
4. Permanently authorize negotiated interest rates between veterans and lenders on home loans;
5. Permanently authorize energy efficient mortgages covering the costs of energy-efficiency improvements to a veteran's home or a dwelling owned by a veteran;
6. Authorize enhanced loan asset sales until December 31, 1996, to improve the secondary market value of VA-backed mortgages, eliminate the need for future VA servicing, and convert long-term receivables into cash assets;
7. Permanently authorize lenders of automatically guaranteed loans to directly review appraisal reports and determine the value of property bought with a VA-guaranteed loan;
8. Authorize housing assistance for homeless veterans with a program in which VA-owned properties are made available to homeless veterans and their families by allowing agreements between the Secretary and community based organizations or states through December 31, 1997;
9. Permit VAMC directors to use nurse anesthetist contract agency data to adjust to locality-based nurse pay rates where a VA locality survey provides insufficient data, until January 1, 1998;
10. Authorize the Health Scholarships Program until December 31, 1997;
11. Authorize the Enhanced-Use Leases of Real Property Program until December 31, 1997;
12. Authorize the Community-Based Residential Care for Homeless Chronically Mentally Ill-Veterans Program until December 31, 1997;
13. Authorize the Demonstration Program of Compensated Work Therapy and Therapeutic Transitional Housing until December 31, 1997;
14. Authorize the Homeless Veterans Pilot Program until September 30, 1997; and

15. Authorize \$10 million for the “Homeless Veterans’ Reintegration Program (HVRP)” for fiscal year 1996.

Title II—Other Provisions

1. Require the Secretary of Veterans Affairs to submit reports to Congress on the following:
 - a) the above-named VA housing programs every 2 years, instead of annually;
 - b) the advantages and disadvantages of consolidating into one program the Alcohol and Drug Abuse Program, the Community-Based Residential Care for Homeless Chronically Mentally Ill-Veterans Program, and the Demonstration Program of Compensated Work Therapy and Therapeutic Transitional Housing;
 - c) the efficacy of the Health Professional Scholarship Program with respect to recruitment and retention of health care personnel for the VA, along with a cost comparison of the program and alternative methods; and
 - d) the operation of the Enhanced-Use Leases program.
2. Authorize the VA to enter into a 35-year contract for utilities at the Audie L. Murphy Memorial Hospital in San Antonio, Texas.

Effective date: Date of Enactment

Cost: The Congressional Budget Office estimates H.R. 2353, as amended, would affect direct spending or receipts and thus would have pay-as-you-go savings of \$4.0 million in fiscal year 1996 and \$1.0 million in fiscal year 1997. In addition, CBO estimates the bill would have discretionary program costs of \$146.6 million in authorization levels and \$118.0 million in outlays for fiscal year 1996, \$101.2 million in authorization levels and \$115.0 million in outlays for fiscal year 1997, \$18.6 million in authorization levels and \$33.4 million in outlays for fiscal year 1998. CBO estimates zero dollars in authorizations and outlays for fiscal years 1999 and 2000. H.R. 2353, as amended, would not affect the budgets of state or local governments.

Legislative history: CONGRESSIONAL RECORD (1995–1996)

Sep. 20, 1995: H.R. 2353 ordered reported, as amended, by Committee on Veterans’ Affairs.

Oct. 12, 1995: H.R. 2353 reported by Committee on Veterans’ Affairs. H.Rept. 104–275.

Oct. 17, 1995: Passed the House amended under suspension by vote of 403–0.

Oct. 18, 1995: Referred to Senate Committee on Veterans’ Affairs.

Jan. 5, 1996: Passed the Senate with amendment in the nature of a substitute (S.991).

Jan. 25, 1996: Passed the House with amendments to the Senate amendments by unanimous consent (consists of portions of H.R. 1536, H.R. 1565, H.R. 2219, H.R. 2289 and H.R. 2353 as originally passed by the House).

Jan. 30, 1996: Senate concurred in the amendments of the House to the amendments of the Senate to H.R. 2353.

Feb. 13, 1996: Signed by the President.

THE VETERANS' HEALTH CARE ELIGIBILITY REFORM ACT OF 1996

PUBLIC LAW 104-262

(H.R. 3118, AS AMENDED)

Title: An Act to amend title 38, United States Code, to reform eligibility for health care provided by the Department of Veterans Affairs, and for other purposes.

Summary: H.R. 3118, as amended, would:

Title I—Eligibility Reform

1. Within appropriations, direct the VA to provide all needed hospital and medical care services and establish and manage health care programs to promote the cost-effective delivery of health services to veterans with compensable service-connected disabilities, former prisoners of war, veterans exposed to toxic substances and environmental hazards, veterans meeting the “means test” as provided under existing law, and veterans of World War I.
2. Require the VA to manage the provision of health care services through an annual patient enrollment system that is reflective of the priority system, which provides the highest priority for enrollment to those with service-connected conditions and also requires that effective October 1, 1998, veterans enroll in a VA-managed care plan to receive health care services. Veterans in need of care for a service-connected condition or 50 percent or more service-connected disabled are exempt from the enrollment requirement.
3. Revise and extend special health care eligibility for veterans exposed to ionizing radiation indefinitely; for herbicide exposed veterans through December 31, 2002; and for Persian Gulf veterans through December 31, 1998.
4. Eliminate restrictions on VA providing prosthetics, but require VA to establish guidelines for providing hearing aids and eyeglasses.
5. Direct the VA to maintain its capacity for specialized rehabilitative and treatment programs (such as SCI care) at the current level and within distinct programs and facilities dedicated to the specialized needs of those veterans.
6. Require VA to consult with the Advisory Committee on Prosthetics and Special Disabilities Programs and the Committee on Care of Severely Chronically Mentally Ill Veterans in the assessment of these activities.
7. Require the VA to report to the House and Senate Veterans' Affairs Committees by April 1 of the years 1997, 1998, and 1999 on VA's compliance with the specialized services provisions of the bill.
8. Limit any excess costs associated with the eligibility reform provisions of this bill by establishing an authorization for appropriations for VA medical care capped at the following amounts: \$17.25 billion for FY 1997 and \$17.9 billion for FY 1998.

9. Require that no later than March 1, 1998, the VA report to the House and Senate Veterans' Affairs Committees on the impact of the implementation of eligibility reform.

Title II—Construction Authorization

1. Authorize the following major projects for a total amount of \$358.15 million:
 - a) Ambulatory care addition, Tripler Army Hospital, Honolulu, HI, \$43 million;
 - b) Ambulatory care addition, Brockton, MA, \$13.5 million;
 - c) Ambulatory care addition, Shreveport, LA, \$25 million;
 - d) Ambulatory care addition, Lyons, NJ, \$21.1 million;
 - e) Ambulatory care addition, Tomah, WI, \$12.7 million;
 - f) Ambulatory care addition, Asheville, NC, \$26.3 million;
 - g) Ambulatory care addition, Temple, TX, \$9.8 million;
 - h) Ambulatory care addition, Tucson, AZ, \$35.5 million;
 - i) Ambulatory care addition, Leavenworth, KS, \$27.75 million;
 - j) Environmental improvements, Lebanon, PA, \$9.5 million;
 - k) Environmental improvements, Marion, IL, \$11.5 million;
 - l) Environmental improvements, Omaha, NE, \$7.7 million;
 - m) Environmental improvements, Pittsburgh, PA, \$17.4 million;
 - n) Environmental improvements, Waco, TX, \$26 million;
 - o) Environmental improvements, Marion, IN, \$17.3 million;
 - p) Environmental improvements, Perry Point, MD, \$15.1 million;
 - q) Environmental enhancement, Salisbury, NC, \$18.2 million; and
 - r) Seismic corrections, Palo Alto, CA, \$20.8 million
2. Authorize the following major medical facility leases for a total of \$12.236 million:
 - a) Allentown, PA, \$2.159 million;
 - b. Beaumont, TX, \$1.94 million;
 - c. Boston, MA, \$2.358 million;
 - d. Cleveland, OH, \$1.3 million;
 - e. San Antonio, TX, \$2.256 million; and
 - f. Toledo, OH, \$2.223 million.
3. Require the VA to develop a five-year strategic plan for its health care system which specifically addresses the integration of planning efforts at the grassroots level, coordinated within the prescribed geographic network and then formulated into a national plan.
4. Require the VA to submit to Congress an annual report on the top 20 major medical construction projects of the Department.
5. Expand the required documentation and justification of each major project and major facility lease proposed in the President's budget.
6. Redefine a major medical construction project as costing at least \$4 million and repeal, effective FY 1998, a provision of law exempting certain previously funded construction projects from the law's authorization requirement.
7. Provide that amounts in excess of \$500,000 may not be obligated from the VA's Advance Planning Fund until VA reports

such proposed obligation to the House and Senate Veterans' Affairs Committees.

Title III—Health Care Administration

Subtitle A—Health Care Sharing and Administration

1. Broaden and expand VA's ability to share health care resources while ensuring that services to veterans are not adversely affected.
2. Make permanent VA's ability to enter into sharing agreements with the Department of Defense under provisions of DOD's CHAMPUS program.
3. Exempt those personnel involved in providing care under this provision and other sharing authorities from personnel ceilings.
4. Reduce the effective date for the implementation of an administrative reorganization from 90 to 45 days during which Congress has been in continuous session.
5. Require the VA to report annually to Congress on those activities which it proposes to study for possible contracting out and those which have been contracted out.

Subtitle B—Care of Women Veterans

1. Stipulate that mammography standards for the VA be as stringent as those prescribed in current law for other health care providers, both public and private.
2. Require the VA to conduct annual surveys through 1999 of all VAMCs to identify women veterans' patient privacy deficiencies.

Subtitle C—Readjustment Counseling and Mental Health Care

1. Set a deadline of January 1, 2000, for non-theater Vietnam-era veterans to seek readjustment counseling with the VA.
2. Expand eligibility for Vet Center counseling services for combat veterans of conflicts prior to the Vietnam era.
3. Require the VA to submit to Congress a report on the feasibility and desirability of collocating Vet Centers with other VA health care facilities.
4. Establish an 18-member Advisory Committee on the Readjustment of Veterans.
5. Authorize appropriations for the establishment of up to five centers of excellence in mental health research, education, and clinical care activities (MIRECCs).
6. Authorize appropriations for MIRECCs of \$3.125 million for FY 1998 and \$6.25 million for FY 1999–2001.
7. Require the VA to establish a Committee on the Care of Severely Chronically Mentally Ill Veterans.

Subtitle D—Other Provisions

1. Require the VA to conduct an in-house research and evaluation study on the most effective way of providing hospice care to veterans.

2. Authorize the VA to make per diem payments to state veterans' homes in conjunction with adult day care provided at such homes and authorize construction grants for such purposes.
3. Renew the VA's authority to establish additional research corporations through the year 2000.
4. Require that the Office of the Under Secretary be staffed to include designated clinicians to provide expertise and direct policy guidance on VA's specialized service programs and that the latter be responsible for management of the readjustment counseling program.
5. Authorize the VA to make disbursement agreements for residents who train at outpatient clinics, nursing homes or other VA medical facilities.
6. Suspend special pay agreements for VA physicians and dentists who enter residency training programs.
7. Lift current law restrictions on title 38 health care professionals working in their professional capacity in outside employment while employed full-time by the VA.
8. Authorize the VA to modify conditions under which land previously transferred to Milwaukee County, Wisconsin for civic and recreational purposes may be re-transferred.
9. Authorize the VA to modify conditions under which land previously transferred to the City of Cheyenne for park and recreational use may be re-transferred. The re-transfer would permit the First Cheyenne Federal Credit Union to construct a building that would benefit VA employees and beneficiaries.
10. Rename the VA medical center in Johnson City, Tennessee the "James H. Quillen Department of Veterans Affairs Medical Center."
11. Require the VA to report to Congress on the health care needs of east Florida veterans before it may obligate funds to convert the former Orlando Naval Training Center Hospital to a nursing home care unit.
12. Extend to December 31, 1998 VA's authority to offer diagnostic exams to Persian Gulf War spouses and children.

Effective date: Date of enactment, except the following sections in Title III: sections 301 through 305, relating to VA/DOD sharing, shall take effect October 1, 1996; section 350 shall take effect at noon on January 3, 1997; and section 352, regarding the evaluation of the health status of spouses and children of Persian Gulf veterans, shall take effect October 1, 1996.

Cost: The Congressional Budget Office estimates H.R. 3118, as amended, does not affect direct spending and thus would not be subject to pay-as-you-go procedures under the Balanced Budget and Emergency Deficit Control Act of 1985. As regards discretionary authorization levels, which are subject to the annual appropriations process, the bill caps authorization levels for eligibility reform provisions at \$17.25 billion for fiscal year 1997 and \$17.9 billion for fiscal year 1998. In addition, the bill authorizes, subject to appropriations, \$358.15 million for major construction projects for fiscal years 1997 and 1998. The bill authorizes \$12.236 million for major medical facility leases without fiscal year limitation. No significant

costs result from the exemption of certain full-time health care professionals of the Department of Veterans Affairs from restrictions on remunerated outside activities, the extension of authority to provide priority treatment to Persian Gulf veterans and those exposed to Agent Orange, or other provisions of the bill. H.R. 3118, as amended, would not affect the budgets of state, local, or tribal governments and contains no intergovernmental or private-sector mandates.

Legislative history: CONGRESSIONAL RECORD (1996)

May 8, 1996: H.R. 3118 ordered reported by Committee on Veterans' Affairs.

July 18, 1996: H.R. 3118 reported by Committee on Veterans' Affairs. H.Rept. 104-690.

July 30, 1996: Passed the House amended under suspension by vote of 416-0.

July 31, 1996: Referred to Senate Committee on Veterans' Affairs.

Sept. 28, 1996: Passed the Senate amended by unanimous consent (consists of provisions from H.R. 1384, H.R. 3376, H.R. 3643 and S. 1359).

Sept. 28, 1996: House agreed to Senate amendments by unanimous consent.

Oct. 9, 1996: Signed by the President.

**VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT ACT OF
1996**

PUBLIC LAW 104-263

(H.R. 3458, AS AMENDED)

Title: An Act to increase, effective as of December 1, 1996, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans.

Mr. EVERETT (for himself, Mr. STUMP, Mr. MONTGOMERY and Mr. EVANS) introduced H.R. 3458 on May 15, 1996; which was referred to the Committee on Veterans' Affairs.

ADDITIONAL COSPONSORS: Mr. WELLER, Mr. DEAL of Georgia, Mr. EDWARDS, Mr. WATTS of Oklahoma, Mr. TEJEDA, Mr. SMITH of New Jersey, Mr. BILIRAKIS, Mr. CLEMENT, Mr. FOX, Mr. MASCARA, Mr. FLANAGAN, Mr. STEARNS, and Mr. HUTCHINSON.

Summary: H.R. 3458, as amended, would:

Increase, effective December 1, 1996, the rates of compensation for veterans with service-connected disabilities, the rates of dependency and indemnity compensation for the survivors of certain disabled veterans, and other related benefits. The rate of increase would follow Social Security Administration figures.

Effective date: December 1, 1996

Cost: The table below summarizes the bill's pay-as-you-go impact as estimated by the Congressional Budget Office:

PAY-AS-YOU-GO CONSIDERATIONS

[By fiscal year, in millions of dollars]

| | 1997 | 1998 |
|-------------------------|----------------|------|
| Change in Outlays | 0 | 0 |
| Change in Receipts | Not Applicable | |

The bill would increase the rates of disability compensation for veterans and dependency and indemnity compensation for survivors of veterans by a cost-of-living allowance (COLA). Because the COLA is assumed in the budget resolution baseline, as specified by section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, this bill would have no cost relative to that baseline.

Legislative history: CONGRESSIONAL RECORD (1996)

June 20, 1996: H.R. 3458 ordered reported by Committee on Veterans' Affairs.

June 27, 1996: H.R. 3458 reported by Committee on Veterans' Affairs. H. Rept. 104-647.

July 16, 1996: Passed the House under suspension by voice vote.

July 17, 1996: Referred to Senate Committee on Veterans' Affairs.

Sept. 26, 1996: Passed the Senate amended with language of S. 1791 by unanimous consent.

Sept. 28, 1996: House agreed to Senate amendments by unanimous consent.

Oct. 9, 1996: Signed by the President.

THE VETERANS' BENEFITS IMPROVEMENTS ACT OF 1996

PUBLIC LAW 104-275

(S. 1711)

Title: An Act to amend title 38, United States Code, to improve the benefits programs administered by the Secretary of Veterans Affairs, to provide for a study of the Federal programs for veterans, and for other purposes.

Summary: S. 1711 would:

Title I

1. Re-establish the requirement that a veteran's employment handicap must be as a result of a service-connected disability in order to receive VA vocational rehabilitation benefits.
2. Make permanent a pilot program authorizing VA education benefits for participation in alternative teacher certification programs.
3. Remove the requirement that a degree-granting institution of higher learning be in operation for two years to qualify for attendance under the GI Bill.
4. Eliminate the requirement that a veteran participate in a resident course in order to qualify for benefits for courses taken over open circuit TV.

5. Raise the benefit reimbursement rate for cooperative courses taken under the GI Bill from 80 percent to 100 percent of the benefit rate.
6. Authorize transfer of active-duty VEAP participants to the Montgomery GI Bill.
7. Authorize those active-duty members of the Army and Air Force National Guard who enlisted between June 30, 1985 and November 29, 1989, to participate in the Montgomery GI Bill.

Title II

1. Extend for one year, the VA's enhanced authority to sell Real Estate Mortgage Investment Conduits on the secondary mortgage market.
2. Authorize VA to refinance direct loans made under the Native American Housing Loan pilot program.
3. Clarify VA's authority to provide burial for dependents of veterans up to the age of 23 if enrolled in school full time.
4. Authorize VA to reimburse state veterans homes for transportation and up to \$300 in expenses incurred in providing burial for veterans who die while being cared for in a state home.
5. Authorize VA to partially reimburse families for outer burial receptacles used in lieu of VA-provided grave liners.

Title III

1. Require Regional Administrators of the Veterans Employment and Training Service appointed after enactment to be veterans.
2. Authorize state-based Veterans Employment and Training Service clerical support staff to be assigned broadened professional duties.
3. Authorize a pilot program to evaluate the responsibilities of Local Veterans Employment Representatives under diverse employment service operations including "one-stop shop" delivery sites.
4. Make technical amendments to the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 to clarify the rights and responsibilities of veterans and their employers.

Title IV

1. Merge the Retired Reserve Servicemembers' Group Life Insurance and Veterans' Group Life Insurance (VGLI) programs and extend VGLI to members of the Ready Reserve.
2. Allow conversion of Veterans' Group Life Insurance policies to commercial policies at any time.
3. Provide information regarding coverage under Servicemember's Group Life Insurance.
4. Rename the Servicemen's Group Life Insurance the Servicemember's Group Life Insurance.

Title V

1. Clarify the responsibilities of the VA's Centers for Women and Minority Veterans.

2. Limit the clothing allowance for veterans incarcerated for over 60 days if they receive clothing at no cost from the penal institution.
3. Extend the final reporting date of the Veterans Claims Adjudication Commission to December 31, 1996 and provides an additional \$150,000 in funding.
4. Authorize the Veterans Benefits Administration to conduct a pilot program using contract physicians to perform disability examinations.
5. Extend the date of the Vietnam Era to February 28, 1961, and extend eligibility for certain health benefits to those serving on or after January 9, 1962.
6. Require VA to pay a veteran's surviving spouse an entire month's compensation or pension payment for the month in which a veteran dies.
7. Increase the period for which accrued benefits are payable from one year to two years.
8. Revise the rules regarding the appointment of veterans' claims representatives to presume appointment of the entire organization in pursuit of a veteran's claim.
9. Revise rules regarding the delivery of decisions by the Board of Veterans Appeals to revise the requirement to use the U.S. Postal Service.
10. Prohibit, until January 1, 1998, the expenditure of appropriated funds to move the Education Service functions or personnel from Washington, DC including the Service Director and the Directors immediate staff.

Title VI

1. Extend the authority of the Veterans Employment and Training Service to conduct the Homeless Veterans Reintegration Project through fiscal year 1998 and authorizing up to \$10 million per year.
2. Authorize the American Battle Monuments Commission to accept and expend private funds to maintain overseas war memorials for which they have accepted responsibility. It would also require ABMC to have an acceptable set of financial controls in place before expending such funds.

Title VII

Establish a commission to review the effectiveness of programs to assist servicemembers transitioning to civilian life and other veterans programs.

Effective date: Date of enactment, except: Title III, the technical amendments relating to USERRA, shall take effect retroactively as of October 13, 1994; section 505, the expansion of the period of Vietnam era for certain veterans shall take effect January 1, 1997; and section 506, payment of benefit to surviving spouse for month in which veteran dies, shall take effect December 31, 1996.

Cost: The table below summarizes the bill's pay-as-you-go impact as estimated by the Congressional Budget Office:

DIRECT SPENDING IN THE CONFERENCE AGREEMENT ON S. 1711, THE
VETERANS' BENEFITS IMPROVEMENTS ACT OF 1996

[Outlays by fiscal year, in millions of dollars]

| Section | Description of Provisions | 1997 | 1998 |
|------------------|--|------|------|
| 101 | Vocational rehabilitation benefits | -20 | -39 |
| 506 | Compensation benefit for surviving spouse | 13 | 19 |
| 504 | Use of contract physicians for disability examinations | 7 | 9 |
| 106 | Enrollment of VEAP participants in Montgomery GI Bill | 5 | 2 |
| 107 | Eligibility of certain reserve personnel for Montgomery GI Bill. | -4 | 4 |
| 507 | Accrued benefits | 3 | 3 |
| 201 | Extension of authority to sell certain loans | -4 | -1 |
| 102 | Alternative teacher certification programs | 1 | 1 |
| 502 | Limitation on clothing allowance for incarcerated veterans | -1 | -1 |
| 103,104,105 | Education benefits | * | * |
| 211, 212, 213 | Burial benefits | * | * |
| Title IV | Veterans' insurance programs | 0 | 0 |
| 505 | Expand Vietnam era | * | * |
| 503 | Veterans' Claims Adjudication Commission | * | 0 |
| 508 | Representation before Board of Veterans Appeals | 0 | 0 |
| 509 | Provision of copies of Board of Veterans Appeals decisions. | 0 | 0 |
| 602 | Repair and maintenance of war memorials | * | * |
| Total | | 0 | -3 |

* Less than \$500,000.

Legislative history: CONGRESSIONAL RECORD (1995–1996)

Sept. 28, 1996: Passed the Senate under unanimous consent (consists of provisions from S. 281, S. 749, S. 994, S. 995, S. 996, S. 1342, S. 1751, H.R. 2289, H.R. 3373, H.R. 3673 and H.R. 3674.)

Sept. 28, 1996: Passed the House under unanimous consent by voice vote.

Oct. 9, 1996: Signed by the President.

**TO RENAME THE VA MEDICAL CENTER IN JACKSON, MISSISSIPPI, AS
THE "G.V. (SONNY) MONTGOMERY DEPARTMENT OF VETERANS AFFAIRS
MEDICAL CENTER"**

PUBLIC LAW 104–202

(S. 1669)

Title: An Act to name the Department of Veterans Affairs medical center in Jackson, Mississippi, as the "G.V. (Sonny) Montgomery Department of Veterans Affairs Medical Center".

Summary: Public Law 104–202 will:

1. Change the name of the Department of Veterans Affairs Medical Center in Jackson, Mississippi, to the "G.V. (Sonny) Montgomery Department of Veterans Affairs Medical Center".

2. Require that any reference to this medical center in any law, regulation, map, document, record, or other paper of the United States be considered to be a reference to the G.V. (Sonny) Montgomery Department of Veterans Affairs Medical Center.

Effective date: January 3, 1997 at Noon

Cost: The Congressional Budget Office advises that S. 1669 would not affect direct spending or receipts.

Legislative history: CONGRESSIONAL RECORD (1996)

June 4, 1996: H.R. 3376, containing similar provision, passed the House amended under suspension by voice vote.

Sept. 10, 1996: S. 1669 passed the Senate by unanimous consent.

Sept. 11, 1996: S. 1669 passed the House by unanimous consent.

Sept. 24, 1996: S. 1669 signed by the President.

ACTIVITIES OF THE SUBCOMMITTEES

SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE

The Subcommittee on Hospitals and Health Care has legislative and oversight jurisdiction over the Department of Veterans Affairs' health care programs and the Veterans Health Administration's 173 hospitals, 398 outpatient clinics, and other health facilities such as nursing homes and domiciliaries. The subcommittee also conducts oversight of the VA medical care budget and initiates legislation to authorize VA's major medical construction projects.

LEGISLATIVE ACTIVITIES

First Session

On May 11, 1995, the subcommittee held a markup on three bills, H.R. 1384, H.R. 1536, and H.R. 1565. These measures were reported by the subcommittee by unanimous voice vote.

H.R. 1384 proposed to exempt registered professional nurses, physician assistants and expanded-duty dental auxiliaries from the title 38 limitation restricting full-time VA health professionals from remunerated outside professional activities involving provision of patient care. H.R. 1384 would have left in effect the limitation on other VA health professions, however, that measure was eventually included in H.R. 3118, as amended, the Veterans' Health Care Eligibility Reform Act of 1996, Public Law 104-262, and eliminated the "moonlighting" restriction altogether. (See summary of Public Law 104-262, p. 26.)

H.R. 1536 proposed to extend until December 31, 1997, the authority of the VA Secretary to permit VA Medical Center directors to use nurse anesthetist contract agency compensation data to adjust locality-based nurse pay rates where a VA locality survey provides insufficient data. Similar language was included in H.R. 2353, as amended, (House Report 104-275) which became Public Law 104-110. (See summary of Public Law 104-110, p. 24.)

In the face of the expiration of special authorities for VA to provide care to veterans who may have been exposed to Agent Orange or ionizing radiation, H.R. 1565 called for VA to provide priority health care for: (1) herbicide-exposed veterans for those diseases for which the National Academy of Sciences in its reviews of scientific literature found either (a) sufficient evidence of an association with

herbicide exposure, (b) limited/suggestive evidence of association with herbicide exposure, or (c) inadequate/insufficient evidence to determine whether an association exists with herbicide exposure; (2) radiation-exposed veterans suffering from certain cancers; and (3) other veterans exposed to those substances who had been treated for other health problems in the past.

The full Committee unanimously ordered H.R. 1565, as amended, (House Report 104-158) reported by a vote of 29-0 on June 15, 1995. H.R. 1565, as amended, was passed by the House on June 27, 1995. (Provisions of Public Law 104-110 extended then-existing law authorizing care for herbicide and radiation-exposed veterans until December 31, 1996.)

On September 7, 1995, the subcommittee reported H.R. 2291, an omnibus bill to extend expiring health care authorities, by unanimous voice vote. Among its provisions, the bill proposed extension of VA's contract authority for alcohol and drug abuse care, the non-institutional Nursing Home Care Alternatives Program, the Health Scholarships Program, Enhanced-Use Leasing, Community-Based Residential Care for Homeless Chronically Mentally Ill Veterans, and the Demonstration Program of Compensated Work Therapy and Therapeutic Transitional Housing. In addition, the bill proposed to extend VA's authority to provide care to veterans of Persian Gulf War service until December 31, 1998.

Provisions of H.R. 2219, modified in some instances as to duration of the program extension, were incorporated into H.R. 2353, as amended, an omnibus program extension bill. The full Committee ordered H.R. 2353, as amended, (House Report 104-275) reported by unanimous voice vote on September 20, 1995, and the House passed the bill by a vote of 403-0 on October 17, 1995. (See summary of Public Law 104-110, p. 24.)

On September 28, 1995, the full Committee voted 29-0 to include in its budget reconciliation recommendations for the fiscal year 1996 budget draft legislation derived in part from H.R. 1385, which proposed amendments to reform provisions of law governing VA health care eligibility. The Committee then voted to approve its recommendations on reconciliation by a vote of 21-8. These eligibility reform provisions were incorporated into the House-passed reconciliation bill, H.R. 2491 (House Report 104-350.)

Second Session

A similar measure providing for VA health care eligibility reform, protection of special disability programs and expanded authority to share health care resources, was reintroduced as H.R. 3118. -On May 8, 1996, the subcommittee by unanimous voice vote approved H.R. 3118 and H.R. 3376 (House Report 104-574), a major medical construction authorization bill for fiscal year 1997. The full Committee met the same day and ordered these bills reported to the House, along with legislation reported by other subcommittees. On July 30, 1996, the House passed H.R. 3118 by a vote of 416-0.

The subcommittee met on June 18, 1996, to consider H.R. 3643, legislation to extend VA's authority to provide priority health care to veterans exposed to Agent Orange and ionizing radiation, as well as to Persian Gulf veterans who suffer from undiagnosed illnesses related to their service. H.R. 3643 was reported by unanimous

voice vote, and the full Committee ordered it reported by unanimous voice vote on June 20, 1996 (House Report 104-360), along with several bills from other subcommittees.

Many of the provisions included in these bills, along with other initiatives, were included in a compromise version of H.R. 3118, which passed the Senate by unanimous consent on September 28, 1996. The same day, the House agreed to this amended version, also by unanimous consent. On October 9, 1996, the President signed H.R. 3118 into law as Public Law 104-262. (See summary of Public Law 104-262, p. 26.)

OVERSIGHT HEARINGS

First Session

On March 9, 1995, the subcommittee heard testimony on the progress of research on undiagnosed illnesses of Persian Gulf War veterans from officials at the Department of Veterans Affairs, the Department of Defense, the Centers for Disease Control, the Institute of Medicine and The American Legion.

Subsequent to this hearing, Chairman Hutchinson introduced H.R. 2353, which, among other things, called for the Department of Veterans Affairs to provide health care until December 31, 1996, on a priority basis for veterans who served in the Persian Gulf. H.R. 2353, as amended, became law on February 13, 1996. Later legislation, included as part of the Veterans' Health Care Eligibility Reform Act of 1996, authorized a further extension of that authority to December 31, 1998. This bill was signed into law on October 9, 1996.

The Committee continues to be concerned about these undiagnosed illnesses and VA's role in ensuring appropriate care for veterans. It recommends that further oversight take place during the 105th Congress. (See Oversight Plan, page 62, paragraph 8.)

The subcommittee, on April 6, 1995, held a hearing to examine the ramifications of the Veterans Health Administration's reorganization plan. The proposed reorganization called for the creation of 21 Veterans Integrated Service Networks (VISNs) in an attempt to bring decision-making on VA health care to a more local level. Those testifying at the hearing included officials from the Department of Veterans Affairs, a private health care provider, various VA employee organizations, and Veterans Service Organizations.

Witnesses generally expressed support for the reorganization plan as an effective way for VA to deal with health care's changing methods. Based on that hearing, the Committee did not interpose objections to the plan. Because of concerns articulated at this hearing, the Committee included in its eligibility reform legislation a provision to protect "special disability" programs which it deemed vulnerable under the reorganization plan. A part of the Veterans' Health Care Eligibility Reform Act of 1996 decreased the number of days Congress must be in continuous session in order for such a reorganization to go into effect. The Committee recommends that oversight regarding changes in the VA health care system stemming from the reorganization be undertaken in the 105th Congress. (See Oversight Plan, page 62, paragraph 2.)

On June 5, 1995, Subcommittee Chairman Hutchinson asked the General Accounting Office to review the Department's Third Party Recovery Program. Questions exist about VA's effectiveness in recovering from insurers costs of providing nonservice-connected care. On April 1, 1996, the General Accounting Office briefed subcommittee staff on this issue. Further study of this issue by GAO is ongoing and oversight into the 105th Congress is merited.

On July 19, 1996, the full Veterans' Affairs Committee held a hearing which focused on the patchwork of laws governing eligibility for VA health care and the barriers those laws create for veterans seeking access to needed care, particularly outpatient care. A multitude of witnesses, including officials from the Department of Veterans Affairs, the General Accounting Office, the Association of American Medical Colleges, the Nurses Organization of VA, and various veterans service organizations, testified to the need for eligibility reform.

This hearing helped pave the way for passage and enactment of an eligibility reform bill, H.R. 3118. This legislation, which was formulated on a bipartisan basis with the full support of most veterans service organizations and VA, significantly changes the way VA provides health care to eligible veterans.

As ultimately enacted, this legislation calls for VA to provide, within appropriations, all needed hospital and medical care services, and to establish and manage health care programs to promote the cost-effective delivery of health services for veterans who enroll for VA care. Those with highest enrollment priorities are veterans with compensable service-connected disabilities, former prisoners of war, veterans exposed to toxic substances and environmental hazards, veterans meeting the "means test" as provided under existing law, and veterans of World War I. In order to address concerns raised by the Congressional Budget Office, the law caps authorization levels for eligibility reform provisions at \$17.25 billion for fiscal year 1997 and \$17.9 billion for fiscal year 1998. The Committee intends to monitor implementation of this important law. (See Oversight Plan, page 63, paragraphs 9, 10, 15 and 16.)

On September 27, 1995, the subcommittee heard testimony relating specifically to drug arrests at the Brooklyn VA Medical Center, but also relating to the issue of drug use at VA facilities in general. On September 13, 1995, 12 VA employees and a VA police sergeant were arrested for the selling of illegal drugs, loan-sharking and bribery at the medical facility. John Baffa, Deputy Assistant Secretary for Security and Law Enforcement at the Department of Veterans Affairs, testified about the Department's procedures in handling such incidences. Also testifying at the hearing were James Farsetta, Director of the Brooklyn VAMC and VA Inspector General Stephen Trodden. The Committee believes further oversight on drug-related activities should continue, but the Brooklyn situation has been rectified for the time being. The battle to solve the problems at Brooklyn highlighted the effective partnering of VA, VHA and Inspector General elements.

The subcommittee held an oversight hearing on October 18, 1995, to examine the extent to which VA and DOD health care facilities were effectively sharing health care resources. Statutory provisions enacted in Public Law 97-174 authorized VA/DOD shar-

ing. They were intended to maximize utilization of Federal health care resources between the two departments. The subcommittee heard firsthand testimony from VA medical center directors, who commented on the effectiveness of the program and what it means to their facilities. Also, officials from GAO, VA and DOD and members of veterans service organizations testified. Several unresolved issues reflecting continued impediments to full sharing warrant further oversight in the 105th Congress. (See Oversight Plan, page 62, paragraph 3.)

The subcommittee found that there remained further opportunities for VA to provide services under the DOD's TRICARE program, but that the law was due to expire. In order to enable VA to continue and expand such sharing, the subcommittee advanced legislation to lift the "sunset" provision of the law. That language was included in the Veterans' Health Care Eligibility Reform Act of 1996, signed into law on October 9, 1996.

On October 25, 1995, the subcommittee held a hearing on issues relating to the unexplained rise in the death rate of veterans on a ward at the Harry S. Truman VA Medical Center in Columbia, Missouri, and VA's subsequent handling of findings regarding those deaths.

Since the time of the deaths in 1992, Dr. Gordon Christensen, a member of the medical center's staff, has been investigating these deaths. Internal and external statistical studies indicated a high probability that the deaths were not merely coincidental, although to this date, no one has been charged with any crime. The hospital director was slow to respond to allegations of foul play and, according to Dr. Christensen, participated in a cover-up by ordering him to not disseminate his findings. VA defended itself by noting that the director has retired, two Inspector General audits were conducted, and steps have been taken since this incident to shore up the hospital's internal review mechanisms.

In 1996, the subcommittee turned its attention to the FBI's handling of the case. Earlier this year, a contract for a medical examiner to perform specialized pathological tests on some of the deceased veterans was awarded by the FBI. These tests have not yet been completed. The Committee recommends that oversight continue on this matter.

Second Session

On March 21, 1996, the subcommittee held a hearing on VA's medical care budget for fiscal year 1997 and its construction priorities. VA Under Secretary for Health Dr. Kenneth Kizer testified in favor of the Administration's budget request. Dr. Kizer noted that the increase in the medical care budget requested by the Administration should be taken into context by comparing it to the budget increases in the other federal health care programs, such as Medicare and Medicaid. He also addressed questions regarding VA's major construction request and its proposal to build two additional hospitals, one in Brevard, Florida, and the other in Travis, California.

Submission of the Administration's major construction budget for fiscal year 1997 solidified concerns regarding VA construction planning. Public Law 104-262 requires VA to develop a strategic plan-

ning process and provide an annual report thereon to Congress, as well as additional provisions to improve its planning, reporting and construction prioritization efforts. The Committee believes that ongoing oversight on the construction prioritization process is warranted and should continue into the 105th Congress and beyond. (See Oversight Plan, page 61, paragraph 1, and summary of Public Law 104-262, page 26.)

The subcommittee heard testimony on April 16, 1996, regarding the Institute of Medicine's recent findings on Agent Orange and its effects on veterans. Dr. David Tollerud, Chairman of the IOM's Committee to Review the Health Effects of Agent Orange on Vietnam Veterans and their Families, and Dr. Andrew Olshan, a member of that committee, testified that recent findings suggest that two diseases, peripheral neuropathy and spina bifida, show a limited or suggestive link with herbicide or dioxin exposure. They stressed, however, that these findings were preliminary and further tests should be conducted.

Public Law 104-262 includes a provision which incorporates the findings of the Institute of Medicine in determining the diseases which VA may treat in providing care to herbicide-exposed veterans. (See summary of Public Law 104-262, page 26.)

The subcommittee conducted a field hearing in LaSalle, Illinois, on April 22, 1996, to examine outpatient services for veterans living in and around the LaSalle County, Illinois, area. Witnesses testified to the lack of services available to veterans in the area and the distance necessary to be traveled in order to receive VA care. According to some who testified, the fee basis program was not adequate to meet the veterans' needs. Also, local hospitals were willing to work with VA to provide services, but VA witnesses testified that VA lacked authority to enter into the kind of arrangements proposed.

Public Law 104-262 addressed a key issue raised at this hearing in expanding VA's ability to share health care resources with outside entities. The Committee recommends that further oversight take place not only on the implementation of Public Law 104-262, but also on access to care of veterans who do not live close to VA medical facilities. (See Oversight Plan, pages 62-63, paragraphs 2, 9, 13 and 16.)

On April 24, 1996, the subcommittee held an oversight hearing to explore the effectiveness of community care clinics. In response to a request made by the subcommittee to examine VA efforts to create new points of access to care, David Baine of GAO testified that VA is doing a commendable job in establishing community care clinics for the convenience of veterans across the country. However, he testified that GAO encountered several instances where VA ignored the letter of the law on eligibility in providing health care to these veterans.

VA Under Secretary for Health Kenneth Kizer stressed VA's commitment to providing veterans with accessible health care, and stated that the development of "access points" will continue. The Committee believes that it is necessary to continue providing convenient health care to eligible veterans, regardless of their residence, and recommends continued work with VA in this regard. The Committee also believes that oversight on the location and

number of these access points should continue into and beyond the 105th Congress. (See Oversight Plan, pages 62–63, paragraphs 2 and 9.)

VA's pharmacy program was the subject of a subcommittee oversight hearing on June 11, 1996. Testifying for GAO, David Baine described how a number of VA medical facilities prescribe over-the-counter drugs for veterans, a practice which costs VA more than \$150 million per year. VA, represented by VA Pharmacy Service Director John Ogden, countered that it is taking responsible steps to ensure that the system is not being abused but that eligible veterans receive appropriate pharmaceutical care. He testified that VA is moving toward a national formulary system that will result in a more uniform method of providing over-the-counter pharmaceuticals.

The Committee believes that further consideration should be given to the development of the proposed national formulary system. (See Oversight Plan, page 63, paragraph 12.)

The final subcommittee oversight hearing took place on June 26 and 27, 1996, and dealt with the future of the Veterans Health Administration. A broad array of health care officials, including representatives from VA, DOD, GAO, and various other organizations, testified on the future of veterans' health care as the population ages and diminishes, but while aging veterans' health care needs increase.

Most witnesses testified that VA's shift to ambulatory care is a significant step in the right direction. The high cost of inpatient care has precipitated a marked change in the way most health care entities operate. VA's shift, while late, is much needed.

Not all ideas were universally applauded. Some witnesses advocated a system, similar to the Base Realignment Commission process, which could result in the closure of VA hospitals. Others called for privatization of the VA health care system and institution of a system of vouchers.

VHA's success in providing high quality health care to veterans as the Nation approaches the 21st Century is of great importance to the Committee, and continuing oversight of its ability to provide for veterans' health care needs is vital.

SUBCOMMITTEE ON COMPENSATION, PENSION, INSURANCE AND MEMORIAL AFFAIRS

The Subcommittee on Compensation, Pension, Insurance, and Memorial Affairs has jurisdiction over veterans' matters affecting the service-connected disability and death compensation programs, the nonservice-connected disability and death pension programs, various life insurance programs administered or supervised by the Department of Veterans Affairs, the National Cemetery System, burial benefits, and overseas cemeteries under the jurisdiction of the American Battle Monuments Commission.

LEGISLATIVE ACTIVITIES

First Session

On September 28, 1995, the full Committee marked up a subcommittee bill, H.R. 2394, the Veterans' Compensation Cost-of-Liv-

ing Adjustment Act of 1995. H.R. 2394 proposed to provide for a cost-of-living adjustment for 1996, effective December 1, 1995, to the rates of disability compensation and dependency and indemnity compensation for the survivors of certain disabled veterans. H.R. 2394 was ordered reported by the Committee by unanimous voice vote. (See House Report 104-273.) On November 10, 1995, the House agreed to a Senate amendment on the COLA bill by unanimous consent, and H.R. 2394 was signed into law as Public Law 104-57 on November 22, 1995. (See summary of Public Law 104-57, page 23.)

On October 12, 1995, the subcommittee held a legislative hearing to receive testimony on nine bills: H.R. 109, a bill to provide for pro rata payments of deceased veterans' final monthly compensation awards; H.R. 368, a bill to add bronchiolo-alveolar carcinoma to the list for which presumptions of service-connection are applicable with respect to radiation exposure; H.R. 1482, a bill to provide for improvements in services concerning veterans' benefits; H.R. 1483, a bill to provide the Board of Veterans' Appeals the authority to reverse or revise a decision based on clear and unmistakable error; H.R. 1609, a bill to provide for the transfer of information between the Social Security Administration and the Department of Veterans Affairs when the Commissioner determines that a veteran is eligible for supplemental security income; H.R. 1809, a bill to provide the American Battle Monuments Commission authority to assume responsibility for overseas war memorials and accept private funds for maintenance; H.R. 2155, a bill to provide reforms for certain veteran's programs; H.R. 2156, a bill to provide for termination of Servicemen's Group Life Insurance when premiums are not paid within 60 days of the date on which such remittance is due; and H.R. 2157, a bill to provide improvements to veterans' insurance programs.

Two members of Congress testified on behalf of their respective bills, Honorable Chris Smith (R-NJ), in support of H.R. 368 and Honorable Mike Bilirakis (R-FL), in support of H.R. 109. There was minimal opposition from the veterans service organization representatives who testified on the nine bills before the subcommittee. Lt. General Samuel Ebbesen, Deputy Assistant Secretary of Defense, testified in support of H.R. 2156 and H.R. 2157. The Chairman of the Board of Veterans' Appeals, Honorable Charles Cragin, expressed strong opposition to H.R. 1483.

Second Session

On April 17, 1996, the subcommittee marked up several bills, each previously considered in the subcommittee legislative hearing on October 12, 1995. The bills before the subcommittee were H.R. 2843, the Veterans' Insurance Reform Act of 1996; H.R. 2850, a bill clarifying the eligibility of certain minors for burial in national cemeteries; H.R. 1483, to allow revision of veterans benefits decisions based on clear and unmistakable error; and H.R. 3248, the Veterans' Programs Amendments of 1996. H.R. 2843 is a compilation of provisions previously included in H.R. 2156 and H.R. 2157. H.R. 3248 included provisions from H.R. 109, H.R. 368, H.R. 1482, H.R. 1809, and H.R. 2155. The four bills were reported to the full committee. Prior to being marked up by full committee, several of

the bills were combined. H.R. 2843, H.R. 2850 and H.R. 3036 (Education, Training, Employment and Housing Subcommittee legislation) were consolidated and introduced on May 1, 1996, and became H.R. 3373. The full committee considered H.R. 3373 (House Report 104-572) and H.R. 1483 (House Report 104-571) on May 8, 1996, and reported favorably thereon to the House. The House passed both bills by voice vote on May 21, 1996. Several provisions of H.R. 3373 were contained in Public Law 104-275 (see summary of Public Law 104-275, page 31).

On May 22, 1996, the subcommittee marked up four bills: H.R. 2513, to expand eligibility for burial benefits to include certain veterans who die in State nursing homes; H.R. 3458, to provide for a cost-of-living adjustment (COLA), effective December 1, 1996, to the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans; H.R. 3493, to authorize financial assistance by grant or contract to legal assistance entities for representing financially needy veterans in connection with proceedings before the United States Court of Veterans Appeals; and H.R. 3495, to extend the time for the submission of the final report from the Veterans' Claims Adjudication Commission and to provide for an additional \$150,000 to complete their activities.

H.R. 3458, the COLA bill for 1997, was reported unanimously. H.R. 3493, reintroduced with identical language on May 22, 1996, as H.R. 3506, but with additional sponsors, was also reported to the full Committee.

H.R. 2513 and H.R. 3495 were both reported by unanimous voice vote to the full Committee. On June 19, 1996, H.R. 2513 and H.R. 3506 were combined with H.R. 3673. The full committee considered H.R. 3458 (House Report 104-647) and H.R. 3673 (House Report 104-649) on June 20, 1996 and reported favorably thereon to the House. The House passed both bills by voice vote on May 21, 1996. The COLA bill, H.R. 3458, was signed into law as Public Law 104-263. H.R. 2513 was contained in Public Law 104-275 (see summary of Public Law 104-275, page 31).

OVERSIGHT HEARINGS

First Session

On May 12, 1995, the subcommittee held an oversight hearing on the Veterans Benefits Administration's processing of veterans' compensation claims with an emphasis on Persian Gulf War claims. The subcommittee also focused on the challenges VA is facing in processing veterans' claims and the efforts made to find remedies to the current backlog at VA. The subcommittee also received testimony on the effect of Public Law 103-446, the Veterans' Benefits Improvements Act of 1994. In addition to representatives of the Department of Veterans Affairs, including five VA Regional Office Directors, testimony was heard from representatives of the major veterans service organizations. During the hearing, each of the veterans service organizations' representatives agreed that VA had made little improvement in the delivery and processing of benefits for Persian Gulf veterans. The VA witness, Mr. R. John Vogel, Under Secretary for Benefits, testified to seeing significant im-

provements in timeliness and workload, and attributed both to the combined effect of many VBA management and technological initiatives. Each witness testified that it was too early to thoroughly evaluate the effects of Public Law 103-446. The Committee continues to be concerned about the problems encountered by Persian Gulf War veterans. In light of recent disclosures by the Department of Defense about possible exposure of Persian Gulf veterans to chemical weapons and the continuing controversies surrounding the use of anti-nerve agent drugs, the Committee recommends further review of these issues. (See Oversight Plan, page 64, paragraphs 1 and 2.)

On June 22, 1995, the subcommittee conducted a hearing on the Veterans Benefits Administration's computer modernization program, focusing on VA's Information Resources Management structure and its performance objectives. Witnesses included representatives from the General Accounting Office (GAO) and the Department of Veterans Affairs. Mr. Frank Reilly, Director of Information Management and Technology at GAO, testified that there is support for VBA's computer modernization goals, but raised serious questions about VBA's approach to modernization and implementation. He further testified that VBA is implementing modernization along with many other initiatives without an overall implementation strategy or an adequate approach to evaluate key initiatives. According to GAO, other agencies agreed that VA's life-cycle modernization costs were indeterminate and that performance measures were lacking. Mr. Raymond Avent, the VA witness, testified that with outside help, VBA was assessing changes necessary to improve their modernization plans. VBA acknowledged that their original plans for modernization had not fully anticipated the degree and rate of the required changes. (See Oversight Plan, page 64, paragraph 3.)

Second Session

On April 30, 1996, the subcommittee held an oversight hearing on veterans exposed to ionizing radiation. Witnesses included representatives from several atomic veterans organizations: National Association of Atomic Veterans, National Association of Radiation Survivors, and Alliance for Atomic Veterans. Mr. R. John Vogel of VA and Ms. Joan Ma Pierre of the Defense Nuclear Agency were the government representatives. Dr. Ruth Faden, chairwoman of the President's Advisory Committee on Human Radiation Experiments, testified on the Advisory Committee's recommendations. The Advisory Committee published its final report in October 1995, and has since disbanded. (See Oversight Plan, page 65, paragraph 7.)

The subcommittee has requested briefings on the findings from studies of Operation Crossroads and Operation Hardtack. These studies were done by the Institute of Medicine and VA respectively.

The Committee recommends further oversight on Agent Orange and Ionizing Radiation.

On June 19, 1996, the subcommittee conducted its second oversight hearing on VA computer modernization efforts. The focus of the hearing was a review of VA's progress in computer modernization as a part of the overall strategic plans. Mr. R. John Vogel,

Under Secretary for Benefits, Veterans Benefits Administration, testified for VA, and Mr. Gene Dodaro, Assistant Comptroller General, Accounting and Management Division, represented the General Accounting Office. Ms. Rhoda Davis, a member of the Veterans' Claims Adjudication Commission, submitted for the record her views on VA's progress in computer modernization and its relationship to overall strategic management.

Mr. Dodaro testified on the many fundamental management and technical problems that have prevented VA from realizing the benefits expected from substantial investments in information technology. GAO also presented its views on what VBA needs to do to increase the likelihood of success. GAO stressed the importance of VA immediately addressing the year-2000 issue for its computers and how a lack of planning will affect claims benefits processing.

Mr. Vogel provided an update on VBA's strategic planning progress, which included information technology and business planning activities. While acknowledging several problems, Mr. Vogel outlined the areas in which he believed the Department had made real progress since the June 22, 1995, subcommittee hearing.

Staff members also held regular briefing sessions with VBA computer modernization personnel and GAO, with special emphasis on the costs and benefits of modernization efforts. Staff members made site visits to Hines Data Center in Chicago, the Austin Automation Center in Texas, the Regional Office in St. Louis, MO, and the St. Petersburg, FL Regional Office to observe automation initiatives. (See Oversight Plan, page 64, paragraph 3.)

The Committee remains concerned about the management of VBA's computer modernization and strongly recommends continuing oversight of these activities.

ADDITIONAL OVERSIGHT ACTIVITIES

First Session

On October 2, 1995, Chairman Bob Stump and Ranking Member G.V. (Sonny) Montgomery, along with Senate Veterans Affairs Committee Chairman Alan Simpson and Ranking Member John Rockefeller, transmitted a letter to VA Secretary Jesse Brown regarding VA's report on the feasibility of reorganization and consolidation of adjudication divisions in VBA regional offices. The joint letter stated that the report, made pursuant to section 304 of Public Law 103-446, did not fulfill the law's requirements. The joint letter informed the Department that its report, submitted on July 11, 1995, did not answer the three central questions Congress intended: (1) Could VBA consolidate adjudication divisions in a manner that would improve efficiency? (2) How many adjudication divisions would there be? and (3) What would be the overall impact of consolidation on VBA operations?

The Committee requested a revised report from VA no later than November 1, 1995, that addressed the issues. Subsequently, through a series of briefings and reports, VA met the mandates of section 304 of Public Law 103-446. VBA provided a restructuring plan that addressed functional consolidation of some regional offices. The plan included a reduction in adjudication divisions at several regional offices and quantified personnel and fiscal savings.

The Committee recommends no further oversight on this specific issue but recommends continued monitoring of VBA's business process reengineering.

On October 12, 1995, the subcommittee began an examination of the merits of H.R. 1483, a bill to allow revision of veterans benefits decisions based on grounds of clear and unmistakable error (CUE). An appeal based on CUE alleges an error in VA's claim decision that is so obvious and compelling that a reversal of a decision is warranted. Chairman Terry Everett transmitted a letter to Mr. R. John Vogel, Under Secretary for Benefits, Veterans Benefits Administration, which requested statistics on the number of CUE cases that had been appealed to the Board of Veterans' Appeals and the Court of Veterans Appeals. Mr. Vogel responded in writing that the Veterans Benefits Administration did not keep the statistical information requested, but in letters, briefings, and hearings, VA opposed the legislation on the grounds that it would create an unnecessary burden on the claims process and add to the backlog of pending claims. (See Oversight Plan, page 64, paragraph 4.)

While claims production at the Board of Veterans Appeals has increased, a significant backlog continues to exist. The Committee recommends continuing oversight in this area.

On October 30, 1995, the subcommittee transmitted a letter to VA Secretary Jesse Brown which requested a 20-year life cycle cost study from the National Cemetery System (NCS) to measure the effectiveness of VA's national cemetery construction plans. The subcommittee desired a comparison study detailing the costs of planning, constructing, and operating a cemetery providing full casket burials versus one providing interment of cremated remains only in columbaria. On February 13, 1996, in response to the subcommittee, NCS provided a study which concluded that the total base construction costs for the columbaria would be higher than the full casket cemetery, but the total life cycle cost of the full casket cemetery would be \$6.7 million more than the columbaria cemetery. Throughout the 104th Congress, the NCS staff has met with the subcommittee staff and submitted briefing papers on a number of issues, including budget matters, present and future site construction projects, expansion efforts, headstone and grave marker costs, and the State Cemetery Grant program. (See Oversight Plan, page 65, paragraph 8.)

The Committee remains concerned about the future viability of the National Cemetery System and recommends continued oversight regarding NCS's strategic planning.

Second Session

In March 1996, the Committee received the report of the National Academy of Sciences regarding the effects of exposure to Agent Orange and other herbicides. The report found that there was "limited and suggestive evidence" of an association between the occurrence of spina bifida and Vietnam veterans' exposure to Agent Orange. (See Oversight Plan, page 65, paragraph 7.)

On March 21, 1996, the subcommittee requested by letter VA's position on awarding service-connected disability for smoking related diseases, including any proposed regulations. The Department responded by forwarding a copy of a January 1993, VA General

Counsel opinion holding that direct service-connection of disability or death may be established if the evidence establishes that injury or disease resulted from tobacco use in the line of duty. The Department also related that they were developing regulations addressing service-connection for disability caused by smoking during service, but that the regulations were under review by the agency and not final. The Committee recommends continuing oversight on this issue. (See Oversight Plan, page 64, paragraph 2.)

On March 21, 1996, the subcommittee transmitted a letter to VA which requested a review of the adjudication process for Post Traumatic Stress Disorder claims, including statistical data on the number of claims filed in 1995 and the approval rate for such claims. VA provided the subcommittee with a multi-page fact sheet addressing the inquiry and enclosed training directives sent to the regional offices by the Compensation and Pension Service. (See Oversight Plan, page 64, paragraph 5.) The Committee recommends continued oversight of this issue as part of its oversight of the overall claims process.

On April 3, 1996, the subcommittee transmitted a letter to VA Secretary Brown which requested comments on the restructuring plans for the Veterans Benefits Administration, and on the manner in which provisions outlined in section 510 of title 38 of the United States Code applied to those plans. The Department responded with an assurance that it would fully comply with the requirements of 38 U.S.C. 510 and that it would keep the oversight committees fully informed of restructuring plans. Throughout the 104th Congress, VA briefed the subcommittee staff on VBA's reorganization. The Committee recommends continued oversight on this matter.

On April 16, 1996, the subcommittee transmitted a letter to VA which requested data on the claims adjudication process for veterans who suffered cold weather injuries in the line of duty and the directives conveyed to regional offices regarding the adjudication of those claims. VA responded with a Clinical Programs Information Letter outlining the residual disabilities that could result from cold weather injuries, along with training letters from the Compensation and Pension Service to the adjudication divisions which addressed the evidence necessary to establish service-connection for such disabilities.

The Committee remains concerned about several issues involving claims processing such as the inconsistency of adjudication, continued delays in processing time, and the restructuring of the Regional Office system, and recommends additional oversight in these areas.

On October 1, 1996, the subcommittee requested from the Congressional Research Service (CRS) an analysis of the VA pension program as compared to other needs-based programs. CRS responded with a report, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FYs 1992-1994*, which consisted of a catalog of 81 need-based programs providing the funding formula, eligibility requirements, and benefit levels for each program. (See Oversight Plan, page 65, paragraph 10.) Based on the report findings, the Committee recommends continued routine oversight on this matter.

SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT, AND
HOUSING

The Subcommittee on Education, Training, Employment, and Housing is responsible for the following programs: the Montgomery GI Bill; veterans training and rehabilitation; the Post-Vietnam era Veterans' Educational Assistance; the Vietnam era GI Bill; and survivors and dependents educational assistance. Veterans housing and small business matters come under the purview of the subcommittee as well as job counseling, training, and placement services for veterans; employment and training of disabled, Vietnam-era and post-Vietnam era veterans; and Veterans Reemployment Rights. The subcommittee also has oversight responsibilities for programs such as veterans' preference which affect veterans, but are under the legislative jurisdiction of another committee.

LEGISLATIVE ACTIVITIES

First Session

On August 2, 1995, the subcommittee held a legislative hearing on draft legislation on technical changes to the Uniformed Services Employment and Reemployment Rights Act (USERRA), extension of VA housing programs, Department of Labor's Veterans' Employment and Training Service (VETS) program and the transfer of the Office of Veterans Affairs (OVA) at the Small Business Administration (SBA) to the Department of Veterans Affairs.

The subcommittee considered H.R. 1941, introduced by Mr. Montgomery, which contained several technical amendments to strengthen and clarify USERRA. USERRA was designed to protect a veteran's ability to return to the workforce following active duty service, while at the same time not overburdening employers. Development of amendments to strengthen this important protection of veterans employment rights was a result of legislative work with VETS.

The major veterans service organizations, The American Legion, Veterans of Foreign Wars, AMVETS, Disabled American Veterans, and the Association For Service Disabled Veterans testified on the bill. The Mortgage Bankers Association of America also testified and discussed the housing provisions. The administration was represented by Mr. R. John Vogel, Under Secretary for Veterans Benefits, accompanied by Mr. Keith Pedigo and Mr. Scott Denniston; Ms. Patricia R. Forbes, Acting Associate Deputy Administrator for Economic Development, Small Business Administration, accompanied by Mr. Leon Bechet (OVA); and Mr. Preston Taylor, Assistant Secretary of Labor, Veterans Employment and Training.

The subcommittee also received testimony on various discussion drafts developed by the Chairman. The drafts contained provisions designed to streamline VETS operations, and was strongly supported by VETS and the major veterans service organizations.

The subcommittee considered a discussion draft of a bill to extend VA housing programs due to sunset at the end of the calendar year. The draft bill was strongly supported by all witnesses.

The proposal to merge the Office of Veterans Affairs at the SBA with the Office of Small and Disadvantaged Business Utilization at VA sought to establish efficient management of assistance for vet-

eran-owned operations seeking to do business with the federal government. Among the major veterans organizations, only the Veterans of Foreign Wars opposed such a transfer of responsibilities.

On September 7, 1995, the subcommittee held a markup on a comprehensive discussion draft bill to amend title 38 of United States Code with clarifying and technical amendments regarding the Uniformed Services Employment and Reemployment Rights Act of 1994, by further defining the responsibilities of members of the uniformed services as well as those of their employers. The draft also contained provisions streamlining VETS, as well as extending several VA home loan programs, and reauthorizing the Homeless Veterans Reintegration Projects (HVRP) for three additional years. The discussion draft under consideration was a compilation of the various discussion drafts reviewed by the subcommittee during the August 2, 1995, hearing.

Following the markup, on September 8, 1995, the Subcommittee Chairman introduced H.R. 2289, "Veterans Housing, Employment Programs, and Employment Rights Benefits Act of 1995" to amend title 38 of United States Code, to extend permanently certain housing programs, to improve the veterans employment and training system, and to make technical amendments to further clarify the employment and reemployment rights and responsibilities of members of the uniformed services.

The full Committee met on September 20, 1995, and ordered H.R. 2289 reported favorably to the House by unanimous voice vote. (See House Report 104-397.) Several of the Title I VA Home Loan provisions were incorporated into Public Law 104-110. (See summary of Public Law 104-110, page 24.)

Second Session

On April 18, 1996, the subcommittee held a hearing to review legislation affecting veterans education services, including H.R. 2851, H.R. 2868 and H.R. 3036.

Mr. Don Sweeney, legislative director, National Association of State Approving Agencies, testified on H.R. 2851, which would change VA's two-year rule regarding extensions and branch campuses of learning institutions. The state approving agencies are VA's state partners in the administration of veterans programs.

Dr. Stephen Lemons, Deputy Under Secretary of Veterans Benefits Administration, accompanied by Ms. Celia Dollarhide, Director, VA Education Service, testified in support of H.R. 2851. However, Dr. Lemons strongly opposed H.R. 3036, which would require the management, policy and other functions associated with VA educational programs to remain in the Washington, DC area.

Congressman Tejeda discussed the value of the alternative teacher certification program which his bill, H.R. 2868, would make permanent. The program aims to help veterans receive teaching certification with Montgomery GI Bill benefits.

On May 30, 1996, the subcommittee held a markup on H.R. 2851 and H.R. 3459. The subcommittee introduced an amendment in the nature of a substitute to H.R. 2851, to modify the GI Bill's "two-year rule" restricting veterans' access to institutions of higher learning. The subcommittee also considered H.R. 3459, which proposed to extend VA's authority for the enhanced loan asset sale to

guarantee the real estate mortgage investment conduits (REMICs) that are used to market vendee loans on the secondary market. This authorization would guarantee timely payments of principal and interest on the certificates issued by the REMICs for an additional year, thus lowering the interest rate paid by VA. Both measures passed by voice vote and were incorporated into H.R. 3673, which was ordered reported by the Committee on June 27, 1996. (See House Report 104-649.) Both measures were incorporated into S.1711, which on October 9, 1996, became Public Law 104-275 (See summary of Public Law 104-275, page 31.)

JOINT LEGISLATIVE HEARINGS

On May 8, 1996, the Subcommittee on Education, Training, Employment and Housing, along with the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs, conducted a joint legislative hearing to consider several proposals which would affect veterans benefits. Witnesses included Dr. Stephen Lemons, Deputy Under Secretary for Benefits at the Veterans Benefits Administration; representatives of the Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars, the American Legion, and Gold Star Wives; Chief Judge Frank Nebeker of the Court of Veterans Appeals and David Isbell, Esq., Advisory Committee Chairman of the Veterans Consortium Pro Bono Program.

The first proposal, under the jurisdiction of the Education, Training, Employment and Housing Subcommittee, was a draft bill to repeal the effects of *Davenport v. Brown*, 7 Vet. App. 476 (1995). The proposal would require a veteran's service-connected disability to be responsible for an employment handicap in order to qualify for VA vocational rehabilitation benefits. VA and several major veterans organizations supported the bill, while Paralyzed Veterans of America supports the Court's original *Davenport* decision.

The second proposal was a draft cost-of-living adjustment bill to provide an increase in the rates of compensation and Dependency and Indemnity Compensation equal to the percentage given to Social Security recipients. This proposal was widely supported.

Finally, the subcommittees received testimony on a draft bill to ensure the continuation of the veterans Pro Bono Program at the Court of Veterans Appeals. VA did not object to the bill, and the veterans service organizations supported the proposal. The Court of Veterans Appeals opposed the bill as drafted, but offered changes. The Veterans Consortium offered minor changes but supported the proposal.

OVERSIGHT HEARINGS

First Session

On May 3, 1995, the subcommittee held an oversight hearing on the cooperation between VA's Vocational Rehabilitation and Counseling Service (VR&C) and DOL's Veterans Employment and Training Service (VETS). The Vocational Rehabilitation program, contained in chapter 31, title 38, United States Code, provides rehabilitation training to disabled veterans to enable them to obtain and maintain suitable employment and live independently. In addi-

tion, VR&C provides educational and vocational counseling to active duty servicemembers who are within six months of separation, veterans who have been out of service not more than 12 months, and individuals who are participating in various VA administered programs. VR&C staff also play an important role in the Transition Assistance Program and Disabled Transition Assistance Program.

The Assistant Secretary of Labor for Veterans Employment and Training (ASVET) is responsible for Veterans Training & Employment under chapter 41, title 38, United States Code. Local Veterans Employment Representatives (LVERs) and Disabled Veteran Outreach Program Specialists (DVOPS) are federally-funded state veteran employment specialists and the primary contacts providing direct services to assist veterans seeking employment. Members and witnesses discussed the DVOPS' role in assisting the graduates of VA's VR&C programs and examined the effectiveness of the cooperation between VA and VETS.

Witnesses represented The Disabled American Veterans; Paralyzed Veterans of America; Vietnam Veterans of America; and The American Legion. Mr. R. John Vogel, Under Secretary for Benefits, Department of Veterans Affairs, accompanied by Mr. Raymond Avent, VA Deputy Under Secretary for Benefits; Mr. Larry Woodard, Director, VR&C Services, accompanied by Ms. Sharon Bunger, VR&C Contract Counselor, Rehabilitative Service & Vocational Placement, Inc., Richmond, VA., testified for VA. The Department of Labor was represented by the Honorable Preston Taylor, Assistant Secretary of Labor, Veterans Employment and Training, accompanied by Mr. Allan Perkins, Disabled Veterans Outreach Program Specialist, Houston, TX, and Mr. Tom Pifer, Disabled Veterans Outreach Program Specialist, St. Petersburg, FL.

Witnesses from the veterans service organizations testified to serious shortcomings in the cooperation between VA and VETS. The Subcommittee Chairman noted that it may be appropriate to move VETS to VA to ensure aggressive program management. VA and VETS witnesses opposed such a move while some of the VSO witnesses voiced support for the idea. As a result of the hearing, Mr. Vogel and Mr. Taylor signed an August 1, 1995, Memorandum of Understanding outlining levels of cooperation to improve the services to disabled veterans. The Committee remains concerned about the Vocational Rehabilitation and Counseling Service and recommends continued examination of the service. (See Oversight Plan, page 65, paragraph 1.)

On June 29, 1995, the subcommittee held an oversight hearing to review the reorganization of the Veterans' Employment and Training Service, as well as the implementation of the Uniformed Services Employment and Reemployment Rights Act (USERRA). The subcommittee also discussed the benefits of the "one-stop shop" employment office concept.

The subcommittee was interested in how VETS expanded their reinvention efforts to assure compliance as directed by the National Performance Review and the executive memorandum dated September 11, 1993, regarding the streamlining of the federal bureaucracy. Along with the concerns for streamlining were the adjustments necessary for VETS to assume its role in the "one-stop shop"

employment environment which seeks to consolidate a wide range of benefits and services at one location.

Witnesses represented the Disabled American Veterans, Paralyzed Veterans of America, Vietnam Veterans of America, The American Legion, AMVETS, Veterans of Foreign Wars, Enlisted Association of the National Guard, and Mr. Wayne Spruell, Acting Deputy Assistant Secretary of Defense for Reserve Affairs, Manpower and Personnel. Also appearing were the Honorable Preston Taylor, Assistant Secretary of Labor, Veterans Employment and Training, accompanied by Mr. Jeffrey Crandall, Director of Field Operations, VETS; and Mr. Richard Larson, Director for Planning, Policy and Quality, VETS. Witnesses noted the necessity for downsizing while maintaining core services and continuing oversight of the VETS program. USERRA enforcement should remain a prime concern during the 105th Congress, and the Committee recommends additional oversight on this issue. (See Oversight Plan, page 65, paragraph 2.)

Second Session

On May 30, 1996, the subcommittee held an oversight hearing on Veterans' Preference, Reduction-in-Force, and the Uniformed Services Employment and Reemployment Rights Act (USERRA).

Congressman John Mica, Chairman of the Civil Service Subcommittee, Government Reform and Oversight Committee, appeared before the panel to discuss his bill, H.R. 3586, The Veterans Employment Opportunities Act of 1996.

Mr. Jonathan R. Siegel, Associate Professor of Law, The George Washington University Law School, testified on the impact of the Supreme Court decision in *Seminole Tribe of Florida v. Florida*, No. 94-12 (U.S. Mar. 27, 1996), which held that the Commerce Clause of the United States Constitution does not empower Congress to abrogate a state's Eleventh Amendment immunity by enacting statutes providing for private rights of action against states in federal court. Professor Siegel testified that this decision may create potential problems for USERRA enforcement.

Representatives of veterans service organizations testified, including witnesses from the Veterans Economic Action Coalition, The American Legion, the Disabled American Veterans, and the Vietnam Veterans of America.

The Honorable Preston Taylor, Assistant Secretary of Labor, Veterans Employment and Training, testified on USERRA provisions and the applicability of USERRA to Reserve Component personnel employed outside the United States. Assistant Secretary Taylor also testified on the impact of the *Seminole* decision. Assistant Secretary Taylor discussed the Atlanta regional lead center's (RLC) role in USERRA issues to research and provide technical assistance to field offices and provide information to the national office in the development of policy.

The Honorable James B. King, Director, Office of Personnel Management, testified on veterans employment in the federal government. Ms. Celia Dollarhide, Director of VA Education Services, addressed H.R. 2851, the proposed changes to VA's "two-year rule."

Concerns remain about employment of veterans and the Committee recommends a thorough review of the VETS-100 form for federal contractors. (See Oversight Plan, pages 65-66, paragraph 3.)

On March 7, 1996, the subcommittee held an oversight hearing to review the Montgomery GI Bill and entertain suggestions on how to increase the buying power of veterans education benefits. The subcommittee noted that veterans education benefits serve two purposes: first, to increase a veteran's earning power through higher education and training following service; and second, to provide a recruiting incentive.

Witnesses included U.S. Army Lt. Gen. Samuel E. Ebbesen, Deputy Assistant Secretary of Defense for Military Personnel Policy; Honorable Al Bemis, Deputy Assistant Secretary for Manpower and Personnel, Office of Reserve Affairs; Mr. Charles Turpin, U.S. Marine Corps Reserve, Prince George's Community College (Chapter 1606 user); Lt. Col. Thomas Adams, American University (Active Duty); Ms. Kelly Mayo (University of Maryland student with an initial claim concern); Mr. Jim Abell (University of Maryland continuing education student); Mrs. Noelle Atwell, Veteran Student Services, University of Maryland; the Honorable Ray Avent Deputy Under Secretary of Veterans Benefits Administration, accompanied by Ms. Celia Dollarhide, Director, VA Education Service.

Witnesses testified that the benefit has failed to keep pace with the rapidly escalating cost of tuition, which is currently rising at twice the rate of overall inflation. As a result, the decline in purchasing power of the Montgomery GI Bill may no longer serve the needs of the veteran as a readjustment tool, and will ultimately fail to attract a sufficiently high quality pool of applicants for the military. DOD witnesses stated the current benefit level met the services' requirements as a recruiting tool.

VA was questioned on their policy changes to facilitate education administration, and the difficulties they faced in the Regional Processing Offices tasked to handle veterans education claims. VA witnesses noted initiatives to consolidate and automate benefits processing would greatly improve performance in the near future. The subcommittee recommends continuing review of the progress made by the Education Service to improve their delivery of service. (See Oversight Plan, page 66, paragraph 4.)

On April 18, 1996, the subcommittee held an oversight hearing to review the Transitional Assistance Program (TAP), the Homeless Veterans Reintegration Project (HVRP), and legislation affecting veterans education services.

Section 502 of Public Law 101-510 requires the Secretary of Labor, in conjunction with the Secretaries of Veterans Affairs and Defense, to provide a program of transition assistance, including counseling, job search training and information, placement assistance and other information and services to military personnel and their spouses who are within 180 days of separation from active duty.

The Honorable Carolyn Becraft, Deputy Assistant Secretary of Defense, Personnel Support, Families and Education; and the Honorable Preston Taylor, Assistant Secretary of Labor for Veterans Employment and Training, testified that TAP is a success. Both

noted that transition assistance is intended to be a permanent program to assist departing military personnel.

Testimony was received from representatives of The American Legion, the Disabled American Veterans, the Vietnam Veterans of America, the Paralyzed Veterans of America, and the Veterans of Foreign Wars. The veterans organizations voiced strong support for the program and noted their participation as a transition source. The Committee recommends an aggressive review of TAP. (See Oversight Plan, page 66, paragraph 5.)

JOINT OVERSIGHT HEARINGS

On June 12, 1996, the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs, along with the Subcommittee on Education, Training, Employment and Housing, held a joint oversight hearing on customer service standards at the Department of Veterans Affairs and the Veterans' Employment and Training Service. The subcommittees' focus was on customer expectations with actual service delivered, and the organizational measures being undertaken to improve the overall quality of service delivery.

The subcommittees received testimony from the Vietnam Veterans of America, and the Disabled American Veterans. Mr. Robert Gardner, Chief Financial Officer for the Department of Veterans Affairs, and the Honorable Preston Taylor, Assistant Secretary for Veterans' Employment and Training also testified.

The subcommittees expressed concern regarding strategic planning and customer service for both the larger agencies (Veterans Employment and Training Services) and the smaller agencies.

The veterans service organizations were concerned about timeliness of claims and the effects of staff reductions on the claims process. The veteran service organizations supported a strategic planning process to lead to a more comprehensive, multi-year business plan. VA responded that they were working on their initial Business Plan, which will serve as the Secretary's fiscal year 1998 budget request.

VETS testified that veterans are the customer and are the primary consideration. Much of the testimony was drawn from their April 1995 Customer Service Survey, which reflected some satisfaction with the customer service performance of the agency.

The Committee remains very concerned about the effectiveness of VA's vocational rehabilitation program and its interaction with VETS and recommends additional oversight in this area. (See Oversight Plan, page 66, paragraph 6.)

On July 31, 1996, the Subcommittee on Education, Training, Employment and Housing of the Committee on Veterans' Affairs held a joint oversight hearing with the Subcommittee on Government Programs of the Committee on Small Business and reviewed veterans small business programs. Testimony was received on various issues pertaining to veterans small business problems such as a definition of current small business rules and how they affect veterans, a review of past programs impact on veterans small business, and a review of the veracity of small business data.

Witnesses represented the Veteran's Small Business Association, the Concerned Veterans, The American Legion, the Association for Service Disabled Veterans, and the William Joiner Center at the

University of Massachusetts. Staff Sgt. Michael Hladky, U.S. Army, testified on his own behalf, and the Administration was represented by Mr. Leon Bechet, Deputy Administrator for Veterans Affairs. The Committee recommends continued oversight in this area. (See Oversight Plan, page 66, paragraph 8.)

ADDITIONAL OVERSIGHT ACTIVITIES

First Session

On April 7, 1995, the subcommittee requested a General Accounting Office (GAO) study of the Department of Labor's two veterans' employment programs, the Local Veterans Employment Representatives (LVERs) and the Disabled Veterans Outreach Program Specialists (DVOPS). Very little was known about the performance of these state-administered veterans' employment programs or how they integrated with other veterans' employment programs administered by VA. GAO delayed the study until 1996 due to its pending workload. The study is currently underway. (See Oversight Plan, page 65, paragraph 1.)

On April 19, 1995, the subcommittee requested a GAO evaluation of the costs associated with moving the Department of Labor's Veterans Employment and Training Service to an equivalent position under the auspices of the Secretary of Veterans Affairs. GAO responded on April 28, 1996, that the request had been forwarded to their Health, Education, and Human Services Division. The study is currently underway. (See Oversight Plan, page 65, paragraph 2.)

On June 20, 1995, the Committee transmitted a letter to GAO and requested an evaluation of the Office of Personnel Management's policies and performance relating to veterans' preference hiring practices authorities. GAO replied on July 5, 1995, that the request was forwarded to the General Government Division. Subsequently, a February 1, 1996, GAO report found that veterans represented a generally increasing share of the new hires made by OPM in recent years. The Committee recommends further oversight on this issue. (See Oversight Plan, pages 65-66, paragraph 3.)

On July 12, 1995, the subcommittee transmitted a letter to the Honorable Deborah R. Lee, Assistant Secretary of Defense, and requested the Administration's views on DOD's requirements for advance notification of pending military duty contained in the Uniformed Services Employment and Reemployment Rights Act (USERRA). In an August 24, 1995, letter, DOD stated that DOD and DOL were coordinating specific instructions on USERRA implementation. The Committee recommends that this issue continue to be reviewed. (See Oversight Plan, page 65, paragraph 2.)

Second Session

On January 23, 1996, the subcommittee transmitted a letter to VA and requested a review of an allegation concerning VA Home Loan origination improprieties made against the Mortgage Investors Corporation. As a result, VA issued regulations to prohibit lenders from charging more than 2 points on VA-backed refinanced loans.

On January 25, 1996, the subcommittee transmitted a letter to VA and requested data on its vocational rehabilitation program, including information on cost data, employment history of graduating students and history within the vocational rehabilitation system. A March 20, 1996, VA letter indicated that much of the data requested is no longer available or would be very costly to obtain. VA offered an alternative of a random sampling from graduates of the program during the last three years. The Committee recommends further review of the VA vocational rehabilitation program. (See Oversight Plan, page 65, paragraph 1.)

On January 29, 1996, the subcommittee transmitted a letter to DOL's VETS and requested comments from the Administration regarding implementation of veterans priority of services in the developing One-Stop Employment Centers. Additional comments regarding priority of service under the 1990 Memorandum of Understanding (MOU) with the Office of Personnel and Management (OPM) were also requested. DOL responded on February 15, 1996, outlining how DOL had provided clear guidance and direction to State Employment Security Agencies and the VETS staff on their responsibilities in implementing the MOU with OPM. The Committee recommends further oversight on this issue. (See Oversight Plan, page 65, paragraph 2.)

On April 29, 1996, the subcommittee transmitted a letter to Assistant Secretary of Labor Taylor and requested additional information from VETS regarding funding for the Homeless Veterans Reintegration Projects (HVRP), and the agency's use of Job Training Partnership Act (JTPA) money to fund HVRP. The agency responded on July 2, 1996, with a list of HVRP projects funded by JTPA IV-C funds. Four of 26 applicants were funded at a total of \$445,950. The Committee recommends continuing oversight on the issue because insufficient federal funding goes to homeless veterans programs.

On May 21, 1996, the subcommittee transmitted a letter to the Secretary of Labor and requested the Administration's views on maintaining veterans priority of service in the evolving workforce development plans outlined in H.R. 1617. In response, a July 15, 1996, DOL letter stated that the VETS and the Employment and Training Administration are working with the States to develop complimentary means to ensure that veterans' needs are met in the present and future labor market. The Committee recommends continued oversight as the employment system is restructured. (See Oversight Plan, page 65, paragraph 2.)

On May 21, 1996, the Committee transmitted a letter to the Secretary of the Army and requested information regarding civilian personnel issues as they related to the U.S. Army Audit Agency's "Restructuring 98" program. Chairman Stump expressed concern regarding how veterans' preference issues would be implemented during any reduction in force action. The agency responded on July 19, 1996, outlining their policy. (See Oversight Plan, pages 65-66, paragraph 3.)

On June 4, 1996, the subcommittee transmitted a letter to the Veterans Employment and Training Service and questioned the length of time to reach a resolution in the USERRA cases involving Ms. Karin Leperi at the Department of Agriculture and Mr. Hal

Glassman at the Department of Labor. The Department responded on June 17, 1996, and met with the subcommittee in an executive session to discuss the two cases. The Committee recommends continuing oversight on USERRA case processing.

On July 16, 1996, the subcommittee transmitted a letter to VA and requested the Administration's views on Ford Consumer Finance Co., a national mortgage lender that had recently agreed to settle a class action lawsuit involving alleged improper practices. The subcommittee was concerned that veterans may have been affected by improper practices. VA responded on August 6, 1996, that Ford Consumer Finance Company is not a participating VA lender. The Committee therefore recommends no further oversight.

On August 13, 1996, Subcommittee Chairman Buyer transmitted copies of statements made by a former Bureau of Prisons employee, Mr. Joseph Monsivias, to VETS. The statements alleged that his former employer violated the Uniformed Services Employment and Reemployment Rights Act. VETS was requested to submit their findings and future plans on the case. The Agency responded on September 26, 1996, that the case was in the process of being referred to the Office of Special Counsel. The Committee recommends continued oversight.

On September 3, 1996, a GAO report, *VA Continues to Place Few Disabled Veterans in Jobs*, found significant shortcomings in VA's implementation of the vocational rehabilitation program. The Committee recommends further oversight on this issue. (See Oversight Plan, page 65, paragraph 1.)

On October 2, 1996, Chairman Stump transmitted a letter to the Secretary of Veterans Affairs regarding the Department's compliance with P.L. 103-446 and the proportional distribution of McKinney Act funds for homeless veteran service providers, and asked for an accounting of the Department's actions. The Committee recommends continued oversight.

On October 21, 1996, the subcommittee transmitted a letter to DOL and requested further views from the Administration on plans regarding uses of technology for the VETS employment system. This request was a follow-up to a hearing held on May 3, 1995, during which the Secretary noted that such a plan would be forthcoming. The Subcommittee Chairman also requested views from the Secretary on the current status of the VETS-100 form, and the approach VETS would be taking to ensure compliance with employment requirements outlined in chapter 4212, title 38 of United States Code. The Committee recommends further action on the VETS-100 form. (See Oversight Plan, page 65, paragraph 1.)

On October 21, 1996, a joint letter from Chairman Stump and Ranking Member Montgomery to the Secretary of Defense requested the Secretary's timeline for implementing education program changes resulting from the passage of Public Law 104-275. The law allows certain active duty members currently participating in Chapter 32 VEAP educational program to enroll into the Montgomery GI Bill. The law also authorizes certain active duty members of the Army and Air National Guard to participate in the Montgomery GI Bill. The Committee recommends continuing oversight of all education benefits. (See Oversight Plan, page 66, paragraph 4.)

BUDGET ACTIVITIES

First Session

On February 24, 1995, the Full Committee met and Secretary of Veterans Affairs Jesse Brown presented the Administration's fiscal year 1996 budget request for the Department of Veterans Affairs. The Administration's budget proposal of \$39.5 billion was an increase of \$1.3 billion over fiscal year 1995. The request contained \$16.96 billion for medical care, an increase of \$747 million over fiscal year 1995, and \$17.6 billion for the compensation and pension account. The proposal also contained an increase for research funding from \$252 million in fiscal year 1995 to \$257 million in fiscal year 1996. The Administration's request included an increase in funding for major construction from \$354 million in fiscal year 1995 to \$514 million and an increase in funding for minor construction from \$76 million in fiscal year 1995 to \$229 million.

On March 20, 1995, the Veterans' Affairs Committee recommended to the Budget Committee the addition of \$105.1 million in discretionary funds to the amounts proposed by the Administration. This amount included an additional \$57.5 million for veterans' medical care and \$25 million to improve claims processing and counseling for veterans seeking benefits. This amount also included \$2.6 million for the National Cemetery System, \$5 million for disabled veterans' vocational rehabilitation and an additional \$23.1 million for the Department of Labor's discretionary funding for the Veterans' Employment and Training Service.

(See the Committee's Report to the Committee on the Budget on the Budget Proposed for Fiscal Year 1996, p. 67.)

Also, on September 28, 1995, the Full Committee voted 21 to 8 to send its recommendations for federal deficit reduction to the Committee on the Budget. The recommendations included extensions of current laws, a modest increase in the prescription drug copayment schedule, a revision of liability under *Gardner v. Derwinski*, 115 S. Ct. 552 (1994), resulting from VA medical treatment, and other deficit reduction measures. The Committee approved as part of the recommendations a veterans' health care eligibility reform initiative which was similar to the eligibility reform later accomplished in the Veterans' Health Care Eligibility Reform Act of 1996. The recommendations would have resulted in savings of \$6.4 billion over a seven year period and were incorporated into H.R. 2491, the Seven-Year Balanced Budget Reconciliation Act of 1995. (See House Report 104-280.) The President on December 6, 1995, vetoed the final version of H.R. 2491, the Balanced Budget Act of 1995. (See House Report 104-350.)

Second Session

On March 18, 1996, pursuant to the House requirement that all Committees submit their budget recommendations by March 18, 1996, the Veterans' Affairs Committee recommended to the Budget Committee a \$39.889 billion budget for the Department. This amount included \$17.069 billion for medical care, an increase of \$505 million over the fiscal year 1996 conference level, and \$57 million over the Administration's request. It also included \$18.845

billion for the compensation and pension account, an increase of \$514 million over the fiscal year 1996 conference level, and \$354 million over the Administration's request. For fiscal year 1997, the Committee recommended a \$10 million increase in funding from \$257 million to \$267 million for VA's research budget. The Committee also recommended increases in VA's major and minor construction budgets to \$315 million and \$200 million, respectively.

(See the Committee's Report to the Committee on the Budget on the Budget Proposed for Fiscal Year 1997, p. 99.)

On March 29, 1996, the Full Committee met and Secretary Jesse Brown presented the Administration's fiscal year 1997 budget request for the Department of Veterans Affairs, which had been submitted on March 18, 1996. The Administration's budget proposal of \$39.3 billion was an increase of \$1 billion over fiscal year 1996. The request contained \$17 billion for medical care, an increase of \$448 million over the fiscal year 1996 conference level, and \$18.5 billion for the compensation and pension account. The proposal also contained a request for research of \$257 million, the same level as fiscal year 1996. The Administration's request included \$250 million for major construction and \$190 million for minor construction.

COMMITTEE WEB SITE

The Committee's web site (<http://www.house.gov/va/>) became active on June 1, 1996. Since its launch, it has been accessed over 4,000 times. The site contains 93 documents. The categories of documents are: legislative summaries, committee reports, hearing transcripts, press releases, committee rules, membership lists, hearing schedules, legislative calendar, and background on the Committee's jurisdiction. Included in the membership list are links to individual Committee members' home pages. The jurisdiction page is supplemented by links to other committees with jurisdiction over issues of interest to veterans.

The primary focus of the site is on services for veterans. Consequently, the site contains links to veterans service organization web sites, including The American Legion, Vietnam Veterans of America, Disabled American Veterans, Fleet Reserve Association, Jewish War Veterans, and the Veterans of Foreign Wars. This is supplemented by a listing of government services available to veterans over the World Wide Web, such as services from the Department of Veterans Affairs, including access to The Federal Benefits for Veterans' and Dependents manual, and the Veterans' Employment and Training Service of the Department of Labor. The site also contains search mechanisms for finding all current legislation pertaining to veterans. Finally, links are provided to Thomas (legislative information on the Internet), and the Senate Committee on Veterans' Affairs.

OVERSIGHT PLAN OF THE COMMITTEE ON VETERANS' AFFAIRS FOR THE 104TH CONGRESS

In accordance with clause 2(d) of Rule X of the House of Representatives, the Committee on Veterans' Affairs has adopted by resolution of February 14, 1995, its oversight plan for the 104th Congress.

This oversight plan is directed at those matters which are most in need of oversight within the next two years. The committee is cognizant of the requirement that it conduct oversight on all significant laws, programs, or agencies within its jurisdictions at least every ten years. To ensure coordination and cooperation with other committees having jurisdiction over the same or related laws, the committee will conduct member and staff meetings as necessary with the Committee on National Security, the Committee on Economic and Educational Opportunities, and the Committee on Government Reform and Oversight. Additionally, the committee will explore with these committees possibilities for conducting joint hearings.

The committee expects to conduct oversight through a variety of sources. They will include existing and requested reports, studies, estimates, investigations and audits by the Congressional Research Service, the Congressional Budget Office, the Office of Technology Assessment, the General Accounting Office, and the Offices of the Inspectors General of the Departments of Veterans Affairs and Labor. Additional sources of information will be veterans service organizations, military associations, other interest groups and private citizens. A series of joint hearings is scheduled with the Senate Committee on Veterans' Affairs at which veterans service organizations and military associations will present to the committees their national resolutions and agendas for veterans.

Avenues of oversight will be committee and subcommittee hearings; field and site visits by members and staff; and meetings and correspondence with interested parties. While this oversight plan sets forth the areas in which the committee expects to conduct oversight, additional matters may be incorporated into the committee's plan as the need arises.

SUBCOMMITTEE ON HOSPITALS AND HEALTH CARE

1. Major Construction Prioritization and Methodology. Over the years it has been difficult to gain an understanding of the construction methodology for prioritization of major construction projects. The oversight hearing would be used as a vehicle for developing legislation that would require the Department of Veterans Affairs (VA) to document the specific factors used in the determination of project rankings and provide a more comprehensive report to Congress on all major construction projects. Summer 1995.

2. *Management and Reorganization of Veterans Health Administration (VHA)*. Currently VHA is divided into four regions. The Under Secretary for Health has proposed a decentralized management structure of from 22 to 28 networks. The subcommittee will review the organizational design and reporting mechanisms of the proposed reorganization. To be included in this review will be an analysis of the potential effects of FTEE cuts on streamlining VHA, operating efficiency and patient care. Spring 1995.

3. *Enhanced Sharing between the Departments of Defense (DOD) and Veterans Affairs*. Although the VA and DOD have worked closely in some areas, conversations with individuals representing both the active military and military associations indicate that there are many areas in which closer cooperation could result in cost efficiencies and enhanced delivery of service to both groups. Areas for consideration include the VA pharmacy programs and the potential inclusion of CHAMPUS-eligible and retirees as part of the eligible dispensing pool, as well as expansion of the Asheville Program to areas scheduled for base closures. Summer 1995.

4. *State Health Reform Impacts*. Although health care reform remains an issue within Congress, state health care reform appears to have slowed in recent months. The subcommittee will examine real and potential impacts of state reform efforts on the VA health care system. Spring 1995.

5. *VHA Research Corporations*. Under legislation passed five years ago, VA was to establish mechanisms to facilitate the operation of these corporations under tight fiscal and administrative controls. However, management problems have surfaced in the operation of these entities. Atlanta and, recently, Syracuse are examples of problems. A report to be released by the VA on the Syracuse Research Corporation outlines several problematic issues. Summer 1995.

6. *Management Information Systems*. The VA has developed a number of information systems to aid in decision-making. The subcommittee will explore the status of various systems such as the Decision Support System and other VA information systems to assess the VA's direction, potential costs, and long-term goals for the development and integration of these systems with other potential users, both internal and external to the VA. Winter 1995.

7. *VA Procurement System*. The VA operates a multi-billion dollar procurement system that contracts for every item that is used within the system. Attempts have been made to modernize the VA's procurement practices and allow it to operate with efficiencies found in the private sector. The subcommittee will examine VA practices and the proposed reorganization of acquisition and facilities. Spring 1996.

8. *Gulf War Syndrome (Possible Joint Hearing)*. The Committee will review the progress of VA research efforts on this controversial and complex issue. Because of related jurisdictions, it is anticipated that a joint hearing with the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs will be scheduled. Spring 1995, Spring 1996.

9. *Contracting and Niche Marketing.* Although the VA can contract for specialized medical resources under legislation that encourages sharing with other health care providers, this legislation is restrictive and does not permit the VA to enter into large volume contracts with health care groups. The subcommittee will examine the limitations of this legislation in light of major changes in the delivery of health services and the VA's ability to better utilize the services it provides. Fall 1995.

10. *The VA's Role in Long-term Care.* The long-term care budget is a growing portion of the VA's medical care budget. The subcommittee will explore the VA's role and responsibility to provide long-term care services to veterans. It will also review community alternatives for the provision of less costly venues of care. Summer 1996.

11. *Surgical Service Utilization.* The VA Inspector General has identified utilization and cost problems at certain medical centers. The subcommittee will investigate this issue and those related to delivery of surgical services in a rapidly changing market place. Currently 60 percent of all non-VA surgical procedures are performed in the outpatient setting. The VA, on the other hand, performs most of its surgical procedures in the inpatient setting. Winter 1995.

12. *Drug Management Issues.* Drug management practices have been the subject of recent VA Inspector General and General Accounting Office (GAO) reviews. The subcommittee will explore the Consolidated Pharmacy Program and the possibility of increased sharing with DOD. It will also include inventory controls as part of its review. Summer 1996.

13. *Fee Basis for Service-Connected Veterans.* Some veterans indicate dissatisfaction with the VHA's operation of the program. The subcommittee will review the management and fee structure of the program. Spring 1996.

14. *Prosthetics Management and Pricing.* The VA is a leader in the supply and development of prosthetics. A recent decision to adopt Department of Health and Human Services pricing policies will add to the cost of VA prosthetics. The subcommittee will review the new policies and the cost implications for the VA. Winter 1995.

15. *Clinical Guidelines and Measurements of Quality Care.* The development and use of clinical guidelines have gained acceptance in private sector medicine. The subcommittee will explore the use of guidelines and their applicability to the VA's patient base. The subcommittee will also review the VA's progress in the area of developing measurements of quality care. Fall 1995.

16. *Ambulatory Care Programming.* Trends in medical care show rapid transformation of private sector health care into managed care with an emphasis upon delivery of services in the ambulatory care setting. The subcommittee will review the VA's resource allocation process as a potential barrier to change. It will also examine policies that negatively impact the VA's progress in this area. Fall 1995.

17. *VA Programs for Homeless Veterans.* Veterans continue to comprise a high percentage of the homeless population. The VA now operates several programs for homeless veterans and recently completed a summit on the issue. The subcommittee will review the effectiveness of VA programs for homeless veterans and their interfaces with other public and private/not-for-profit programs for the homeless. Fall 1995.

SUBCOMMITTEE ON COMPENSATION, PENSION, INSURANCE AND
MEMORIAL AFFAIRS

1. *Compensation and Treatment of Persian Gulf War Veterans.* VA continues to study the possible effects of service in Southwest Asia on the health of veterans. VA will begin paying compensation and is providing treatment for undiagnosed illnesses associated with that service. The hearings will track the VA's progress in determining causality and implementing Title I of Public Law 103-446. Spring 1995, Spring 1996.

2. *Claims Processing in Veterans Benefits Administration (VBA) Regional Offices.* VBA is still experiencing significant delay in processing veterans claims for benefits at the Regional Office level. Hearings will explore VBA attempts to improve processing, including "best practices" being used in several regional offices as well as central office dissemination of these practices. Summer 1995, Spring 1996.

3. *VBA Computer Modernization.* VBA is modernizing its benefits processing computer system. Questions have been raised concerning the use of technology to assist in reducing the claims backlog as well as the lack of progress in establishing a master veteran record accessible throughout VA. The subcommittee will hold a series of hearings which will review VBA's three-phase project and progress in developing a master veterans record. Summer 1995, Winter 1995, Spring 1996.

4. *Claims Processing at the Board of Veterans Appeals (BVA) and Court of Veterans Appeals (COVA).* BVA has a large case backlog and the decisions of COVA have significant administrative and judicial impact on the operation of the entire claims processing system. The subcommittee will review BVA and COVA procedures and organization to address the backlog. Fall 1995, Summer 1996.

5. *Adjudication of Post Traumatic Stress Disorder (PTSD) Claims.* A statistical analysis indicates there is wide variation among VBA Regional Offices in adjudicating PTSD claims. VBA has responded by offering additional training to its specialists. The subcommittee will review what changes have resulted from this approach. Summer 1995.

6. *Implementation of Brown v. Gardner, 115 S. Ct. 552 (1994).* A recent U.S. Supreme Court decision regarding VA patients who incur additional disabilities while under VA hospital care has created significant fiscal and administrative demands upon VA. The subcommittee will review implementation of the decision. Summer 1995.

7. *Agent Orange/Ionizing Radiation*. There continues to be controversy surrounding access to treatment and compensation for veterans exposed to these environmental hazards. The subcommittee will review VA efforts to determine the effects of exposure. Winter 1995.

8. *National Cemetery System (NCS) Operations*. NCS faces an escalating workload on a flat-line budget. The subcommittee will explore the system's capacity to absorb future increases in workload and options for ensuring that veterans have the opportunity to use their burial benefits. Summer 1996.

9. *VA Insurance Programs*. VA operates several life and mortgage insurance programs for veterans. Many veterans rely upon these programs for their entire insurance needs. The subcommittee will review the solvency and operations of the programs. Summer 1996.

10. *VA Pension Programs*. The subcommittee will explore the adequacy of pension benefits and how they relate to other disability benefits. Winter 1996.

11. *VA and Veterans Employment and Training Service (VETS) Customer Service Standards*. Both VA and VETS have developed customer service standards. It is anticipated that the subcommittee will review the effectiveness of those standards jointly with the Subcommittee on Education, Training, Employment and Housing. Summer 1996.

SUBCOMMITTEE ON EDUCATION, TRAINING, EMPLOYMENT AND HOUSING

1. *Adequacy of VA's Vocational Rehabilitation and Counseling Program; Coordination between the Veterans Vocational Rehabilitation and Counseling Service (VRCS) and the Veterans Employment and Training Service (VETS)*. VRCS and VETS are charged with assisting veterans and disabled veterans in finding employment. Coordination between the two agencies is important. The subcommittee will review VRCS and VETS efforts as well as the adequacy of the basic vocational rehabilitation and counseling program. Spring 1995.

2. *VETS Reorganization; Implementation of the Uniformed Services Employment and Reemployment Act (USERRA); and One Stop Employment Centers*. VETS is reorganizing under the National Performance Review. The subcommittee will review VETS operations, its implementation of USERRA, and its functional roles in the Department of Labor's One Stop Centers to ensure continued priority of services to veterans. Spring 1995, Spring 1996.

3. *Federal Employment of Veterans; Federal Contractor Employment of Veterans and its Enforcement by the Office of Federal Contract Compliance (OFCCP)*. Compliance with veterans' preference in Federal hiring has been questioned by veterans service organizations. The subcommittee will perform a comprehensive review of Federal hiring of veterans at all levels and functions of the executive, judicial and legislative branches. OFCCP is charged with enforcement of veterans hiring rules for certain Federal contractors.

The subcommittee will review OFCCP enforcement activities. Summer 1995, Summer 1996.

4. *Adequacy of the Montgomery GI Bill (MGIB)*. Education costs continue to escalate. The subcommittee will review the operation of the MGIB and possible improvements, including a review of the functions of state approving agencies. Summer 1995.

5. *Transition Assistance Programs/Disabled Transition Assistance Program (TAP/DTAP) Operations*. Continuing military downsizing and a tight job market create a need for quality transition services for those leaving the military. The subcommittee will review TAP/DTAP programs for the various military services. TAP/DTAP are programs operated jointly by VA, DOL and DOD. Fall 1995, Summer 1996.

6. *Service Member's Occupational Conversion and Training Act (SMOCTA)*. SMOCTA is a joint program using DOD funds and administered by DOL and VA to assist in retraining veterans whose military occupations have no civilian equivalent. The program provides employer incentives to train and retain these veterans in long-term jobs. The subcommittee will review the program's performance. Winter 1996.

7. *VA and VETS Customer Service Standards (Possible Joint Hearing)*. Both VA and VETS have developed customer service standards. It is anticipated that the subcommittee will review the effectiveness of those standards jointly with the Subcommittee on Compensation, Pension, Insurance and Memorial Affairs. Summer 1996.

8. *Small Business Administration (SBA) Programs for Veterans*. SBA is required to sponsor programs to assist veterans in starting up small businesses. The subcommittee will explore the agency's performance concerning veterans programs. Winter 1996.

**REPORT TO THE COMMITTEE ON THE BUDGET FROM
THE COMMITTEE ON VETERANS' AFFAIRS ON THE
BUDGET PROPOSED FOR FISCAL YEAR 1996, SUBMIT-
TED ON MARCH 20, 1995**

SUMMARY OF PRESIDENT'S BUDGET PROPOSAL

The President's Budget for fiscal year 1996 requests \$39.5 billion in budget authority and \$37.9 billion in outlays for the Department of Veterans Affairs.

The requested appropriation for medical care is \$16.96 billion, \$747 million higher than the 1995 level.

Average employment for the Department is projected to meet the requirements of the Veterans' Benefits Improvements Act of 1994 (P.L. 103-446), which specifies that the number of full-time equivalent positions may not be less than 224,377, unless required by reduction in funds or required by a new law.

The Veterans Health Administration would receive an overall increase of 255 FTEE. Employees paid under the medical care account are projected to increase by 267 FTEE from the 1995 level. Personnel under the Medical and Prosthetic Research account are projected to remain at the same level as fiscal year 1995. And, Medical Administration and Miscellaneous Operating Expenses staff would be reduced by 12 FTEE.

The Veterans Benefits Administration, which processes benefit claims and assists veterans in obtaining benefits, would lose 188 FTEE, while the Central Office administrative staff would be cut by 19 FTEE.

The National Cemetery System would remain at the fiscal year 1995 FTEE level of 1,340.

The funds requested for Major Construction for VA health care facilities rise dramatically from an appropriated level of \$354 million in fiscal year 1995 to \$514 million. The Minor Construction account also would increase by \$76 million to \$229 million.

The Administration requests the authorizing committees to approve a fiscal year 1996 cost-of-living adjustment for compensation recipients of 3.1 percent.

In addition, the proposal requests legislation to extend a number of expiring provisions contained in the Omnibus Reconciliation Act of 1993. These items include extension of monthly pension limitation for certain recipients of Medicaid-covered nursing homes; extension of VA authority to verify income data with IRS and SSA information; extension of Home Loan Guaranty fees; extension of authority to recover costs from health insurers for treatment of non-service-connected disabilities; and extension of co-payments and per diems for medical care. The Administration is also proposing a round down of compensation COLAs and reduction by one-

half of the COLA for old-law DIC recipients and provision of only a 50 percent COLA for GI Bill benefits.

The budget proposal also requests new legislation to repeal restrictions on collection of loan guaranty debts and require a two percent fee and a ten percent down payment on manufactured home loans.

The proposed legislative changes would reduce outlays by approximately \$3.1 billion over five years.

SUMMARY OF RECOMMENDED CHANGES IN THE PRESIDENT'S FY 96 BUDGET

| Department of Veterans Affairs | \$ (mil) | FTEE |
|--|----------|------|
| Medical Care | | |
| toward the restoration of "current services" | 50 | 250 |
| expansion of PTSD, mental health, homeless programs | 5 | 25 |
| state nursing home per diem rates | 2.5 | |
| Subtotal for Medical Care | 57.7 | 275 |
| Research | | |
| toward the restoration of "current services" level | 5 | |
| in support of health services research practice parameters | 1 | |
| Subtotal for Research | 6 | |
| General Operating Expenses | | |
| Compensation, Pension and Education Services | | |
| toward the restoration of "current services" in the benefits delivery system | 18 | 220 |
| disability rating automation in lieu additional FTEE | 2 | |
| Veterans Services | | |
| to improve outreach and contact programs through equipment modernization | | |
| at up to 15 Regional Offices | 5 | |
| Vocational Rehabilitation | | |
| to address increased workload, decrease waiting times, and improve manage- | | |
| ment systems | 5 | 100 |
| Subtotal for General Operating Expenses | 30 | 320 |
| National Cemetery System | | |
| to keep pace with workload increases, maintenance and repair projects | 1 | 25 |
| supplies and materials | 0.6 | |
| equipment backlog/replacement | 1 | |
| Subtotal for National Cemetery System | 2.6 | 25 |
| Major Construction | | |
| state nursing home priority 1 grants | 9 | |
| Subtotal for Major Construction | 9 | |
| VA Legislative Proposals | | |
| Compensation (OBRA extension) | | |
| restore DIC COLA and eliminate round down of COLA | 29.5 | |
| Montgomery GI Bill (OBRA extension) | | |
| restore COLA | 12.6 | |
| Subtotal | 42.1 | |
| Total for Department of Veterans Affairs | 147.2 | 620 |

| Department of Labor | \$ (mil) | FTEE |
|---|----------|------|
| Disabled Veterans Outreach Program specialists (DVOP) | | |
| to maintain DVOPs at congressionally-mandated levels | 14.5 | 294 |
| Local Veterans' Employment Representatives (LVER) | | |
| to maintain LVERs at congressionally-mandated staffing levels | 8.6 | 159 |
| Total for Department of Labor | 23.1 | 453 |

BACKGROUND AND COMMITTEE RECOMMENDATIONS

VETERANS HEALTH ADMINISTRATION

The fiscal year 1996 budget request for medical care, while attempting to address a strategic redirection of the veterans' health care system, provides a minimal level of support with which to accomplish this necessary and worthwhile goal. The Department will face increasing challenges from the growing cohort of rapidly aging veterans and it will also face pressure to adjust services and resource levels within a high quality, cost-effective budgetary framework.

The Committee is disappointed that the budget request did not include a legislative initiative for veterans' medical care delivery reform. The Committee's principal legislative objective for this session will be to remove the statutory bias toward inpatient care.

The submission of the fiscal year 1996 budget request finds the VA health care system at a point of transition. VA health care facilities are reducing the number of operating beds and expanding beneficiaries' access to ambulatory care. This transformation, although applauded by the Committee, is slow in comparison to non-VA and other private sector entities. The fiscal year 1996 budget request generally supports and fosters a continuation of reforms underway in the VA, while recognizing that change must be constructive and not disruptive to the veteran patients and the staff who must function in this changing environment.

The budget request recognizes that the VA must expand outpatient care delivery, although its fiscal investment in that process is relatively modest. Significantly, it allocates some \$43 million in minor construction funding for outpatient improvements and provides for an additional 1,500 personnel slots and \$108 million targeted to expand the number of unique patients the VA projects to treat in fiscal year 1996, particularly through provision of primary care services. At the same time, the VA is shifting patients from acute inpatient care to ambulatory care. Additionally, it is attempting to streamline the management of its operations, which are projected to reduce staffing of some 3,400 positions and an associated \$335 million.

The following sections detail the Committee's specific recommendations for the proposed medical care budget for fiscal year 1996.

Toward the restoration of "current services"

The proposed budget of \$16.961 billion for medical care represents an increase of \$747 million over fiscal year 1995. In the process of negotiating with the Office of Management and Budget a budget figure targeted at maintaining the level of service delivery from the prior fiscal year, the VA was directed to identify \$335 million and 3,429 FTEE in savings. Those items identified in the budget submission as sources of "savings" can best be described as speculative. Savings can only be realized if certain consolidations, integrations, and realignments are accomplished rapidly without adding additional personnel expenses. It is important to address retraining and buyout costs, and increased contracting costs. It is

also important to avoid constraining workload by establishing barriers or discouragements to care.

It should be noted that site visits to and conversations with senior management officials at facilities targeted for consolidations found management to be generally supportive of the necessary changes. However, for consolidations to realize long-term, sustainable dividends, the savings they generate must be invested. Investments in high priority program initiatives such as DOD sharing and increases in community access clinics can assure that VA care is delivered at the lowest cost and highest efficiency possible. "Savings" should not be allowed to evaporate as a result of offsetting budget reductions. Such actions serve to penalize those who are efficient and negatively affect employee morale.

The so-called "management improvement" savings are dependent upon reducing management layers at some VA facilities. Although the VA is to be commended in its efforts to eliminate bureaucratic levels and streamline non-clinical functions, there are costs associated with such an organizational transformation. Even if one assumes that the consolidations proceed without protracted delays, it is unrealistic to expect that organizational challenges such as service integrations and reductions of management layers can be achieved without costs to veteran patients and those whose positions will be eliminated or consolidated. Accordingly, the Committee recommends the restoration of \$50 million and 250 FTEE to ensure management redirections do not come at the expense of veterans.

Expansion of PTSD, Mental Health, and Related Homeless Programs

Adequate funding for mental health programs as one of VA's specialized programs is necessary. Over 33 percent of all VA inpatients at any given time are service-connected for psychiatric problems and 71 percent of veterans who are currently 100 percent disabled have diagnoses of schizophrenia and manic depressive disorders.

Significant numbers of veterans turn to the VA for help with Post Traumatic Stress Disorder (PTSD), severe psychoses, substance abuse and homelessness. This patient population represents over 40 percent of the VA's acute care workload. Care for these conditions requires a coordinated and integrated response of various professional disciplines to effect a satisfactory result. The Robert Wood Johnson Foundation, a non-profit organization which funds medical research, has stated that while services exist to care for the general chronically mentally ill population, these services are often fragmented or unavailable. It is only through a systems approach that combines housing and case management that the future of these individuals can be significantly improved.

An array of specialized VA programs address the unique characteristics of these patients. Because these specialized services offer access to treatment that is often unavailable in the private sector, issues such as PTSD, homelessness, and substance abuse can be addressed within the context of a veteran's military experience. Because these programs often serve veterans who have little or no access to mental health care outside the VA system, it is important

to ensure the integrity of these programs for veterans whose treatment options are severely limited.

The VA budget requests \$77.5 million for homeless care programs, \$1.5 million above last year's budget. The total funding request, however, remains about 7 percent of the President's fiscal year 1996 proposal of \$1.2 billion to create a single Homeless Assistance Fund program at the Department of Housing and Urban Development (HUD). The new grant program would consolidate the Stewart B. McKinney Homeless Assistance Act programs at HUD into a single fund for grants to states, local governments, nonprofit organizations, and Indian tribes. Providing the VA with so small a percentage of overall funding to assist homeless veterans is difficult to reconcile with the fact that veterans account for nearly one-third of the adult homeless population.

Increasingly, these veterans, for whom the VA is a safety net, are at risk of homelessness or are homeless. Tuberculosis, HIV infection, pulmonary disease, hypertension, alcohol and drug abuse, and serious mental illness affect those who are homeless at a much higher rate than the general population. VA programs targeted at the homeless are critically important avenues to reach the multifaceted problems afflicting this troubled population.

The Committee recognizes the impact and the importance of these specialized program areas and recommends an increase of \$5 million and an additional 25 FTEE to support necessary program initiatives. The Committee also encourages other committees of Congress with jurisdiction over Federal agencies with homeless assistance programs to remain cognizant of and act accordingly on the "Sense of the Congress" resolution contained in *The Benefits Improvements Act of 1994*, P.L. 103-446, to ensure that these related homeless assistance programs make appropriate referral to homeless veterans to VA facilities for health care, counseling, and related assistance.

State Nursing Home Per Diem Rates

Studies conducted by state agencies and the VA have shown that state nursing homes are extremely cost-effective; the fixed per diem cost to VA for state nursing home care is \$35, compared to \$215 for VA nursing home care. Given VA's commitment to expanding its average daily census of nursing home patients, state homes provide an attractive, cost-effective way to achieve this goal. The benefits realized by placing veterans in less expensive state homes gives support to VA investment in this program. It also offers certain veterans the opportunity to obtain care in a facility that may be nearer to their homes and families. The Committee recommends an additional \$2.5 million in support of this program.

Medical Research

Toward the Restoration of "Current Services" Level—Severe budget pressures on overall VA health care have taken their toll on the VA research budget. Deteriorating research budgets have shaken the research community's confidence in the VA as a stable resource that combines clinical practice and high-quality investigation.

Research is a major component of the VA health care system. Opportunities to conduct research with direct clinical application in the VA attract hundreds of the Nation's most qualified physicians to the system each year. Successful VA research grant applicants must commit themselves to serving five-eighths to full-time in VA medical facilities, with a research focus that will directly benefit veteran patients. With the recent Administration re-direction of research dollars to high priority Persian Gulf research programs, VA's research program will shrink by some 60 projects in fiscal year 1996. For this reason, the Committee recommends an additional \$5 million to allow the program to remain at or near a current services level.

In Support of Health Services Research Practice Parameters—The VA research program supports three distinct areas: medical research, rehabilitation research and development, and health services research. Of these three, health services research is the smallest. In order to identify the myriad of services necessary to provide quality care in specialty areas, the Committee strongly encourages the Veterans Health Administration to examine the body of work published by recognized medical professional groups in the field of practice parameters. The Committee believes that the use of practice parameters for specialized services could improve the quality of care, encourage conformity in the definition of specialized services, and assure the appropriate utilization of services. The Committee recommends an additional \$1 million for contractual services from the Agency for Health Care Policy and Research to develop practice parameters for care of patients with specialized medical problems.

Medical Construction

The Major Construction Program—In carrying out its multi-faceted mission, the VA health care system provides care and treatment through a web of facilities ranging from small community clinics to complex institutions designed to serve veterans' specialized health care needs. Much of that infrastructure consists of older facilities, many of which fail to meet current expectations of patient privacy, comfort, and efficient medical practice.

Modest VA construction budgets have for years reflected a competition among the system's diverse needs for construction dollars—modernization of aging facilities, expansion of unmet needs for ambulatory care and nursing home care, and new and replacement facilities. Available budget dollars have not kept pace with the system's construction needs.

Given the breadth and extent of those needs and the funding level available, no single VA construction budget is likely to succeed in meeting all or even most observers' views regarding what should constitute the Administration's fiscal plan for achieving the system's "highest construction priorities." VA's proposed fiscal year 1996 major construction budget can certainly be seen, however, as an attempt to advance those needs. It takes important steps toward improving the conditions under which care is provided at a number of VA's older facilities which have gone without major construction funding. It provides modest funding in support of ambulatory care, an area which won substantial funding support in fiscal year 1995.

While this Committee hopes to continue to foster expansion of ambulatory care construction, it does not quarrel with deferring further expansion of that construction priority for one year in light of the decision to proceed with unique projects in Florida and Northern California included in the Committee's construction authorization legislation last session. In concurring with the need for those projects—unique in many respects—this Committee does not intend to signal encouragement for future new or replacement hospitals in other parts of the country.

State Nursing Home "Priority 1" Grants—The state home program greatly enhances VA's extended care workload capacity. Under this appropriation, grants are awarded to help states acquire or construct state domiciliary and nursing homes for veterans. It also provides grants to assist in expanding, remodeling or altering existing facilities, including state home hospital facilities.

The Grants to State Extended Care Facilities are beneficial not only to the VA, but also to the states. States benefit by receiving federal money to add nursing home capacity for state residents who have dual eligibility for VA and state programs such as Medicaid. Under these grants, states are responsible for at least 35 percent of nursing home construction costs. The VA also pays a portion of the per diem costs. States can be reimbursed through the veteran's Social Security income, which provides an extra revenue source to help cover state costs of veteran nursing home care.

Each year the VA receives many more applications for state nursing home construction grants than it is able to fund. *The Independent Budget* has strongly recommended substantial increases to this appropriation because of its cost-effectiveness and ability to increase overall nursing home placements for the VA.

In support of this worthwhile program, the Committee recommends an additional \$9 million to provide funding for all current applicants able to qualify as "priority 1" grants.

VETERANS BENEFITS ADMINISTRATION

Entitlement Programs

Compensation and Dependency and Indemnity Compensation

The Administration requests appropriation of \$14.6 billion to fund payments of service-connected disability compensation, clothing allowances, and dependency and indemnity compensation (DIC) during fiscal year 1996.

The only legislative proposal to enhance compensation benefits for veterans or their survivors is a proposed cost-of-living adjustment (COLA) which the Administration projects would be 3.1 percent, at a cost of \$340 million in 1996. The COLA would be effective on December 1, 1995.

Pension

The budget requests appropriation of \$3.05 billion to fund payments of non-service-connected disability pension to needy wartime veterans during fiscal year 1996. The budget request includes \$84.1 million in fiscal year 1996 for a 3.1 percent COLA in the indexed non-service-connected pension program, based on the anticipated change in the Consumer Price Index.

GENERAL OPERATING EXPENSES

Compensation, Pension and Education Services

The Administration's fiscal year 1996 budget calls for staffing of FTEE in the Compensation, Pension and Education Services, at a 1996 level of 4,558 FTEE, unchanged from 1995.

The ability of the VA to provide timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, full funding for computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between the various VA agencies and military service departments. The Departments of the Army and Navy for example, have now agreed to directly transfer veterans' service medical records immediately upon discharge from active duty. It should be noted that, in the past, expectations of the impact of modernization, in terms of improvements in efficiency, have been overstated. Resulting productivity cuts in FTEE and funding levels were imposed with no review of impact on performance. As a result, the necessary levels of fully trained personnel have not been properly maintained. In fact, over the past decade the number of trained personnel in the adjudication division has declined by approximately 40 percent.

During fiscal year 1994, an average level of 4,558 FTEE adjudicated approximately 3.4 million claims. During the same year, 3.29 million claims were received in addition to a pending workload of 538,000 claims. At the beginning of fiscal year 1995, approximately 470,000 claims were pending at the VA. The VA projects that the backlog of claims will decrease during fiscal year 1996 to 390,000. A major portion of the backlog reduction was accomplished through overtime amounting to over \$7 million. The Committee appreciates the overtime spent to reduce the excessive backlog but notes its high cost. While the Committee supports the VA management's actions in this regard, it expects future improvements in the claims backlog to be accomplished through improvements in automation, basic business practices and regulatory reform.

Over the years, inadequate staffing levels and questionable management practices have played a major role in the decline of both the quality and timeliness of claims processing. In fiscal year 1994, the average elapsed time between receipt and completion of an original compensation claim was 170 days, in comparison to the VA's goal of 106 days. In each other type of claim, timeliness has improved, but reductions in FTEE levels could adversely affect what progress has occurred to date.

At the end of fiscal year 1994, the payment error rate was 2.5 percent. Service errors have remained consistently high. At the end of fiscal year 1994, this error rate was 3.0 percent. Notification accuracy reports show a 5.5 percent error rate. These error rates will likely continue in fiscal years 1995 and 1996.

At a time when the VA's ability to provide timely and high quality services is crucial, a reduction in FTEE for this activity is not acceptable. In order to provide sufficient resources for the VA to maintain current levels of performance, the Committee recommends an additional 220 FTEE above the Administration's request. The cost associated with this recommendation is \$18 million. The Committee also recommends an additional \$2 million for a

pilot program to demonstrate a fully automated disability rating and adjudication system, using artificial intelligence and expert systems.

Support Services

The Administration's fiscal year 1996 budget reduces Support Services by 159 FTEE. There are three operating activities within Support Services—administrative, finance, and personnel. The Administrative activity provides traditional administrative support to all VBA programs. Of the 188 VBA FTEE the Administration proposes to cut, this activity would lose 159 FTEE. Administrative support of the benefit programs is an integral part of the overall mission of providing compensation, pension, and education benefits to veterans. In view of the current state of the Compensation, Pension and Education Services, this proposed reduction is disappointing.

Vocational Rehabilitation and Counseling Program

Established in Chapter 31 of United States Code, Title 38, the Vocational Rehabilitation and Counseling Program (VR&C) provides rehabilitation and counseling services for eligible veterans, servicemembers, and their dependents. VR&C's primary mission is to provide all services and assistance necessary to enable service-connected disabled veterans to achieve maximum independence in daily living and, to the maximum extent feasible, become employable and obtain and maintain suitable employment. Additionally, VR&C is authorized to provide educational and vocational counseling services to eligible active duty members, veterans, and dependents.

VR&C continues to experience an increase in applications for Chapter 31 benefits and educational/vocational counseling. This increase is due, at least in part, to the reduction in size of the Armed Forces and transition programs designed to fully inform separating servicemembers about VA benefits. Under the Transition Assistance Program/Disabled Transition Assistance Program (TAP/DTAP), counseling and other services are provided by the Departments of Veterans Affairs, Labor, and Defense to assist separating servicemembers in their transition from military service to civilian life. VR&C anticipates that Chapter 31 trainees will increase to 48,500, a one percent gain over the fiscal year 1995 level of 48,000. Requests for educational/vocational counseling are expected to increase to 23,000 in fiscal year 1996, a two percent increase over the 1995 level.

Service-disabled veterans participating in programs of vocational rehabilitation proceed through a series of steps, or statuses, as they advance through the rehabilitation process. Three of these steps provide indicators of service delivery timeliness by VR&C staff.

Step one, "Applicant Status", refers to the average number of days from the date of receipt of the veteran's application to the veteran's first appointment with the VR&C counselor. VR&C's goal is to meet with the veteran no later than 30 days after receipt of application. Currently, the average time spent in "applicant status" in fiscal year 1996 is estimated to be 70 days. Although this is an

unacceptable waiting period, it is nonetheless a reduction of eight days from fiscal year 1995.

Step two, "Evaluation and Planning Status", refers to the time during which the veteran participates in a series of interviews and tests designed to identify individual strengths and weakness. The veteran then selects a viable vocational goal and with the VA's assistance, outlines specific services required to achieve rehabilitation. VR&C's goal for completion of the assessment activity is 30 days. The VA projects that in fiscal year 1996, the evaluation status will last 90 days, two days longer than in fiscal year 1995. Thus, a service-connected disabled veteran who desires to participate under Chapter 31 will actually begin that program no sooner than five months after applying for the benefit.

Step 3, "Employment", refers to the stage when a veteran completes the program, which may include training, and is determined to be "job ready". To ensure stability in employment, the veteran must be able to successfully maintain this status for a minimum of 60 days after becoming employed. VR&C's goal is to place the veteran in employment and progress through the employment maintenance period in a range of 90 to 120 days. However, the VA estimates that the average time spent in employment status in fiscal year 1996 will be 196 days. Although this is a disappointing level of timeliness, it is a reduction of 22 days from fiscal year 1995.

Despite increased VR&C staffing levels last fiscal year, the number of staff still cannot accommodate the workload. Accordingly, VR&C has found it necessary to exercise its authority to use contract counselors. For instance, the "Pending Counseling Psychologist (CP) Workload" category is defined as the number of months necessary to complete all pending counseling cases. The VR&C goal is four months. For both fiscal year 1995 and fiscal year 1996, the VA projects the pending CP workload to be eight months. Vocational Rehabilitation Specialists (VRS), who work closely with each veteran throughout the rehabilitation period, are projected to have an average caseload of 256 in both fiscal year 1995 and 1996. A VRS caseload of 125 is considered optimal and would enable VRS staff to provide the best possible services to disabled veterans training under Chapter 31.

Targets established for workloads and timeliness standards clearly cannot be achieved with current staffing levels, and the unacceptable quality of service will likely deteriorate further until FTEE levels are increased. The following table illustrates staffing, workload, and timeliness trends in VR&C:

| | 1992 | 1993 | 1994 | 1995 | 1996 (est.) | Goal |
|---|--------|--------|--------|--------|-------------|--------|
| FTEE Field Staff | 693 | 697 | 679 | 674 | 674 | |
| Veterans in CH. 31 Programs | 36,548 | 40,701 | 44,215 | 48,000 | 48,500 | |
| Avg. Days Applicant Status | 74 | 71 | 78 | 78 | 70 | 30 |
| Avg. Days Evaluation Status | 74 | 80 | 87 | 88 | 90 | |
| Avg. Days Employment Status | 243 | 243 | 218 | 218 | 196 | 90-120 |
| Avg. Months Pending Counseling Workload | 7 | 8 | 8 | 8 | 8 | |
| Avg. VRS Caseload | 229 | 229 | 242 | 256 | 256 | 125 |

Vocational rehabilitation is cost effective. Fiscal year 1994 data shows that the 4,978 veterans who achieved rehabilitation had a 415 percent increase in earned income, in comparison to earnings prior to entering rehabilitation. This results in significant tax revenues and decreased dependence on public assistance.

VR&C's only purpose is to serve disabled service-connected veterans. The Committee cannot understand why the VA does not accord this program the priority and the resources it clearly deserves. The Committee rejects the Administrations proposed reduction of FTEE in fiscal year 1996 from 700 to 699. Instead, to improve the timeliness of service for disabled veterans in vocational rehabilitation programs, the Committee recommends an additional \$5 million to fund 100 additional FTEE for a total of 800 FTEE.

Veterans Services

The President's recommended funding level for the Veterans Service Program reduces the fiscal year 1995 level of 1996 FTEE by 2 positions.

Veterans Services (VS) operates through the VA's 58 regional offices, 15 veterans assistance offices, 172 medical centers, 29 outpatient clinics, and 41 outstations. Veterans, their dependents, and survivors may visit, write, or call toll-free for information, advice, and assistance regarding the availability of benefits under laws administered by the VA and other agencies. Additionally, VS staff provide outreach to potential beneficiaries and conduct estate administration activities and field examinations for beneficiaries whose benefits are paid to fiduciaries.

In fiscal year 1994, VS had 11.4 million public assistance contacts, 9.1 million of which were telephone interviews. Additionally, VS staff conducted over 79,000 field examinations, 27,653 fiduciary account audits, and 2,772 school compliance surveys. Fiscal year 1995 estimates predict 10.9 million public assistance contacts while fiscal year 1996 estimates project public assistance contacts numbering 10.9 million. It should be noted that past budget estimates have often been lower than subsequent actual numbers. Accordingly, the Committee concluded that initial workload estimates are driven by available FTEE rather than by objective expectations of contacts.

The telephone service program is the primary method for public access to information. Telephone interviews provide the largest volume of contact and the lowest cost per contact. 800-service lines permit callers outside the local dialing area to access benefit information and assistance for the cost of a local call. To provide a uni-

form level of service and equal public access to information nationwide, an acceptable grade of service (not more than 10 percent blockage) and an acceptable quality level for timeliness (not to exceed 10 percent abandonment) were established by the VA.

Traffic studies data in 1993 for 800-service lines, which is available for 57 stations served by the 800 toll-free network and 27 stations served by local telephone companies, shows, however, that VS staff are unable to meet the VA's grade and quality service goals. *The average blocked call rate was an astounding 62 percent.* The VA expects the blocked call rate to reach 70 percent in 1996. These studies clearly demonstrate that, because of inadequate telephone service resulting from insufficient equipment and staff, significant numbers of veterans seeking information and assistance are not receiving the service to which they are entitled.

Frequently, a telephone call is the veteran's only contact with the VA and is the basis for the veteran's judgment about the quality of VA services. The blocked call rate is in conflict with the VA's announced customer service standards. The Committee finds this situation disturbing and expects the VA to take whatever administrative steps are necessary to reduce the blocked call rate to an acceptable level.

The downsizing of the Armed Forces continues to generate increased requests for information and assistance. Additionally, issues which receive wide press coverage, such as reports of radiation testing during the 1940s, '50s, and '60s and concerns regarding possible illnesses related to service in the Persian Gulf, result in significantly increased telephone inquiries. In spite of this, recent statistics show a decline in the number of telephone interviews conducted. Fiscal year 1994 statistics show that 9.1 million phone interviews were conducted. Fiscal year 1995 and 1996 estimates project that 8.7 million telephone interviews will be conducted. These reductions in contact demonstrate that without adequate staffing and equipment, the VS cannot meet customer service goals.

It is important to point out that VS staff are also an integral part of the Transition Assistance Program (TAP) and the Army Career Awareness Program (ACAP). These programs are designed to provide transition assistance to military personnel separating from the Armed Forces. In 1994, over 307,411 servicemembers participated in more than 7,415 group briefings conducted by VS staff at military installations. In addition, more than 115,000 personal interviews were conducted with servicemembers nearing separation. If adequate funding is not provided to continue TAP, reduced staffing for other VS programs will result in order to operate the high priority military outreach services programs.

The VA is legislatively required to provide outreach services. Because Veterans Services (VS) is the primary agent for outreach, adequate staffing and funding is essential. The implementation of the Administration's recommended reduction in FTEE would result in an increase in the current high level of unmet needs and demand for basic assistance in obtaining benefits. Accordingly, the Committee recommends an additional \$5 million to improve the telephone system.

The Committee notes that the President's budget comments on the effect of removing the field examiners' exemption from overtime

pay requirements of the Fair Labor Standards Act. Because of this exemption, budget documents state that less VA-to-veteran outreach will be possible due to the inability to work with outreach clients after normal working hours. The Committee believes that the VA should consider whether administrative adjustments are possible to overcome this problem.

Loan Guaranty Program

The VA expects the number of home loan guarantees to decrease slightly during fiscal year 1995. This follows a 57 percent increase in program activity in fiscal year 1994 and a 44 percent increase in fiscal year 1993. The increased activity during those years reflected lower mortgage interest rates, the extension of VA home loan eligibility to Selected Component Reservists, and renewed borrower interest in refinancing existing loans. However, VA statistics for the first quarter of fiscal year 1995, indicate a modest trend toward decreasing activity. During this quarter, the VA guaranteed 83,000 loans. For fiscal year 1994, 602,244 loans were guaranteed and for fiscal year 1993, 383,303 loans were guaranteed. This anticipated decline in activity is largely attributable to an expected downturn in refinancing activity in fiscal years 1995 and 1996. Fiscal year 1996 workload estimates do, however, indicate an increase in construction and valuation activity and loan processing. Defaults, foreclosures, and related property management activity are projected to decrease.

Although an increase from the fiscal year 1994 FTEE level of 2,004 to a fiscal year 1995 level of 2,042 had been projected, the VA's revised estimate shows an FTEE level of 1,938 in fiscal year 1995. This is a reduction of 66 FTEE from the fiscal year 1994 level and a reduction of 107 FTEE from the original fiscal year 1995 estimated level. The President's budget request for fiscal year 1996 includes a recommendation to further reduce Loan Guaranty staffing by 3 FTEE to 1,935. Although statistics demonstrate that quality and timeliness of the delivery of veterans' housing benefits have been good to excellent, the VA must carefully monitor the effect of any additional personnel cuts to ensure that the high quality of service delivery is not compromised.

The Committee strongly believes the VA has an obligation to assist veteran homeowners avoid foreclosure whenever possible and retain the benefits of home ownership. VA Regional Office staff located throughout the country have several loan servicing options available to assist veteran borrowers, including the ability to intervene with the lender on behalf of the veteran to work out a realistic repayment plan to reinstate the loan. Timely and intensive outreach and loan servicing can be an effective way to assist loan guaranty program participants to avoid foreclosure. In addition to assisting veteran borrowers avoid foreclosure, savings totalling more than \$200 million have been realized over the last three years from loan servicing efforts.

Currently, each loan service representative is responsible for an average of 19 successful interventions, 6.1 refunded loans and 7.7 pre-foreclosure sales each year. This saves the Government approximately \$304,000 per loan service representative. The loss of

any staff costs the Government millions of dollars in additional claim payments and will likely result in more property acquisitions.

The VA has achieved a dramatic reduction in its inventory of properties held for six months or more from 10,472 in 1987 to 3,635 in 1994. The VA has also achieved a decrease in the average time a property is held from 6.9 months in 1987 to 5.7 months in 1993. This has reduced the average loss per property, the difference between the acquisition cost and resale price, from \$4,635 in 1987 to a gain of \$1,892 in fiscal year 1994. The VA's property management section has been highly successful in reducing both inventory and the average time properties are held pending resale, while increasing the amount of capital investment recovered through resales. The combination of staffing reductions with increased property acquisitions could reverse these favorable trends. Therefore, the Committee supports the Administration's request.

Insurance Programs

Veterans insurance programs provided \$25.8 billion in coverage to 2.5 million veterans in 1994. Of the VA administered insurance programs, Serviceman's Group Life Insurance (SGLI), Veterans' Group Life Insurance (VGLI), Service-Disabled Veterans Insurance (SDVI) and Veterans Mortgage Life Insurance (VMLI) remain open to new issues. SGLI and VGLI alone account for 3.2 million policies valued at \$481 million. The VA's insurance programs remain among its most trouble-free. The Committee concurs with the administration request of 435 FTEE and \$1.358 million in budget and reimbursement authority for 1996.

BOARD OF VETERANS' APPEALS

The Administration budget requests an average level of 477 FTEE and \$33,065,000 in support of the operation of the Board of Veterans' Appeals (BVA). This reflects an increase of 28 FTEE and \$4,096,000 for fiscal year 1996. The increase is due to a number of initiatives, both managerial and legislative, which have been developed in the past year to help address the Board's growing appeals backlog and deteriorating timeliness. Managerial measures included the implementation of new performance measurement standards for all BVA counsel, limitations on production of certified evidence lists, revised BVA decision formats, revised case docketing procedures, institution of a temporary hearing moratorium, and continued enhancement of automation.

Legislative initiatives have included enactment of P.L. 103-271 to provide for single Board member decision-making, and P.L. 103-446 to restore equity between salaries of Board members and Social Security administrative law judges. P.L. 103-446 also provided for the establishment of performance standards for Board members and gave the Board authority to pre-screen appeals so that deficiencies in case records can be rectified earlier in the appellate process. These public laws have provided a new statutory framework for Board operations. During fiscal year 1995, the Board expects to implement an organizational realignment on the basis of this new framework that should produce further productivity improvements.

During the first half of fiscal year 1994, 55 percent of all appeals to the BVA were being remanded to the regional offices for readjudication. At the end of fiscal year 1994, the remand rate was 48.3 percent. In fiscal year 1994, the BVA reversed 17.5 percent of the cases it received.

During fiscal year 1995 an average employment level of 449 FTEE is expected to support the Board's operations. During fiscal year 1994, this level was 442. During fiscal year 1994, the BVA received 35,465 appeals, in addition to 33,728 appeals which were pending at the beginning of the fiscal year. In fiscal year 1994, 22,045 appeals were decided by the BVA (down from 26,400 in fiscal year 1993), resulting in 47,148 pending appeals at the beginning of fiscal year 1995.

In recent years, the average BVA response time for issuing appellate decisions has increased dramatically. In fiscal year 1992, the average BVA response time was 240 days; in fiscal year 1993, it was 466 days; and at the end of fiscal year 1994, it was 781 days. The Board projects that by the end of fiscal year 1995, the response time will decrease to 745 days, and by the end of fiscal year 1996, that level is estimated at 642 days. Further projections include 28,000 appellate decisions in fiscal year 1995. In fiscal year 1996, the BVA anticipates an appellate decision production increase to 33,600 with an improvement in BVA response time of more than 100 days.

BVA decision production for the first four months of fiscal year 1995 improved by over 100 percent in comparison to the same period one year earlier as a combined result of the managerial and legislative initiatives described above. Despite this improvement, BVA's backlog of appeals continues to grow and projected waiting times for decisions on appeals are still too long. The Committee will carefully monitor whether additional resources are required before the VA's appellate timeliness problems can be solved. The Committee concurs in the Administration's budget request for the Board.

U.S. COURT OF VETERANS APPEALS

The U.S. Court of Veterans Appeals budget for fiscal year 1996 requests \$9,142,000 for Court personnel and operational requirements, and \$678,000 for its *Pro Bono* Representation Program. This request includes funding for 82 FTEEs, which represents a reduction of one (1) FTEE from the fiscal year 1995 authorized level. The Court has reduced staffing by approximately 6 percent since fiscal year 1993, when it had 87 FTEE.

The Veterans' Judicial Review Act, P. L. No. 100-687, (1988), established the U.S. Court of Veterans Appeals as an executive branch court. The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, vacate, reverse or remand such decisions as appropriate. The Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of Veterans Affairs. The Court also has the authority to compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed.

Appeals to the Court come from the pool of cases in which the BVA has denied some or all of the benefits sought by the claimants. That appellant pool has decreased in size since fiscal year 1990 because the BVA has issued fewer decisions in recent years. The number of decisions has steadily declined from 46,556 decisions in fiscal year 1990 to 22,045 in fiscal year 1994. Furthermore, for the fiscal years 1992, 1993, and 1994, nearly half of the BVA's cases have been remanded to regional offices for additional work before they are decided.

The substantial changes in the BVA's adjudication process and its realignment also affect the Court's caseload. The Court cites P.L. No. 103-271 (1994), which permits single-member decisions on appeals to the BVA and the BVA Chairman's estimation of at least a 10 percent increase in productivity, as measures which are likely to increase its caseload. Consequently, the Court maintains that it is unable to accurately predict the fiscal year 1996 caseload or other statistical data. In fiscal year 1994, the Court decided 1,264 cases and reduced its pending caseload from 1,286 at the end of 1993 to 1,152 at the end of 1994. The Court contends that the complexity of its caseload and case-related procedural work has more impact on the Court's staffing needs than the size of the caseload. Moreover, the Court projects an increase in caseload as the result of recent developments such as the U.S. Supreme Court decision in *Brown v. Gardner*, 115 S. Ct. 552 (1994), and new authority for compensation of Persian Gulf War veterans.

The Court also noted in its budget request that the Legal Services Corporation (LSC) has included in its budget request the amount of \$339,000 for the *Pro Bono* Representation Program. If LSC's request is approved, the Committee would support the split funding for the Program.

Finally, the Committee is concerned that while the number of appeals filed with the Court has decreased slightly from 1,265 in fiscal year 1993 to 1,131 in fiscal year 1994, the *Pro Bono* Representation Program's case screening cost per veteran has increased by 74 percent from \$605.74 per case in fiscal year 1993 to \$1056 per case in fiscal year 1994. The Committee plans to carefully monitor the Court's workload and the cost effectiveness of the *Pro Bono* Representation Program's screening process. The Committee supports the Court's budget request.

NATIONAL CEMETERY SYSTEM

A total of 147 cemeterial installations located in 39 States, the District of Columbia and Puerto Rico, currently comprise the National Cemetery System (NCS). Since the system's establishment within the VA in 1973, approximately 1,086,000 decedents have been interred in national cemeteries and approximately 5.9 million headstones and markers have been furnished.

In fiscal year 1995, the VA expects to inter the remains of 70,319 veterans, active duty servicemembers and dependents in national cemeteries. In fiscal year 1996, the VA estimates 72,224 interments. The VA expects to process 346,000 gravemarker applications in fiscal year 1995 and 340,000 applications are projected for fiscal year 1996.

Operating Account

Requested funding for fiscal year 1996 is \$75.4 million with an estimated 1,340 FTEE available to operate the National Cemetery System. According to ^{Independent Budget} projections, to keep pace with workload increases, maintenance and repair projects, uncontrollable miscellaneous expenses, and inflation in fiscal year 1996, a budget baseline of \$82 million and 1,370 FTEE would be necessary.

The VA estimates that staffing shortages of over 244 wage grade FTEE and 41 general schedule FTEE exist in fiscal year 1996 based on VA-approved methodologies. With this staffing shortage, priority is given to timely burial. Enhancements of cemetery appearance, such as filling in graves after rains, raising and re-aligning headstones, mowing and trimming, painting and upkeep of equipment become second in priority. In addition, funding for maintenance and repair of the National Cemetery System's approximately 400 buildings and 100 miles of roads to maintain the infrastructure of the national cemetery system remains a critical issue.

With available funding in fiscal year 1996, the backlog for essential operating equipment will increase to \$7.7 million. The NCS equipment inventory totals more than 8,000 pieces of equipment with an estimated value of \$23 million. Through an extensive maintenance program, this equipment's longevity has been extended an average of 5 years beyond its scheduled replacement date. However, in many instances, it is no longer economical to maintain the equipment. The Committee supports the Administration's request but recommends the addition of \$1 million for equipment replacement, and \$600,000 for additional supplies and materials.

Construction

The VA's construction needs for new and existing cemeteries are addressed through the Major and Minor Construction appropriations. NCS has focused construction planning on 1) providing new cemeteries in areas of the country with the greatest veteran population unserved; 2) extending the life of existing cemeteries through grave site development; and 3) repairing and maintaining the infrastructure of the system. The Major Construction budget for fiscal year 1995 was \$5.6 million to expand the existing Florida National Cemetery. No new cemetery construction is proposed in fiscal year 1996.

In a 1987 Report to Congress and again in 1994, the VA identified the need to open 10 new cemetery sites. One of these ten sites, San Joaquin Valley National Cemetery, opened in June 1992, while a second, located in Seattle, Washington, was funded in the fiscal year 1995 budget. To date, four of the remaining eight cemetery sites are further along than the others. Dallas received design funds in fiscal year 1995 and property has been purchased for the Albany site. Chicago and Cleveland still require both design and construction funds, if progress is to continue.

Minor Construction projects are those costing less than \$3 million. This permits each VA organizational element to prioritize and determine how best to spend these limited resources. For the next five years, NCS has identified \$90 million in minor construction

projects system-wide, although NCS has budgeted only \$9.5 million for these projects in fiscal year 1996.

NCS' minor construction program is an on-going, recurring effort to maintain national cemeteries at a level befitting their stature as national shrines. A more consistent level of minor construction funding approaching \$20 million, would prevent further reallocations of limited minor construction funds within the VA and permit NCS to meet its minor construction project needs.

Nationally, the number of interments will continue to increase to another annual record of 72,224 per year in fiscal year 1996, a 55 percent increase over the fiscal year 1984 level. Similarly, the number of grave sites maintained is estimated to reach 2,147,588 by fiscal year 1996, a 35 percent increase over the fiscal year 1984 level. During this same period, wage grade FTEE will have increased by 3 percent. Because the increase in workload is unmatched by FTEE increases, NCS is continuing to lose ground with its increased workload.

Failure to fund NCS at a reasonable level will only exacerbate future staffing deficiencies and cause additional delays in equipment backlogs at a time when the number of interments in the National Cemetery System are projected to drastically increase due to an aging veteran population. Therefore, the Committee recommends an additional \$1 million to fund 25 additional FTEE, or a similar amount in additional contracting authority.

STATE VETERANS' CEMETERY GRANT PROGRAM

The State Veterans' Cemetery Grant Program makes grants available to assist the states to establish, expand, or improve state-owned veterans' cemeteries. The State Cemetery Grant Program is funded at \$1 million for fiscal year 1996. Since its establishment in 1980, a total of \$40.331 million has been obligated through fiscal year 1994. More than 74 grants have been awarded to 18 states and Guam. The Committee supports the President's request.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. In order to meet those needs, the Secretary of Labor is required to effectively and vigorously implement policies and programs which increase opportunities for veterans to obtain employment, job training, counseling, and job placement services. Such implementation is accomplished through the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET). The ASVET is the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures which affect veterans.

DISABLED VETERANS' OUTREACH PROGRAM

The Disabled Veterans' Outreach Program (DVOP) was established by Congress to provide intensive employment and training services to service-connected disabled veterans and other veterans

in need of job search and placement assistance. DVOPs serve as workshop facilitators for the Transition Assistance Program (TAP), a 3-day program that provides transition counseling, job-search training and information, placement assistance, and other information and services to servicemembers who are within 180 days of separation from active duty. DVOPs develop job and job-training opportunities for veterans through contacts with employers. And, further, DVOPs provide assistance to community-based organizations and grantees who provide services to veterans under other federal and federally-funded employment and training programs, such as JTPA and the Stewart McKinney Act program for homeless veterans.

Under Section 4103A, Title 38, United States Code, the Secretary of Labor is clearly required to annually make available for use in each State sufficient funds to support the appointment of one DVOP specialist for each of the 6,900 veterans residing in the State who are either veterans of the Vietnam era, veterans who entered active duty as a member of the Armed Forces after May 7, 1975, or service-disabled veterans. This formula provides an indicator of anticipated workload and the number of DVOPs required to provide an acceptable level of service to veterans seeking employment assistance. DVOPs are located in employment service offices and outstation sites such as Department of Veterans Affairs regional offices and Vet Centers.

The Administration's budget includes a request of \$83.6 million for the DVOP program which would support 1,705 DVOPs. To meet the congressionally-mandated staffing level of 1,999 DVOPs in fiscal year 1996, \$98.1 million is required. This increased number of DVOP staff would facilitate the continuation of TAP services without reducing services provided to veterans in local employment service offices. Accordingly, the Committee recommends that the Department of Labor be provided an additional \$14.5 million over the level recommended by the Administration to fund an additional 294 DVOP positions, for a total of \$98.1 million.

LOCAL VETERANS' EMPLOYMENT REPRESENTATIVES

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

Section 4104(a)(1), Title 38, United States Code, mandates that the Secretary of Labor make available funding to support the appointment of at least 1,600 full-time LVERs and the states' administrative expenses associated with the appointment of that number of LVERs.

The President's budget includes a request of \$77.6 million to support 1,441 LVERs in fiscal year 1996. In order to meet the congressionally-mandated LVER staffing level, the Committee recommends that the Department of Labor be provided an additional \$8.6 million over the level recommended by the Administration, to fund 159 additional FTEE, for a total of \$86.2 million.

LEGISLATIVE PROPOSALS AND OMNIBUS BUDGET RECONCILIATION ACT EXTENSIONS

BENEFITS PROGRAMS PROPOSALS

The Committee does not oppose several of the President's legislative proposals to extend expiring provisions of the Omnibus Reconciliation Act of 1993. They are extension of the \$90 per month limit on pension benefits to beneficiaries in Medicaid funded nursing homes, the Internal Revenue Service and Social Security Administration income records matching for pension beneficiaries, the two percent fee on no down payment housing loans, the VA's revised net value calculation for property resale, and the three percent fee for multiple use home loans with less than five percent down.

The Committee also does not oppose the President's new legislative proposal of a two percent fee and 10 percent down payment on manufactured home loans and will examine the restrictions on collection of loan guarantee debts.

MONTGOMERY GI BILL

The Committee is disappointed that the Administration's budget includes a proposal to reduce the Montgomery GI Bill COLA by one-half, effective October 1, 1995, and to continue this reduction for five years.

The current level of education benefits earned by members of our Armed Forces is too low. The average annual cost for tuition, room, and board at a public four-year college this year is over \$6,000, while private institutions average over \$16,000. The \$14,575 basic benefit earned by those who agree to serve at least three years on active military duty obviously does not cover the costs of schooling. Accordingly, the Committee does not wish to see further reduction of the buying power of this earned benefit.

Additionally, the Committee believes this proposal is inappropriate because the Administration's budget includes funding increases for Pell Grants, Perkins Loans, and the National Service program. In contrast, education benefits earned by those who volunteer to serve in our nation's armed services would be reduced. Educational assistance benefits earned through military service should not be reduced while education benefits for those who do not serve are increased. The Committee does not support a one-half COLA and recommends an additional \$12.6 million to fund a full 3.1 percent COLA.

DISABILITY COMPENSATION AND DIC ROUND DOWN

Payments to disabled veterans and dependents of deceased disabled veterans were rounded down in fiscal year 1995 to fund disability compensation for Persian Gulf War veterans. Acceptance of the President's recommendation to extend the rounding down at the present time could result in the unfair treatment of veterans in comparison to other COLA recipients. Therefore, the Committee recommends an additional \$29.5 million to fund a full COLA payment to those recipients for fiscal year 1996.

| Budget Authority 1987 - 1996 (dollar in thousands) | | | | | | | | | | |
|--|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation/Fund Account | Estimates | | | | | | | | | |
| | 1987 | 1988 | 1989 | 1990 | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) |
| Federal funds: | | | | | | | | | | |
| Benefit programs | | | | | | | | | | |
| Compensation and pensions | \$14,422,500 | \$14,764,887 | 15,408,686 | \$15,590,495 | \$16,297,335 | \$16,203,643 | \$17,004,939 | \$17,491,146 | \$17,621,592 | \$17,649,972 |
| Readjustment benefits | 763,250 | 675,700 | 667,457 | 472,813 | 1,004,266 | 635,400 | 779,010 | 1,080,600 | 1,266,600 | 1,345,300 |
| Veterans insurance and indemnities | 4,770 | 14,290 | 13,470 | 13,940 | 15,410 | 25,740 | 22,730 | 15,370 | 24,760 | 24,890 |
| Veterans' job training | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan guaranty revolving fund | 100,000 | 1,094,670 | 778,100 | 548,500 | 670,200 | 0 | 0 | 0 | 0 | 0 |
| liquidating account, permanent | 0 | 0 | 0 | 0 | 0 | 175,212 | 207,446 | -59,724 | 103,310 | 75,086 |
| Loan guaranty program account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Guaranty & indemnity fund | 0 | 0 | 0 | 0 | 59,447 | 57,485 | 112,387 | 0 | 0 | 0 |
| liquidating account, permanent | 0 | 0 | 0 | 0 | 0 | 590,817 | 901,768 | 197,735 | 572,321 | 582,207 |
| Guaranty & indemnity fund program | 0 | 0 | 0 | 0 | 0 | 1,376 | 1,425 | 2,869 | 1,045 | 487 |
| Direct loan program account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Native American veteran housing | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 | 156 | 218 | 455 |
| loan program account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Education loan fund program | 0 | 0 | 0 | 0 | 0 | 315 | 306 | 187 | 196 | 204 |
| account, current | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vocational rehabilitation revolving | 0 | 0 | 0 | 0 | 0 | -1,721 | 0 | 0 | 0 | 0 |
| fund liquidating account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vocational rehabilitation loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| program account, current | 0 | 0 | 0 | 0 | 0 | 983 | 1,013 | 806 | 821 | 433 |
| Total benefits programs | 15,520,520 | 16,549,547 | 16,867,713 | 16,625,748 | 18,146,638 | 17,779,250 | 19,036,024 | 18,729,143 | 19,610,863 | 19,679,036 |
| Medical programs: | | | | | | | | | | |
| Medical care | 9,728,203 | 10,151,387 | 10,887,671 | 11,436,306 | 12,335,330 | 13,625,685 | 14,645,723 | 15,640,150 | 16,214,684 | 16,961,487 |
| Medical and prosthetic research | 212,798 | 192,899 | 210,241 | 213,652 | 216,792 | 227,000 | 232,000 | 252,000 | 251,743 | 257,000 |
| Medical administration and | | | | | | | | | | |
| miscellaneous operating expenses | 41,769 | 46,628 | 47,909 | 46,697 | 41,433 | 43,479 | 68,954 | 71,000 | 69,789 | 72,262 |
| Health professional scholarship | 0 | 0 | 0 | 0 | 10,113 | 10,113 | 10,113 | 10,386 | 10,386 | 10,386 |
| program | | | | | | | | | | |

(Figure 1)

| Budget Authority 1987 - 1996 (dollar in thousands) | | | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| Appropriation/Fund Account | Estimates | | | | | | | | | | 1996 (Net) |
| | 1987 | 1988 | 1989 | 1990 | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) | |
| Health professional education loan payment program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,000 | 0 | 0 | 0 |
| Medical care cost recovery fund, | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,000 | 6,000 | 0 |
| Medical care cost recovery fund, permanent | 0 | 0 | 0 | 0 | 49,721 | 75,251 | 96,112 | 96,112 | 96,764 | 107,951 | 111,103 |
| Total medical programs | 9,982,770 | 10,390,914 | 11,145,821 | 11,696,655 | 12,653,389 | 13,982,028 | 15,057,902 | 16,075,300 | 16,660,583 | 17,412,238 | |
| Construction programs: | | | | | | | | | | | |
| Construction, major projects | 382,708 | 402,884 | 358,040 | 457,022 | 579,992 | 414,250 | 492,674 | 460,100 | 460,100 | 354,294 | 513,755 |
| Construction, minor projects | 80,000 | 115,942 | 96,596 | 91,637 | 130,638 | 190,701 | 149,525 | 155,540 | 155,540 | 152,994 | 229,145 |
| Grants to the Republic of the Philippines | 500 | 480 | 500 | 492 | 484 | 500 | 500 | 500 | 500 | 500 | 0 |
| Grants for the construction of State extended care facilities | 42,400 | 40,320 | 42,000 | 41,349 | 69,999 | 85,000 | 40,000 | 41,080 | 41,080 | 47,397 | 43,740 |
| Grants for the construction of State veterans cemeteries | 0 | 0 | 9,000 | 4,288 | 3,946 | 5,104 | 5,104 | 5,242 | 5,242 | 5,378 | 1,000 |
| Parking revolving fund | 26,000 | 3,956 | 26,000 | 28,543 | 28,900 | 19,200 | 1,317 | 1,353 | 1,353 | 16,300 | 0 |
| Total construction programs | 531,608 | 563,562 | 532,136 | 623,331 | 813,959 | 714,755 | 689,120 | 663,815 | 663,815 | 576,803 | 787,640 |
| General operating expenses and misc.: | | | | | | | | | | | |
| General operating expenses | 770,500 | 774,810 | 799,216 | 811,628 | 914,502 | 848,833 | 811,919 | 827,450 | 890,193 | 915,643 | 915,643 |
| National Cemetery System | 0 | 0 | 0 | 0 | 0 | 67,045 | 70,668 | 70,507 | 72,694 | 75,308 | 75,308 |
| Office of Inspector General | 0 | 0 | 0 | 21,786 | 24,859 | 29,959 | 31,182 | 31,436 | 31,436 | 31,815 | 33,500 |
| Total GOE and miscellaneous | 770,500 | 774,810 | 799,216 | 833,414 | 939,361 | 945,837 | 913,769 | 929,393 | 994,612 | 1,024,451 | 1,024,451 |
| Total appropriations (adjusted) | 26,605,298 | 28,278,833 | 29,344,886 | 29,779,148 | 32,553,367 | 33,421,870 | 35,696,815 | 36,397,653 | 37,844,831 | 38,903,365 | |
| Proposed legislation: | | | | | | | | | | | |
| Compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340,000 |
| Readjustment benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -12,547 |
| Loan guaranty program account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total proposed legislation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -22 |
| | | | | | | | | | | | 327,431 |

(Figure 2)

| Budget Authority 1987 - 1996 (dollar in thousands) | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | 1987 | 1988 | 1989 | 1990 | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) | Estimates |
| Appropriation/Fund Account | | | | | | | | | | | |
| DEDUCT: Proprietary receipts from the public | -228,546 | -338,924 | -430,269 | -399,075 | -484,259 | -580,449 | -740,038 | -734,249 | -763,586 | -835,668 | |
| Total federal funds | 26,376,852 | 27,939,909 | 28,918,617 | 29,380,073 | 32,069,106 | 32,841,421 | 34,956,777 | 35,663,404 | 37,079,245 | 38,395,126 | |
| Trust funds: | | | | | | | | | | | |
| Post-Vietnam era veterans education account | 233,106 | 274,747 | 182,793 | 197,105 | 102,527 | 51,529 | 26,251 | 36,527 | 35,700 | 27,400 | |
| General post fund | 21,431 | 20,294 | 29,419 | 25,153 | 26,965 | 28,404 | 28,994 | 26,881 | 29,561 | 30,263 | |
| Transitional housing loans, program account | 0 | 0 | 0 | 0 | 0 | 28 | 0 | 59 | 61 | 63 | |
| National service life insurance | 1,390,514 | 1,406,849 | 1,430,310 | 1,441,867 | 1,483,104 | 1,494,212 | 1,479,514 | 1,417,259 | 1,370,830 | 1,335,290 | |
| U.S. Government life insurance | 17,552 | 16,364 | 15,088 | 13,892 | 12,912 | 11,811 | 10,938 | 9,925 | 8,360 | 7,300 | |
| National cemetery gift fund | 0 | 0 | 0 | 134 | 16 | 40 | 27 | 26 | 30 | 30 | |
| Total trust funds (gross) | 1,662,603 | 1,718,254 | 1,657,610 | 1,678,151 | 1,623,524 | 1,586,024 | 1,545,724 | 1,490,677 | 1,444,542 | 1,400,246 | |
| DEDUCT: Proprietary receipts from the public | -588,813 | -515,598 | -460,352 | -428,323 | -438,375 | -440,739 | -455,670 | -297,349 | -303,625 | -293,462 | |
| Total trust funds (net) | 1,073,790 | 1,202,656 | 1,197,258 | 1,249,828 | 1,185,149 | 1,145,285 | 1,090,054 | 1,193,328 | 1,140,917 | 1,106,884 | |
| DEDUCT: Intragovernmental transactions | -87,977 | -184,197 | -134,598 | -168,987 | -104,495 | -53,685 | -28,150 | -29,367 | -30,000 | -22,502 | |
| Total Department of Veterans Affairs | \$27,362,645 | \$28,958,566 | \$29,977,277 | \$30,460,514 | \$33,151,762 | \$33,933,021 | \$36,018,681 | \$36,827,365 | \$38,190,162 | \$39,479,510 | |

(Figure 3)

| Budget Outlays | | | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1987 - 1996 | | | | | | | | | | | | |
| <i>(dollar in thousands)</i> | | | | | | | | | | | | |
| Appropriation/Fund Account | | | | | | | | | | | Estimates | |
| | 1987 | 1988 | 1989 | 1990 (Net) | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) | 1995 (Net) | 1996 (Net) |
| Federal Funds: | | | | | | | | | | | | |
| Benefit programs: | | | | | | | | | | | | |
| Compensation & pensions | \$14,406,283 | \$15,328,354 | \$15,815,853 | \$14,453,234 | \$16,168,256 | \$16,412,271 | \$17,011,543 | \$18,631,921 | \$17,732,534 | \$16,454,910 | \$17,732,534 | \$16,454,910 |
| Readjustment benefits | 776,401 | 700,006 | 663,431 | 485,564 | 551,816 | 745,566 | 854,491 | 1,122,552 | 1,364,600 | 1,346,100 | 1,364,600 | 1,346,100 |
| Veterans insurance and indemnities | 4,856 | 13,866 | 13,832 | 13,901 | 15,436 | 25,798 | 21,866 | 14,554 | 26,040 | 25,140 | 26,040 | 25,140 |
| Reinstated entitlement program for survivors | -2,845 | -755 | 639 | 955 | 1,151 | -3,870 | -7,266 | -5,819 | 6,100 | 1,400 | 6,100 | 1,400 |
| Veterans' job training | 38,005 | 25,252 | 14,811 | 2,145 | 175 | -33 | -16 | -6 | 0 | 0 | 0 | 0 |
| Loan guaranty revolving fund liquidating account | 382,059 | 1,218,842 | 897,762 | 649,063 | 359,500 | 68,989 | 90,748 | -63,876 | 49,729 | 11,702 | 49,729 | 11,702 |
| Loan guaranty program account | 0 | 0 | 0 | 0 | 0 | 175,212 | 207,446 | -61,366 | 104,952 | 75,088 | 104,952 | 75,088 |
| Guaranty and indemnity fund liquidating account | 0 | 0 | 0 | -115,957 | -261,992 | 81,180 | 151,891 | 82,042 | -19,324 | 21,285 | -19,324 | 21,285 |
| Guaranty and indemnity program account | 0 | 0 | 0 | 0 | 0 | 580,817 | 901,768 | 197,027 | 573,029 | 582,207 | 573,029 | 582,207 |
| Direct loan revolving fund liquidating account | -33,064 | -79,804 | -19,943 | -15,632 | -12,508 | -9,969 | -7,566 | -7,028 | -2,785 | -3,733 | -2,785 | -3,733 |
| Direct loan program account | 0 | 0 | 0 | 0 | 0 | 1,375 | 1,425 | 2,860 | 1,054 | 487 | 1,054 | 487 |
| Native American veteran housing loan program account | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 207 | 1,252 | 1,809 | 1,252 | 1,809 |
| Service-disabled veterans insurance fund | 1,984 | -3,093 | 2,428 | 1,045 | 857 | -6,800 | -5,402 | 10,573 | -1,300 | 3,250 | -1,300 | 3,250 |
| Veterans reopened insurance fund | -7,580 | -5,041 | -6,152 | -4,254 | -6,535 | -6,391 | -7,864 | -5,781 | -790 | 4,140 | -790 | 4,140 |
| Education loan fund liquidating account | -9,871 | -6,336 | -5,902 | -4,207 | -3,305 | -2,014 | -1,352 | -794 | -609 | -457 | -609 | -457 |
| Education loan fund program account | 0 | 0 | 0 | 0 | 0 | 307 | 133 | 186 | 196 | 204 | 196 | 204 |
| Vocational rehabilitation revolving fund liquidating account | -12 | 105 | 115 | 143 | 83 | -713 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vocational rehabilitation loans program account | 0 | 0 | 0 | 0 | 0 | 589 | 841 | 460 | 1,160 | 433 | 1,160 | 433 |
| Servicemen's group life insurance fund | -12,879 | -2,910 | -13,729 | -13,891 | -15,443 | -7,772 | 47,990 | 109,911 | 37,730 | -270 | 109,911 | 37,730 |
| Total benefit programs | 15,563,337 | 17,188,486 | 17,863,145 | 15,453,109 | 16,797,511 | 18,054,592 | 19,261,076 | 20,027,823 | 19,873,368 | 18,523,695 | 19,873,368 | 18,523,695 |

(Figure 4)

| Budget Outlays 1987 - 1996 (dollar in thousands) | | | | | | | | | | | |
|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| Appropriation/Fund Account | 1987 | 1988 | 1989 | 1990 (Net) | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) | Estimates |
| | | | | | | | | | | | |
| Medical programs: | | | | | | | | | | | |
| Medical care | 9,499,750 | 10,045,310 | 10,514,539 | 11,330,062 | 12,210,722 | 13,566,532 | 14,295,510 | 15,115,924 | 15,979,754 | 16,838,091 | |
| Medical and prosthetic research | 195,123 | 197,330 | 184,940 | 206,568 | 213,393 | 202,160 | 246,000 | 240,845 | 251,329 | 255,598 | |
| Medical administration and miscellaneous operating expenses | 40,265 | 40,463 | 45,094 | 45,566 | 47,951 | 45,942 | 61,412 | 73,634 | 72,482 | 72,035 | |
| Medical care cost recovery fund | 0 | 0 | 0 | 0 | 39,180 | 75,791 | 89,187 | 94,579 | 106,176 | 110,662 | |
| Health professional scholarship program | 0 | 0 | 0 | 0 | 0 | 6,637 | 10,139 | 9,310 | 10,386 | 10,386 | |
| Medical facilities revolving fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -2,039 | -1,571 | 1,357 | |
| Special therapeutic and rehabilitation activities fund | 17 | -51 | -196 | -347 | -218 | -245 | -437 | -1,211 | -999 | -1,049 | |
| Assistance for health manpower training institutions | 191 | -7 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total medical care | 9,795,546 | 10,283,045 | 10,744,579 | 11,581,849 | 12,511,028 | 13,896,617 | 14,701,841 | 15,531,442 | 16,417,537 | 17,287,077 | |
| Construction programs: | | | | | | | | | | | |
| Construction, major projects | 376,207 | 483,045 | 524,992 | 509,952 | 482,105 | 462,713 | 396,568 | 456,781 | 465,946 | 440,944 | |
| Construction, minor projects | 158,571 | 158,305 | 161,322 | 142,706 | 121,290 | 113,399 | 153,351 | 171,819 | 155,660 | 173,206 | |
| Parking revolving fund | 2,278 | 8,106 | 16,704 | 8,500 | 4,981 | 12,287 | 10,516 | 18,940 | 7,280 | 3,797 | |
| Grants to the Republic of the Philippines | 268 | 666 | 594 | 571 | 75 | 264 | 450 | 998 | 500 | 500 | |
| Grants for the construction of State extended care facilities | 26,046 | 27,616 | 41,086 | 38,369 | 39,286 | 40,813 | 55,760 | 44,509 | 58,932 | 41,859 | |
| Grants for the construction of State veterans cemeteries | 1,185 | 370 | 2,413 | 3,021 | 2,656 | 9,315 | 4,803 | 1,673 | 5,166 | 2,413 | |
| Nursing home revolving fund | 0 | 0 | 0 | -74 | -190 | 0 | -47 | -70 | 0 | 0 | |
| Pushing hall revolving fund | 0 | 0 | 0 | 0 | 0 | 255 | 374 | 229 | -1,034 | 114 | |
| Total construction programs | 564,655 | 678,106 | 747,111 | 708,045 | 650,203 | 639,040 | 621,775 | 694,879 | 692,650 | 662,633 | |

(Figure 5)

| Budget Outlays 1987 - 1996 (dollar in thousands) | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Appropriation/Fund Account | 1987 | 1988 | 1989 | 1990 (Net) | 1991 (Net) | 1992 (Net) | 1993 (Net) | 1994 (Net) | 1995 (Net) | 1996 (Net) | Estimates |
| General operating expenses and misc.: | | | | | | | | | | | |
| General operating expenses | 720,224 | 780,581 | 766,461 | 810,725 | 850,236 | 846,643 | 828,948 | 849,268 | 888,604 | 926,516 | 888,604 |
| National Cemetery System | 0 | 0 | 0 | 0 | 0 | 47,854 | 66,482 | 82,203 | 75,884 | 75,027 | 75,027 |
| Office of Inspector General | 0 | 0 | 0 | 19,536 | 23,408 | 28,615 | 30,397 | 30,524 | 30,524 | 35,971 | 33,416 |
| Supply fund | -23,338 | 20,763 | -25,262 | 8,901 | 12,277 | -9,015 | -24,449 | -58,039 | 0 | 4,000 | 4,000 |
| Canteen service revolving fund | -3,246 | -19,160 | 14,839 | -7,915 | -5,059 | 6,367 | 2,729 | 1,700 | -3,900 | -3,108 | -3,108 |
| Total COE and miscellaneous | 683,640 | 782,184 | 756,038 | 831,287 | 880,882 | 920,464 | 904,171 | 906,056 | 946,559 | 1,035,851 | 1,035,851 |
| Total appropriations (adjusted) | 26,556,978 | 29,931,823 | 29,610,673 | 28,566,250 | 30,839,604 | 33,510,913 | 35,488,863 | 37,160,000 | 37,930,134 | 37,509,656 | 37,509,656 |
| Proposed legislation: | | | | | | | | | | | |
| Compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 309,800 |
| Readjustment benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -12,547 |
| Loan guaranty program account | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -22 |
| Loan guaranty revolving fund liquidating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -89,622 |
| Total proposed legislation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 207,609 |
| DEDUCT: Proprietary receipts from the public | -228,546 | -338,924 | -430,269 | -399,075 | -484,259 | -580,449 | -740,038 | -734,249 | -763,586 | -835,668 | -835,668 |
| Total federal funds | 26,328,432 | 28,592,899 | 29,180,404 | 28,169,175 | 30,355,345 | 32,930,464 | 34,748,825 | 36,425,751 | 37,166,548 | 36,880,977 | 36,880,977 |
| Trust funds: | | | | | | | | | | | |
| Post-Vietnam era veterans education account | 283,607 | 303,305 | 287,911 | 212,472 | 161,002 | 126,037 | 102,755 | 79,902 | 82,846 | 49,258 | 49,258 |
| General post fund | 20,617 | 16,700 | 24,525 | 24,075 | 24,195 | 24,775 | 27,675 | 27,079 | 29,245 | 29,410 | 29,410 |
| Transitional housing loans, program account | 0 | 0 | 0 | 0 | 0 | 0 | -28 | 0 | 0 | 61 | 61 |
| National service life insurance | 1,034,050 | 1,096,293 | 1,173,524 | 1,222,803 | 1,287,459 | 1,329,279 | 1,127,399 | 1,223,766 | 1,278,730 | 1,310,520 | 1,310,520 |
| U.S. Government life insurance | 40,325 | 37,476 | 34,150 | 31,710 | 28,494 | 26,102 | 20,337 | 19,139 | 19,139 | 17,140 | 17,140 |
| Veterans special life insurance | -78,213 | -75,900 | -64,883 | -64,626 | -59,665 | -48,563 | -55,903 | -48,033 | -31,820 | -20,180 | -20,180 |
| National cemetery gift fund | 0 | 0 | 0 | 0 | 63 | 32 | -6 | 62 | 50 | 45 | 45 |
| Total trust funds (gross) | 1,300,396 | 1,377,874 | 1,455,227 | 1,426,434 | 1,401,548 | 1,487,682 | 1,222,223 | 1,301,915 | 1,378,282 | 1,386,256 | 1,386,256 |
| DEDUCT: Proprietary receipts from public | -588,513 | -515,598 | -460,532 | -428,323 | -438,373 | -440,739 | -455,670 | -297,349 | -303,625 | -293,462 | -293,462 |
| Total trust funds (net) | 711,883 | 862,276 | 994,695 | 998,111 | 963,175 | 1,046,943 | 766,553 | 1,004,566 | 1,074,657 | 1,092,794 | 1,092,794 |
| DEDUCT: Intragovernmental transactions | -87,977 | -184,197 | -134,598 | -168,987 | -104,495 | -53,685 | -28,156 | -29,308 | -30,000 | -22,502 | -22,502 |
| Total Department of Veterans Affairs | \$26,452,038 | \$29,279,978 | \$30,040,681 | \$28,998,299 | \$31,214,023 | \$33,893,702 | \$35,487,228 | \$37,401,009 | \$38,231,165 | \$37,951,269 | \$37,951,269 |

(Figure 6)

| Total Average Employment 1987 - 1996 | | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|--|
| Appropriation/Fund Account | Actuals | | | | | | | Estimates | | | | |
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | | |
| Medical programs | | | | | | | | | | | | |
| Medical care | 194,469 | 193,796 | 191,801 | 193,821 | 196,103 | 199,811 | 204,527 | 203,884 | 200,987 | 201,254 | | |
| Medical and prosthetic research | 4,272 | 4,475 | 4,463 | 4,214 | 4,137 | 4,145 | 4,287 | 4,147 | 4,110 | 4,110 | | |
| Medical administration and miscellaneous operating expenses | 574 | 599 | 592 | 522 | 524 | 533 | 829 | 827 | 802 | 790 | | |
| Medical center research organizations | 0 | 0 | 0 | 0 | 0 | 0 | 232 | 0 | 0 | 0 | | |
| Total medical programs | 199,305 | 198,872 | 196,856 | 198,557 | 200,764 | 204,658 | 209,875 | 208,858 | 205,899 | 206,154 | | |
| Construction programs | | | | | | | | | | | | |
| Construction, major projects | 38 | 42 | 41 | 50 | 36 | 50 | 50 | 26 | 50 | 50 | | |
| Construction, minor projects | 851 | 901 | 830 | 779 | 703 | 610 | 72 | 72 | 80 | 80 | | |
| Total construction programs | 889 | 943 | 871 | 829 | 739 | 660 | 122 | 98 | 130 | 130 | | |
| General operating expenses | | | | | | | | | | | | |
| Veterans Benefits Administration | 13,126 | 12,872 | 12,714 | 12,681 | 13,077 | 13,861 | 13,796 | 13,535 | 13,220 | 13,032 | | |
| National Cemetery System | 1,197 | 1,202 | 1,199 | 1,199 | 1,238 | 0 | 0 | 0 | 0 | 0 | | |
| General administration | 4,059 | 4,014 | 3,818 | 3,427 | 3,455 | 3,036 | 3,087 | 2,997 | 2,922 | 2,903 | | |
| Total general operating expenses | 18,382 | 18,088 | 17,731 | 17,307 | 17,770 | 16,897 | 16,883 | 16,532 | 16,142 | 15,935 | | |
| National Cemetery System | 0 | 0 | 0 | 0 | 0 | 1,292 | 1,313 | 1,311 | 1,340 | 1,340 | | |
| Office of Inspector General | 0 | 0 | 0 | 383 | 384 | 404 | 428 | 411 | 400 | 399 | | |
| Office of Acquisition and Material Management | 577 | 529 | 547 | 624 | 617 | 660 | 676 | 589 | 466 | 419 | | |
| Total Non-exempt employment | 219,153 | 218,432 | 216,005 | 217,700 | 220,274 | 224,571 | 229,297 | 227,799 | 224,377 | 224,377 | | |
| Exempt | | | | | | | | | | | | |
| Medical care cost recovery | 0 | 0 | 0 | 0 | 1,223 | 1,636 | 2,066 | 2,149 | 2,275 | 2,275 | | |
| Canteen service revolving fund | 3,346 | 3,306 | 3,207 | 3,122 | 3,005 | 3,026 | 3,065 | 3,114 | 3,250 | 3,425 | | |
| Total Department of Veterans Affairs | 222,499 | 221,738 | 219,212 | 220,822 | 224,502 | 229,233 | 234,428 | 233,062 | 229,902 | 230,077 | | |

(Figure 7)

| Selected Workloads - (Existing Legislation) | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| Benefits programs: | | | | | | | | | | | |
| Compensation and pensions: | | | | | | | | | | | |
| Average number of cases (000's) | 3,848 | 3,761 | 3,686 | 3,614 | 3,545 | 3,461 | 3,396 | 3,350 | 3,320 | 3,294 | |
| Compensation - Veterans | 2,218 | 2,205 | 2,194 | 2,188 | 2,181 | 2,178 | 2,189 | 2,205 | 2,227 | 2,247 | |
| - Survivors | 379 | 326 | 326 | 321 | 319 | 315 | 312 | 308 | 305 | 303 | |
| Pensions - Veterans | 642 | 616 | 592 | 571 | 546 | 509 | 475 | 449 | 428 | 409 | |
| - Survivors | 659 | 614 | 574 | 534 | 499 | 469 | 420 | 388 | 360 | 335 | |
| Burial benefits: | | | | | | | | | | | |
| Number of burial allowances | 126,642 | 132,596 | 116,955 | 116,456 | 116,864 | 97,458 | 103,726 | 103,728 | 102,800 | 102,100 | |
| Number of burial flags | 401,913 | 373,028 | 356,920 | 346,795 | 111,458 | 8,350 | 452,898 | 464,857 | 475,700 | 486,200 | |
| Number of burial plot allowances | 311,510 | 334,991 | 334,674 | 316,436 | 426,589 | 85,225 | 85,660 | 85,287 | 84,200 | 83,500 | |
| Headstone/marker applications processed | 306,406 | 310,549 | 312,260 | 315,375 | 303,883 | 321,373 | 333,346 | 315,383 | 346,000 | 340,000 | |
| Number of interments | 53,665 | 52,216 | 58,354 | 61,372 | 62,578 | 65,000 | 67,329 | 68,636 | 70,319 | 72,224 | |
| Readjustment benefits: | | | | | | | | | | | |
| Number of trainees (000's) | 441 | 439 | 349 | 432 | 378 | 673 | 473 | 499 | 555 | 574 | |
| Vietnam era veterans | 239 | 203 | 164 | 86 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sons and daughters | 43 | 41 | 39 | 38 | 37 | 37 | 36 | 36 | 35 | 34 | |
| Spouses and widow(ers) | 5 | 5 | 5 | 5 | 4 | 5 | 4 | 5 | 5 | 5 | |
| Vocational rehabilitation | 25 | 25 | 27 | 28 | 34 | 36 | 41 | 44 | 48 | 49 | |
| Peacetime veterans | 0 | 6 | 24 | 102 | 143 | 434 | 246 | 284 | 339 | 356 | |
| Reservists | 52 | 73 | 91 | 102 | 104 | 115 | 110 | 104 | 109 | 116 | |
| Post-Vietnam trainees | 77 | 87 | 83 | 71 | 56 | 46 | 36 | 26 | 19 | 14 | |
| Education loan fund: | | | | | | | | | | | |
| Education loans granted | 26 | 15 | 12 | 13 | 0 | 0 | 0 | 0 | 3 | 3 | |
| Vocational rehabilitation fund (000's): | | | | | | | | | | | |
| Vocational rehabilitation loans granted | 0 | 0 | 0 | 0 | 5 | 5 | 5 | 5 | 5 | 5 | |
| Loan guaranty fund revolving fund | | | | | | | | | | | |
| Number of guaranteed or insured, manufactured home loans closed | 479,491 | 234,709 | 189,705 | 113,485 | 313 | 49 | 24 | 13 | 30 | 30 | |
| Post-Korean conflict veterans and all other | 190,013 | 102,156 | 89,015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Vietnam era conflict veterans | 200,994 | 84,564 | 60,702 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| World War II veterans | 16,238 | 6,390 | 4,123 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Servicemen | 72,246 | 41,599 | 35,865 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Guaranty and indemnity fund (000's): | | | | | | | | | | | |
| Number of guaranteed or insured loans closed | 0 | 0 | 0 | 114,239 | 180,852 | 285,587 | 394,872 | 500,331 | 293,565 | 325,565 | |

(Figure 8)

| | Selected Workloads - (Existing Legislation) | | | | | | | | | | |
|--------------------------------------|---|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|--|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | |
| Direct loan fund: | | | | | | | | | | | |
| Number of direct loans closed | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 1 | 1 | |
| Insurance programs | | | | | | | | | | | |
| Insurance policies in force (000's): | | | | | | | | | | | |
| Veterans | 7,130 | 6,991 | 6,865 | 6,723 | 6,562 | 6,287 | 6,038 | 5,789 | 5,567 | 5,395 | |
| Servicepersons | 3,616 | 3,507 | 3,381 | 3,293 | 3,195 | 3,091 | 2,990 | 2,884 | 2,774 | 2,653 | |
| Medical programs: | | | | | | | | | | | |
| Inpatient workloads (VA & Non-VA) | 3,514 | 3,484 | 3,484 | 3,430 | 3,367 | 3,196 | 3,048 | 2,905 | 2,793 | 2,742 | |
| Hospital care | | | | | | | | | | | |
| Admissions | 1,653,628 | 1,667,304 | 1,609,120 | 1,605,993 | 963,274 | 943,252 | 929,664 | 919,454 | 916,445 | 914,019 | |
| Census | 54,994 | 53,171 | 49,977 | 47,586 | 44,928 | 43,509 | 42,370 | 40,624 | 39,780 | 39,280 | |
| Patients treated | 1,107,048 | 1,116,681 | 1,053,942 | 1,033,956 | 1,007,170 | 988,203 | 974,102 | 962,531 | 955,900 | 952,974 | |
| Nursing home care (VA and Non-VA) | | | | | | | | | | | |
| Admissions | 50,178 | 50,908 | 41,333 | 41,401 | 42,660 | 40,197 | 46,649 | 45,597 | 47,698 | 49,331 | |
| Census | 31,727 | 32,415 | 29,769 | 29,660 | 30,534 | 31,078 | 32,564 | 33,656 | 34,526 | 35,811 | |
| Patients treated | 81,608 | 83,676 | 73,081 | 71,026 | 72,551 | 71,422 | 75,635 | 79,337 | 80,843 | 83,685 | |
| Domestic care (VA and Non-VA) | | | | | | | | | | | |
| Admissions | 11,254 | 13,481 | 14,101 | 15,196 | 15,168 | 14,832 | 15,209 | 14,555 | 14,880 | 15,214 | |
| Census | 10,022 | 10,087 | 10,148 | 10,258 | 10,231 | 9,882 | 9,641 | 9,568 | 9,691 | 9,867 | |
| Patients treated | 21,953 | 24,018 | 24,825 | 25,670 | 25,675 | 25,501 | 25,374 | 24,666 | 24,998 | 25,518 | |
| Outpatient workloads | | | | | | | | | | | |
| Medical visits (000) | 21,890 | 23,232 | 22,643 | 22,602 | 23,039 | 24,195 | 24,406 | 25,442 | 25,900 | 26,300 | |
| Staff | 20,093 | 21,473 | 21,020 | 21,399 | 21,937 | 23,082 | 23,314 | 24,419 | 24,900 | 25,300 | |
| Fee | 1,797 | 1,799 | 1,623 | 1,203 | 1,102 | 1,113 | 1,092 | 1,023 | 1,000 | 1,000 | |
| Dental: | | | | | | | | | | | |
| Staff Examinations | 176,570 | 186,632 | 183,635 | 183,695 | 187,413 | 198,382 | 200,000 | 206,499 | 205,000 | 205,000 | |
| Staff Treatments | 141,429 | 142,207 | 142,576 | 143,738 | 136,884 | 144,431 | 145,000 | 146,262 | 145,000 | 145,000 | |
| Fee cases authorized | 20,112 | 19,507 | 19,737 | 15,349 | 15,344 | 22,078 | 18,341 | 16,847 | 16,500 | 16,500 | |
| CHAMPVA: | | | | | | | | | | | |
| Hospital average census | 311 | 300 | 238 | 240 | 236 | 222 | 213 | 224 | 235 | 235 | |
| Outpatient fee visits | 320,391 | 343,941 | 384,917 | 301,897 | 481,414 | 600,000 | 422,922 | 843,754 | 900,000 | 900,000 | |

Workload reflects more accurate reporting for Dental and CHAMPVA program beginning in 1985.

Beginning in 1987, workloads reflect the reclassification of one-day dialysis treatment of ambulatory patients as an outpatient procedure rather than a one-day hospital admission.

(Figure 9)

Proposed Legislation
(dollars in thousands)

The following items with budgetary impact are included in the President's legislative program for the First Session of the 104th Congress

| | FY 1996 | | FY 1997 | | FY 1998 | | FY 1999 | | FY 2000 | | Five Year Total | |
|--|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|
| | BA | Outlays | BA | Outlays | BA | Outlays | BA | Outlays | BA | Outlays | BA | Outlays |
| Medicare and Medicaid: | | | | | | | | | | | | |
| o FY 1996 reauthorization COLA increase effective December 1, 1995 | \$399,500 | \$339,300 | \$444,100 | \$443,200 | \$443,200 | \$441,800 | \$441,800 | \$440,200 | \$440,200 | \$440,200 | \$438,800 | \$4,108,600 |
| o FY 1997-2000 anticipated compensation COLA increase | \$0 | \$0 | \$293,800 | \$236,400 | \$277,600 | \$1,369,600 | \$1,223,500 | \$1,857,600 | \$1,856,300 | \$1,857,700 | \$4,497,700 | \$4,177,600 |
| o Subtotal, COLA increase | \$399,500 | \$339,300 | \$837,900 | \$779,600 | \$1,230,900 | \$1,811,400 | \$1,665,300 | \$2,297,800 | \$2,296,500 | \$2,296,500 | \$6,636,500 | \$6,286,200 |
| Other Compensation and Pensions Legislation: | | | | | | | | | | | | |
| o Round down compensation COLA and provide 1/2 COLA for certain DDC recipients | (\$29,500) | (\$29,500) | (\$7,000) | (\$12,400) | (\$12,400) | (\$160,400) | (\$160,400) | (\$19,500) | (\$19,500) | (\$19,500) | (\$81,900) | (\$81,900) |
| o Adjust the monthly pension limitation for certain recipients of Federal Government pension benefits | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend VA authority to verify income data with IRS and SSA | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Subtotal, Compensation and Pensions (Other) | (\$29,500) | (\$29,500) | (\$7,000) | (\$12,400) | (\$12,400) | (\$160,400) | (\$160,400) | (\$19,500) | (\$19,500) | (\$19,500) | (\$81,900) | (\$81,900) |
| Readjustment Benefits | | | | | | | | | | | | |
| o Maintain GI Bill benefit COLA at 50 percent | (\$12,547) | (\$12,547) | (\$26,537) | (\$40,364) | (\$40,364) | (\$55,126) | (\$55,126) | (\$67,292) | (\$67,292) | (\$67,292) | (\$202,165) | (\$202,165) |
| o Subtotal, Readjustment Benefits | (\$12,547) | (\$12,547) | (\$26,537) | (\$40,364) | (\$40,364) | (\$55,126) | (\$55,126) | (\$67,292) | (\$67,292) | (\$67,292) | (\$202,165) | (\$202,165) |
| Housing Programs | | | | | | | | | | | | |
| o Low Cost/Quality Lending Account | \$0 | (\$99,622) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$99,622) |
| o Repeat restriction of collection of loan guaranty debt | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Guaranty and Indemnity Program Subsidy | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o The savings shown in the President's Budget reflect the interactive effects of the three proposed extensions of the CDBA statute | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend authority to charge 2 percent fee for multiple-use loans with less than 5 percent downpayment ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend authority for inclusion of rental loss in the net value calculation ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend authority to collect .75 percent fee increase ** | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Subtotal, Guaranty and Indemnity Program Subsidy | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Reflect savings if Front-end subsidy for the CDBA statute | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Low Cost/Quality Program Subsidy | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) |
| o Recycle a ten percent downpayment and a ten percent downpayment on manufactured home loans | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) |
| o Subtotal, Loan Guaranty Program Subsidy | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) |
| Total Housing Programs | (\$22) | (\$99,644) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) | (\$22) |
| Medicaid Cost Recovery - Receipts | | | | | | | | | | | | |
| o Extend authority to recover costs from health insurers for treatment of non-service-connected disabilities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend 20% DRG-level rates | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| o Extend authority to recover pharmacy and other copayments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Medicaid Cost Recovery - Receipts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Proposed Legislation | \$377,451 | \$307,699 | \$777,341 | \$669,941 | \$1,157,113 | \$1,609,813 | \$1,490,654 | \$2,144,954 | \$2,144,954 | \$2,144,954 | \$774,678 | \$3,499,909 |

(Figure 10)

**REPORT TO THE COMMITTEE ON THE BUDGET FROM
THE COMMITTEE ON VETERANS' AFFAIRS ON THE
BUDGET PROPOSED FOR FISCAL YEAR 1997, SUBMIT-
TED ON MARCH 18, 1996**

**SUMMARY TABLE:
ESTIMATES OF COMMITTEE ON VETERANS' AFFAIRS
FOR FISCAL YEAR 1997 BUDGET**

[\$ in millions]

| Department of Veterans Affairs | FY 1995 Enacted | FY 1996 Con- ference Action | FY 1997 Committee Estimates | Change (Esti- mates minus Conference) |
|--|--------------------|--------------------------------|-----------------------------------|---|
| Veterans Benefits Administration | | | | |
| Compensation and Pensions | \$17,627 | ^a \$18,331 | \$18,845 | \$514 |
| Readjustment Benefits | 1,287 | 1,345 | 1,382 | 37 |
| Housing Programs | 675 | 645 | 645 | 0 |
| All Others | 26 | 25 | 26 | 1 |
| Total, Veterans Benefits | 19,616 | ^a 20,346 | 20,898 | 552 |
| Veterans Health Administration: | | | | |
| Medical Care | 16,165 | 16,564 | 17,069 | 505 |
| Medical & Prosthetic Research | 252 | 257 | 267 | 10 |
| MAMOE | 70 | 64 | 66 | 2 |
| Health Professional Scholarship | 10 | 0 | 10 | 10 |
| Total, VHA | 16,497 | 16,885 | 17,412 | 527 |
| Departmental Administration | | | | |
| Construction, Major Projects | 354 | 136 | 315 | 179 |
| Construction, Minor Projects | 153 | 190 | 200 | 10 |
| Grants & Parking | 69 | 48 | 51 | 3 |
| Subtotal Construction | 576 | 374 | 566 | 192 |
| General Operating Expenses: | | | | |
| VBA | 676 | 666 | 684 | 18 |
| General Administration | 214 | 214 | 217 | 3 |
| Subtotal GOE | 890 | 880 | 901 | 21 |
| National Cemetery System | 73 | 73 | 80 | 7 |
| Office of Inspector General | 32 | 31 | 32 | 1 |
| Subtotal NCS and OIG | 105 | 104 | 112 | 8 |
| Total, Departmental Administration | 1,571 | 1,358 | 1,579 | 221 |
| Total, Department of Veterans Affairs | \$37,684 | ^a \$38,589 | \$39,889 | \$1,300 |

^a Reflects \$681.6 million supplemental appropriation for compensation benefits mainly due to COLA increase (Public Law 104-57).

BACKGROUND AND COMMITTEE RECOMMENDATIONS

DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

The Committee begins its consideration of a fiscal year 1997 budget for medical care at a time that VA medical care funding for the duration of fiscal year 1996 is not yet assured.

Veterans' Medical Care

Despite funding uncertainties, the VA health care system is undergoing a strategic redirection. Changes are occurring at all levels, ranging from reorganization of its "headquarters" and regional offices to a far-reaching decentralization. An organization which has long attempted to be a hierarchical, centralized system of decision-making and operations is being transformed into a more functionally integrated and decentralized management entity. Re-engineering principles have been applied to identified patient referral networks resulting in the management consolidation of 17 VA medical centers. The transformation is not simply organizational. It is changing the way the VA delivers health care to veterans.

An illustration of the Department's emphasis upon improved service-delivery is its expansion of ambulatory care through the use of primary care teams. The VA estimates that nearly 45 percent of its patients have been assigned to primary care teams and aspires to 100 percent assignment of patients as a goal for fiscal year 1997. This can be accomplished through the expansion of telephone triaging systems and through the expanded use of primary care providers which would include greater reliance upon family practice physicians, nurse practitioners, physician assistants and other health care extenders. The pace of change to expanded ambulatory care will differ among VA facilities due to facility missions, patient population, geographic location and availability of trained ambulatory care providers, but the Committee is encouraged to learn that the VA will attempt to meet this goal to have all of its patients assigned to primary care services by the end of this calendar year.

Mirroring changing practice patterns in the community, ambulatory care has become increasingly important in VA health care delivery. Since 1985, VA outpatient visits have increased 40 percent, from 19.6 million to 27.5 million. During the same period, the VA has reduced the number of hospital beds it operates by 35 percent, from 78,357 to 50,788 and hospital discharges have dropped during that period from more than 1 million to just under 874,000. Although the VA has made significant progress in this area, it should consider opportunities for further bed closures, where possible.

As the VA moves toward managed care, these principles should also be applied to behavioral sciences programs and the delivery of mental health care. The VA should promote greater reliance upon outpatient care and look toward reduction of lengths of stay for certain psychiatric diagnoses, where appropriate.

The newly implemented network structure, the Veterans Integrated Service Network (VISN), should provide the VA with a blueprint for further streamlining and improved service-delivery. The

VA's new networks are expected to be agents of change, replacing the individual medical center as the basic budgetary and planning unit of health delivery and function. The challenge is to manage that change so "restructuring" efforts do not compromise patient care. It is the Committee's view that medical care funding should continue at a level in fiscal year 1997 which allows the VA to continue its shift toward less costly and more efficient ambulatory care while maintaining the quality of care it delivers to eligible veterans. A substantial increase in funding above the level of the fiscal year 1996 conference report is needed, however, to enable the VA to make the positive changes needed to ensure the integrity of the VA health care system for current and future veteran patients. The Committee recommends a Medical Care funding level for fiscal year 1997 of \$17 billion, \$500 million above the conference report level.

The VA has instituted substantial change even as it has reduced medical care staffing. Since 1993, the VA has reduced that staffing by some seven thousand positions. At the same time as the VA has been closing hospital wards and increasing its capacity to provide ambulatory care, the health care profile of the veteran population is changing. The veteran population is rapidly aging and declining. From 1996 until 2000, the number of veterans who are 65 and older will increase 3.3 percent, from 9 million to 9.3 million and the number who are 85 and older will increase 63 percent from 259,000 to 422,000. However, during this period the total number of veterans will decline from 26 million to 24 million.

Older veterans require more care and care that is more costly. While the VA has taken important steps to expand its ambulatory care capacity to treat its patients, the VA has not aggressively expanded programs needed by elderly, chronically ill populations, particularly programs which represent alternatives to institutionalization.

In addition to VA's important role in serving a growing population of aging veterans, the Congress has increasingly looked to the VA to respond to the large numbers of veterans among the nation's homeless. To illustrate the scope of that problem, a national survey conducted by the Department and published last month shows that of the more than 29,700 veterans hospitalized on September 30, 1995 by the VA, 6,880 (23 percent) had been homeless at the time of their hospital admission; of those, 4,164 (14 percent) resided in shelters, the streets, or similar circumstances, and the remainder were temporarily "doubled up" with family or friends. Among the heralded homeless programs the VA has mounted or administered since 1987, there has been considerable community interest in and support for a grant program authorized by Congress in Public Law 102-590. Competitive grant awards (and *per diem* payments to grantees) under that initiative enable public, nonprofit and private organizations to establish new programs targeted to treatment, rehabilitation or other assistance for homeless veterans. The Committee recommends that an additional \$5 million be dedicated to this grant and *per diem* program.

The Congress has expected much from the VA health care system. The VA, in turn, must be given resources sufficient to meet

its many responsibilities. The imperative of reaching a balanced budget lends weight to the importance of continued efforts to streamline and reduce unnecessary expenditures. Eligible veterans are owed, at least, a continuation of the level of services the VA has been providing them. (In that regard, the Committee continues to place a high priority on the enactment of legislation to reform provisions of law governing eligibility for VA care.) At the same time the Committee expects further system adjustments to remedy the relative imbalance in resource distribution among VA health care facilities. This maldistribution of resources was highlighted in a February 1996 GAO report, *Facilities' Resource Allocations Could Be More Equitable*.

Medical Research

Research has been a major component of the VA health care system. Opportunities to conduct research with direct clinical application have attracted exceptional physicians to VA employment each year. Successful VA research grant applicants must commit themselves to serving five-eighths to full-time in VA medical facilities, with a research focus that will directly benefit veteran patients. However, budget levels which fail to keep pace with the increased costs of conducting research effectively shrink the number of new research proposals which can be funded, regardless of scientific merit. Funding uncertainties have shaken the confidence of clinician-researchers in the VA as a stable environment in which to combine a clinical practice with high-quality investigation. The potential loss of, or inability to recruit, such physician-researchers would be felt in the quality of care the VA delivers.

The VA research program is not only valuable to the VA, but is also unique in its ability to leverage its funding support several-fold. VA researchers have historically competed very successfully for grant support from other funding sources, ranging from the National Institutes of Health to drug companies. If real spending power for VA research were to decline (as would occur, for example, simply in freezing an existing spending level), the VA could lose several times that amount and with it the augmented care afforded veteran-patients.

The Committee believes research initiatives directed toward patient-centered clinical research, cooperative studies utilizing combined therapies for the treatment of AIDS, and an increased focus on outcomes research are areas that not only will benefit veterans but could have wide application to provision of cost-effective care in both the public and private health arenas. The VA, because of its aging and special populations, should also consider in its overall research efforts the evaluation of emerging technologies in the field of cancer research such as radioimmunodetection (RAID) and radioimmunotherapy (RAIT).

In light of budgetary constraints, the Committee looks forward to the recommendations of the recently established VA Research Realignment Advisory Committee which has been charged with conducting a comprehensive review of the veteran research program. For these reasons, the Committee recommends for fiscal year 1997 an additional \$10 million above the fiscal year 1996 conference re-

port level of \$257 million to allow the program to remain at or near a current services level.

Major Medical Construction

In carrying out its multi-faceted mission, the VA provides care and treatment through networks of facilities which range from small community clinics to complex institutions designed to serve veterans' specialized health care needs. Much of its infrastructure consists of older facilities, many of which fail to meet current expectations of patient privacy, comfort and efficient medical practice.

Modest budgets for major VA construction have for years reflected a competition among the system's diverse needs for construction dollars—modernization of aging facilities, expansion of unmet needs for ambulatory care and nursing home care and new and replacement facilities. Available budget dollars have not kept pace with the system's construction needs, but the Committee believes that VA construction planning should be strengthened and integrated with VISN planning and operations. The Committee continues to support legislation which, in the case of projects that would expand ambulatory care capacity, would raise from \$3 million to \$5 million the current limit on a minor construction project. Given the importance of ambulatory care projects and other facility renovations, the Committee recommends a minor construction level of \$200 million.

The Major Construction budget should receive funding at a level which would allow the Department to address the most serious needs, especially projects which improve ambulatory care capacity, upgrade patient environment, and remedy seismic problems. Thus, the Committee recommends a major construction funding level of \$300 million.

Looking beyond fiscal year 1997, as the VA moves increasingly into managed care and away from bed based care, the Committee expects the VISN Directors to play a pivotal role in the development of strategic plans to address the future construction planning needs of the system. This should be accomplished for the fiscal year 1998 Construction Budget.

In highlighting the role of construction funding in assuring the provision of needed care to veterans, the Committee underscores as well the importance of the State home construction program. In providing construction funding for up to 65 percent of the cost of high-priority projects, VA grant support helps assure that the States can be effective partners in providing critically needed long-term care capacity for our nation's aging veterans. The Committee recommends \$50 million in funding for this program.

VETERANS BENEFITS ADMINISTRATION

The Veterans Benefits Administration (VBA), which processes benefit claims and assists veterans in obtaining benefits, is currently beginning a restructuring program to streamline its operations. The VBA estimates savings will amount to 470 FTEE and \$60 million over six years. The Committee encourages those efforts.

Entitlement Programs

Compensation and Dependency and Indemnity Compensation.—The Committee supports a cost-of-living adjustment (COLA) for compensation and Dependency and Indemnity Compensation recipients based on the COLA calculation for Social Security recipients.

Compensation & Pension Service.—The ability of the VA to provide timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, full funding for computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between the various VA agencies and military service departments. Over the past decade the number of trained personnel in the adjudication division has declined by approximately 40 percent.

The VA is making progress in the direct acquisition of service records from the Armed Forces immediately following separation. The computer modernization project has been subject to significant internal and external scrutiny and the Committee is hopeful that progress will continue. However, the Committee remains concerned about the VA's ability to procure and modernize its benefits information management system without significant outside assistance. The Committee is also concerned about the VA's management structure which does not have the effect of placing overall authority for all the VA computer programs in one individual. The VA has yet to demonstrate that internal changes will ensure modernization is pursued in an efficient and effective manner and in a way that will ensure maximum interface between VBA and VHA information systems. Without a significant improvement in communications, the benefits delivery system will not operate efficiently.

During fiscal year 1995, an average level of 4,558 FTEE adjudicated approximately 2.5 million benefit claims. During the same year, VBA received 2.4 million claims. At the beginning of fiscal year 1995, approximately 385,000 claims were pending at the VA. The VA projects that the backlog of claims will decrease during the current fiscal year to 352,000. In past years, the VA has used significant overtime to reduce the claims backlog. The Committee appreciates the amount of overtime spent to reduce the excessive backlog but notes the high cost associated with such management practices. While the Committee supports the VA management's actions in this regard, it expects future reductions in the claims backlog to be accomplished through improvements in automation, basic business practices and regulatory reform. The Committee notes that the VA predicts a claims processing productivity loss of about 16 percent with a decrease in work hours of less than 8.4 percent as a result of the government shutdown and inclement weather.

Due to Congressional concern regarding the timeliness of claims processing, Public Law 103-446 established the Veterans Claims Adjudication Commission to make recommendations on ways to improve the entire adjudication system. The Committee has received the Commission's initial findings and looks forward to its final recommendations. The Committee intends to move vigorously, in concert with the VA, to improve the system.

At the end of fiscal year 1995, the payment error rate was 2.6 percent. Service errors also remained consistently high at 3.0 percent in fiscal year 1995. Notification accuracy reports show a 4.8 percent error rate. These error rates are likely to continue through the current fiscal year and into fiscal years 1997 and 1998.

At a time when the VA's ability to provide timely and high quality services is crucial, a reduction in FTEE for fiscal year 1997 beyond that accomplished through restructuring for modernization is not acceptable. The Committee also recommends an additional \$2 million for a pilot program to demonstrate a fully automated disability rating and adjudication system, using artificial intelligence and expert systems.

Vocational Rehabilitation and Counseling Program.—The Vocational Rehabilitation and Counseling Program (VR&C) provides rehabilitation and counseling services for eligible veterans, servicemembers, and their dependents. VR&C's primary mission is to provide all services and assistance necessary to enable service-connected disabled veterans to achieve maximum independence in daily living and, to the maximum extent feasible, become employable and obtain and maintain suitable employment. Additionally, VR&C is authorized to provide educational and vocational counseling services to eligible active duty members, veterans, and dependents.

VR&C continues to experience a high volume in applications for Chapter 31 benefits and educational/vocational counseling. This is due, at least in part, to the reduction in size of the Armed Forces and transition programs designed to fully inform separating servicemembers about the VA benefits. Under the Transition Assistance Program/Disabled Transition Assistance Program (TAP/DTAP), counseling and other services are provided by the Departments of Veterans Affairs, Labor, and Defense to assist separating servicemembers in their transition from military service to civilian life. Requests for educational/vocational counseling are expected to increase to 23,000 in the current fiscal year, a two percent increase over the 1995 level.

Despite increased VR&C staffing levels in the last fiscal year, the number of staff still cannot accommodate the workload. Accordingly, VR&C has found it necessary to exercise its authority to use contract counselors. For instance, the "Pending Counseling Psychologist (CP) Workload" category is defined as the number of months necessary to complete all pending counseling cases. The VR&C goal is four months. For fiscal year 1996, the VA projected the pending CP workload to be eight months. Vocational Rehabilitation Specialists (VRS), who work closely with each veteran throughout the rehabilitation period, are projected to have an average caseload of 256 in fiscal year 1996. A VRS caseload of 125 is considered optimal and would enable VRS staff to provide the best possible services to disabled veterans training under Chapter 31.

VR&C's primary purpose is to serve service-connected disabled veterans. The Committee has previously stated and reiterates that it cannot understand why the VA does not accord this program the priority and the resources it clearly deserves. Should the Adminis-

tration propose reductions in FTEE, the Committee would reject any such proposal. Targets established for workloads and timeliness standards obviously cannot be achieved with current staffing levels, and the unacceptable quality of service will likely deteriorate further until FTEE levels are increased. Therefore, the Committee recommends an additional \$4.5 million for fiscal year 1997 to fund an additional 86 FTEE for a total of 800 FTEE.

Education Service.—VA's Education Service is responsible for several programs, most notably the Montgomery GI Bill (MGIB) which provides education assistance benefits to veterans, active duty and National Guard and Reserve personnel.

Consolidation of education claims processing at four Regional Processing Offices (RPO) is nearly complete. However, while fully supportive of the VA's efforts to streamline education operations, the Committee is concerned about the growing backlog of education claims at some RPO's. Further, the VA proposes to move the entire Education Service headquarters staff from Washington to St. Louis, a move the Committee feels would have a highly negative impact on program management and policy development. The Committee recommends funding education program FTEE at a level which would accommodate a four percent increase in workload for fiscal year 1997, but does not support funds for movement of central office staff to St. Louis.

General Operating Expenses

The General Operating Expenses account funds both VBA and the VA's Central Office. VBA administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 60 regional offices or medical and regional office centers. General Administration includes most of the central office functions located in Washington, DC. The Committee recommends for 1997 an appropriation of \$901 million, an increase of \$21 million above the 1996 level. Included in the \$21 million increase is the Committee's recommendation that \$3 million be specifically ear-marked for a Survey of Veterans to allow the VA to continue its series of surveys aimed at delineating the characteristics of the veteran population. Other surveys were conducted during the time periods of 1978, 1979, 1988, and 1993. The data collected from these surveys is extremely useful not only to the VA but to numerous other agencies and research groups. The Survey of Veterans is the only source of data-specific information on VA medical users and provides a snapshot profile of the veteran population for longitudinal comparisons.

BOARD OF VETERANS' APPEALS

The Board of Veterans' Appeals (BVA) continues to experience significant difficulties meeting the production levels needed to reduce the nearly 60,000 case backlog of appeals. At the VA's request, the 103rd Congress provided several new management tools to the Board as a means to increase productivity. In fiscal year 1995, the BVA made 28,195 decisions. Unfortunately, 13,402 of those decisions were remands back to the regional offices. The BVA predicted that it will produce 32,250 decisions in the current fiscal

year, but may fall short due to the recent government shutdown and bad weather.

Clearly, production trends are improving at the BVA, but the BVA's estimated 675 days required to process a claim at the Board in fiscal year 1996 is unacceptable, and is not likely to improve noticeably in the near future. It is also clear that absent a marked decline in appeals from regional office decisions and/or a reduction in administrative requirements, the Board in its current form and scope of responsibility cannot manage the workload.

The BVA states that cases wait only a day or two for a Board member decision once the staff attorneys have completed their work preparing the case. Therefore, it appears that a significant delay in the process is at the staff attorney level, and not at the Board decision level. The Committee supports additional FTEE for staff attorneys from redirected funding so that casework may be completed in a more expeditious manner.

NATIONAL CEMETERY SYSTEM

Currently, 148 cemeterial installations located in 41 states, the District of Columbia and Puerto Rico comprise the National Cemetery System (NCS). Since NCS's establishment, approximately 2.1 million decedents have been interred in national cemeteries and approximately 6.2 million headstones and markers have been furnished.

Between fiscal years 1995 and 2010, the veteran population will decrease by six million (23 percent). As a result, NCS faces an increasing workload at least through fiscal year 2008. During these years, approximately 7.5 million members of the World War II generation will pass away. In fiscal year 1995, the VA predicted that 515,000 veterans would die. In fiscal year 2008, that number is projected to increase to 620,000. Similarly, interments in national cemeteries, including eligible dependents, will increase from 73,600 in fiscal year 1997 to 104,000 in fiscal year 2008. NCS must have both human and material resources to accommodate this increase.

In the current fiscal year, the VA expects to inter the remains of approximately 72,000 veterans, active duty servicemembers and dependents in national cemeteries. The VA expects to process 310,000 gravemarker applications in fiscal year 1996 and 340,000 applications are projected for fiscal year 1997.

Operating Account

To keep pace with increasing workloads, maintenance and repair projects, equipment backlogs, supplies and materials, and uncontrollable miscellaneous expenses, funding should be increased above the fiscal year 1996 spending level, which was the same as the fiscal year 1995 level. The Committee recommends \$80 million for fiscal year 1997 and an additional 60 FTEE.

The VA estimates that staffing shortages in excess of 242 wage grade FTEE and 38 general schedule FTEE will exist in fiscal year 1997. Because of this staffing shortage, enhancement of cemetery appearances, such as filling in graves after rain storms, raising and realigning headstones, mowing and trimming grass and painting

and maintenance of equipment, has become second in priority at NCS and first priority has been given to timely burials. In addition, funding for maintenance and repair of the National Cemetery System's approximately 400 buildings and 100 miles of roads which are essential to maintain the infrastructure of the cemetery system remains a critical issue.

The NCS equipment inventory includes more than 8,000 pieces of equipment with an estimated value of \$23 million. Through an extensive maintenance program, this equipment's longevity has been extended an average of five years beyond its scheduled replacement date. In many instances, however, it is no longer economical to maintain the equipment. With funding that was available in this fiscal year, the backlog for essential operating equipment will increase to approximately \$9 million. The Committee recommends an additional \$4 million for equipment and \$1 million for additional supplies and materials such as fertilizer.

Construction

The VA's construction needs for new and existing cemeteries are addressed through the Major and Minor Construction appropriations. NCS has focused construction planning on providing new cemeteries in areas of the country with the greatest veteran population unserved, extending the life of existing cemeteries through grave site development, and repairing and maintaining the infrastructure of the system.

In a 1987 Report to Congress and an update in 1994, the VA identified the 10 geographic areas of the United States in which the need for additional burial space for veterans was greatest. One of the ten, San Joaquin Valley National Cemetery, in northern California, opened in 1992, while a second, located near Seattle, Washington, was funded with \$10,665,000 in fiscal year 1995. Construction for the new Tacoma National Cemetery, in Washington, has already begun. The fiscal year 1996 budget requested \$5.6 million to develop continued burial capacity at the Florida National Cemetery, which has the highest growth rate of any cemetery in the system.

Dallas received design funds in fiscal year 1995, but still requires construction funds if progress is to continue. Proposed cemetery projects at Albany, Chicago, and Cleveland still require both design and construction funds to proceed. Funding of \$1.4 million for the design of Chicago, \$1 million for design of Albany, and \$1 million for "various station design" is included in the yet to be enacted fiscal year 1996 VA-HUD Appropriations bill. The Committee strongly supports additional major construction funds at a level to allow NCS to remain on schedule for opening the four cemetery projects by 2000.

Minor Construction projects are those costing less than \$3 million. For the next five years, NCS has identified \$90 million in system-wide minor construction projects, however, NCS budgeted only \$9.5 million for these projects in the current fiscal year. The Committee recommends \$20 million in minor construction funding for fiscal year 1997, which would prevent further reallocations of lim-

ited minor construction funds within the VA and permit NCS to meet its minor construction project needs.

Full Time Employee Equivalent (FTEE)

The NCS's workload per FTEE continues to grow. Nationally, the number of interments will continue to increase to another annual record of approximately 73,600 per year in fiscal year 1997. Similarly, the number of grave sites maintained is estimated to reach 2,153,588 in fiscal year 1997. However, the wage grade FTEE have increased only 2.1 percent since 1984. Because the increase in workload is unmatched by FTEE increases, the NCS is continuing to lose ground relative to overall system maintenance. This results in a decrease in the appearance and overall condition of the entire system.

The NCS provides national shrines honoring all those who served in uniform and should be maintained as places of high honor, dignity and respect. Failure to fund the NCS at a reasonable level will only exacerbate future staffing deficiencies and cause additional growth in equipment backlogs at a time when the number of interments in the National Cemetery System are projected to increase drastically due to an aging veteran population. Therefore, the Committee recommends an additional \$2.5 million to fund 60 additional FTEE for fiscal year 1997, or a similar amount in additional contracting authority.

State Veterans' Cemetery Grant Program

The State Veterans' Cemetery Grant Program makes grants available to assist the states to establish, expand, or improve state-owned veterans cemeteries. The State Cemetery Program is funded at \$1 million for fiscal year 1996. Since its establishment in 1980, \$40.8 million has been obligated through fiscal year 1995. More than 94 grants have been awarded to 18 states and Guam. The Committee recommends continued funding of this program at a level to satisfy all requests ready for federal funding in fiscal year 1997 at \$1 million.

U.S. COURT OF VETERANS APPEALS

The Veterans' Judicial Review Act, P.L. No. 100-687, (1988), established the U.S. Court of Veterans Appeals (the Court) as an executive branch court. The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, vacate, reverse or remand such decisions as appropriate. The Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of Veterans Affairs. The Court also has the authority to compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed.

In past years, funding for the Court has included resources for the *Pro Bono* Representation program. This program is designed to provide representation to otherwise unrepresented veterans whose appeals to the Court appear to have sufficient merit under law and warrant the Court's attention.

Despite the fact that the Court has indicated it does not wish to have the program funded from its resources, the Committee is fully supportive of the *Pro Bono* program and believes that, if it is to continue in fiscal year 1997, the program should be funded within the Court's budget.

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. To meet those needs, the Secretary of Labor is required to effectively and vigorously implement policies and programs which increase opportunities for veterans to obtain employment, job training, counseling and job placement services. Such implementation is accomplished through the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET). The ASVET is the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures which affect veterans.

Disabled Veterans' Outreach Program

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

Under section 4103A, title 38, United States Code, the Secretary of Labor is required to annually make available for use in each State sufficient funds to support the appointment of one DVOP specialist for each of the 6,900 veterans residing in the State who are either veterans of the Vietnam era, veterans who entered active duty as a member of the Armed Forces after May 7, 1975, or service-disabled veterans. This formula provides an indicator of anticipated workload and the number of DVOPs required to provide an acceptable level of service to veterans seeking employment assistance. DVOPs are located in employment service offices and outstation sites such as Department of Veterans Affairs regional offices and Vet Centers. The Committee supports full funding for the statutorily mandated 2,008 FTEE.

Local Veterans' Employment Representatives

The Local Veterans' Employment Representative (LVER) program was established to functionally supervise the provision of job

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

Section 4104(a)(1), title 38, United States Code, mandates that the Secretary of Labor make available funding to support the appointment of at least 1,600 full-time LVERs and the states' administrative expenses associated with the appointment of that number of LVERs. The Committee recommends funding for fiscal year 1997 to meet the Congressionally mandated LVER staffing level.

National Veterans Training Institute

The National Veterans Training Institute (NVTI) is operated under contract by the University of Colorado at Denver and provides basic and advanced instruction in veterans employment programs and services. Because this is the only source of formal training for federal and state employees for veterans employment programs, NVTI is vital to the success of those programs. The Committee fully supports a \$3 million funding level.

STATISTICAL DATA—WAR VETERANS AND DEPENDENTS

(AS OF JULY 1, 1995)

AMERICAN REVOLUTION (1775–1784)

| | |
|---|---------|
| Participants | 290,000 |
| Deaths in service..... | 4,000 |
| Last veteran died Apr. 5, 1869..... | Age 109 |
| Last widow died Nov. 11, 1906..... | Age 92 |
| Last dependent died Apr. 25, 1911 | Age 90 |

WAR OF 1812 (1812–1815)

| | |
|--|-------------|
| Participants | 287,000 |
| Deaths in service..... | 2,000 |
| Last veteran died May 13, 1905..... | Age 105 |
| Last widow died June 28, 1936..... | Age unknown |
| Last dependent died Mar. 12, 1946..... | Age 89 |

INDIAN WARS (Approx. 1817–1898)

| | |
|---------------------------------------|---------|
| Participants | 106,000 |
| Deaths in service..... | 1,000 |
| Last veteran died June 18, 1973 | Age 101 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

| | |
|------------------------|---|
| Surviving spouses..... | 3 |
| Children | 2 |

MEXICAN WAR (1846–1848)

| | |
|---------------------------------------|--------|
| Participants | 79,000 |
| Deaths in service..... | 13,000 |
| Last veteran died Sept. 3, 1929..... | Age 98 |
| Last widow died June. 20, 1963 | Age 89 |
| Last dependent died Nov. 1, 1962..... | Age 94 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

| | |
|------------------------|-----|
| Surviving spouses..... | 475 |
| Children | 28 |
| Veterans..... | 29 |

CIVIL WAR (1861–1865)

(Confederate)

| | |
|--|------------|
| Participants..... | *1,000,000 |
| Deaths in service..... | *133,821 |
| Last Confederate veteran died Mar. 16, 1958..... | Age 112 |

(Union)

| | |
|---|-----------|
| Participants | 2,213,000 |
| Deaths in service..... | 364,000 |
| Last Union veteran died Aug. 2, 1956..... | Age 109 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|----|
| Surviving spouses..... | 2 |
| Children | 22 |

SPANISH-AMERICAN WAR (1898–1902)

| | |
|---------------------------------------|---------|
| Participants | 392,000 |
| Deaths in service..... | 11,000 |
| Last veteran died Sept. 10, 1992..... | Age 106 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|-------|
| Surviving spouses..... | 1,131 |
| Children | 425 |

WORLD WAR I (1917–1918)

| | |
|------------------------|-----------|
| Participants | 4,744,000 |
| Deaths in service..... | 116,000 |
| Living veterans# | 13,000 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|--------|
| Parents..... | 4 |
| Surviving spouses..... | 78,909 |
| Children | 8,295 |
| Veterans..... | 2,838 |

WORLD WAR II (Sept. 16, 1940–July 25, 1947)

| | |
|------------------------|--------------------------|
| Participants | ^a 16,535,000 |
| Deaths in service..... | 406,000 |
| Living veterans..... | ^{b c} 7,433,000 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|---------|
| Parents..... | 6,019 |
| Surviving spouses..... | 327,885 |
| Children | 22,128 |
| Veterans..... | 960,910 |

KOREAN CONFLICT (June 27, 1950–Jan. 31, 1955)

| | |
|------------------------|------------------------------|
| Participants | ^{a d} 6,807,000 |
| Deaths in service..... | 55,000 |
| Living veterans..... | ^{b c e i} 4,499,000 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|---------|
| Parents..... | 3,782 |
| Surviving spouses..... | 71,616 |
| Children..... | 5,317 |
| Veterans..... | 290,380 |

VIETNAM ERA (Aug. 5, 1964–May 7, 1975)

| | |
|------------------------|------------------------------|
| Participants..... | ^d 9,200,000 |
| Deaths in service..... | 109,000 |
| Living veterans..... | ^{b e h i} 8,273,000 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|---------|
| Parents..... | 9,425 |
| Surviving spouses..... | 90,683 |
| Children..... | 18,807 |
| Veterans..... | 766,393 |

PERSIAN GULF WAR (Aug. 2, 1990–date)

| | |
|------------------------|--------------------------|
| Participants..... | ^f 3,700,000 |
| Deaths in service..... | ^g 6,526 |
| Living veterans..... | ^{h i} 1,450,000 |

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION
ROLLS

| | |
|------------------------|---------|
| Parents..... | 263 |
| Surviving spouses..... | 2,636 |
| Children..... | 4,103 |
| Veterans..... | 134,376 |

AMERICA'S WAR TOTALS THROUGH JULY 1, 1995

| | |
|-------------------------------|-------------------------|
| Participants##..... | ^f 41,746,000 |
| Deaths in service..... | ^g 1,087,526 |
| Living war veterans..... | 20,169,000 |
| Living ex-servicemembers..... | 26,198,000 |

TOTAL VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

| | |
|------------------------|------------------------|
| Parents | ^l 23,406 |
| Surviving spouses..... | ^m 612,743 |
| Children | ^k 70,501 |
| Veterans | ^j 2,668,576 |

Living veterans does not include World War I veterans with military service in other eras.

Persons who served in more than one war period are counted only once.

* Authoritative statistics for Confederate forces not available. Estimated 28,000 Confederate personnel died in Union prisons.

** Children connotes a minor or a helpless adult.

^a Includes 1,476,000 who served in World War II and the Korean conflict.

^b Includes 217,000 who served in World War II, the Korean conflict, and the Vietnam era.

^c Includes 518,000 who served in both World War II and the Korean conflict.

^d Includes 887,000 served in the Korean conflict and the Vietnam era.

^e Includes 303,000 who served in both the Korean conflict and the Vietnam era.

^f Thru end of December 1995.

^g During fiscal years 1991 thru 1995 for Persian Gulf War.

^h Includes 244,000 who served in both Persian Gulf War and the Vietnam era.

ⁱ Includes small number who served in the Persian Gulf War, Vietnam era, and the Korean conflict.

^j Includes 513,644 peacetime veterans with service between January 31, 1955, and August 5, 1964; peacetime veterans with service beginning after May 7, 1975, and all other peacetime periods; 5 World War I Retired Emergency Officers and 1 Peacetime Special Act.

^k Includes 11,374 children of deceased peacetime veterans.

^l Includes 3,913 parents of deceased peacetime veterans.

^m Includes 39,403 surviving spouses of deceased peacetime veterans.

NOTE: Figures on the number of living veterans reflect final 1990 Census data and include only veterans living in the U.S. Detail may not add to total due to rounding.

