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U.S. House of Representatives

COMMITTEE ON VETERANS' AFFAIRS

ONE HUNDRED ELEVENTH CONGRESS

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WASHINGTON, DC 20515

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March 13, 2009

Honorable John Spratt
Chairman
Committee on the Budget
207 Cannon House Office Building
U.S. House of Representatives
Washington, DC 20515

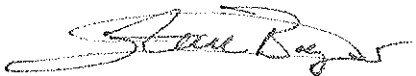
Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974, House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, I herewith submit to the Committee on the Budget the Views and Estimates of the Republican Members of the Committee on Veterans' Affairs regarding the Administration's fiscal year (FY) 2010 budget request for the Department of Veterans Affairs (VA) with regard to programs and matters within the jurisdiction of the Committee.

The Republican Views and Estimates address the major areas of focus that are critical to fulfilling our nation's commitment to veterans. This document reflects our enduring priorities, which include: providing care to veterans with service-connected disabilities, those with special needs, and the indigent; ensuring a seamless transition from military service to VA; and providing veterans with every opportunity to lead full, healthy lives. As you are aware, the Administration is still developing the details its FY 2010 budget request. The budget summary it provided did not address the funding for any specific VA program or activity. Therefore, please note that in formulating the attached Views and Estimates, Republican Members of the Committee relied on FY 2009 appropriated amounts as a baseline for their recommendations.

We look forward to working with our Committee's Majority Members as well as the Members of the Budget Committee to put forth a budget that will honor and enhance the lives of our nation's veterans, as well as remain fiscally responsible to the American taxpayer.

Sincerely,



Steve Buyer
Ranking Republican Member



Cliff Stearns
Deputy Ranking Republican
Member

Jerry Moran

Jerry Moran
Committee Member

Henry E. Brown, Jr.

Henry E. Brown, Jr.
Ranking Republican Member
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Jeff Miller

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Brian P. Bilbray

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Gus M. Bilirakis

Gus M. Bilirakis
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Vern Buchanan

Vern Buchanan
Committee Member

David P. Roe

David P. Roe
Ranking Republican Member
Subcommittee on Oversight and
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cc: The Honorable Bob Filner, Chairman, House Committee on Veterans' Affairs
The Honorable Paul Ryan, Ranking Member, House Committee on the Budget

COMMITTEE ON VETERANS' AFFAIRS
REPUBLICAN VIEWS AND ESTIMATES FOR FISCAL YEAR 2010

March 13, 2009

OVERVIEW

For veteran's healthcare and program costs in fiscal year (FY) 2010, the Republican Members of the Committee on Veterans' Affairs recommend \$1.9 billion above the Administration's request for FY 2010. This represents a \$550 million increase in discretionary spending and a \$1.36 billion increase in direct spending for veterans' programs.

The Republican Members further recommend out-year funding for veterans discretionary programs as follows: \$58.4 billion for FY 2011, \$63.6 billion for FY 2012, \$68.7 billion for FY 2013, and \$72.8 billion for FY 2014, a total increase of \$14.6 billion over the Administration's projections. These more realistic estimates would adequately fund VA for the five year period, assuming medical inflation of 2.6% and increased workloads due to the restoration of health care eligibility for many priority 8 veterans, the drawdown in Iraq, and increased demand for VA health care from the economic downturn. We believe the Administration's out-year funding projections would result in serious budget shortfalls for veterans' healthcare.

The Administration's budget submission contains only a request for overall levels of funding for the Department of Veterans Affairs (VA), and a detailed request for FY 2010 will not be submitted to Congress until sometime in April. Consequently, an in-depth analysis of the Administration's budget request is not possible at this time, and these views and estimates may be subject to revision when more information is available from VA. We recommended increases for the specific accounts use FY 2009 appropriated funding levels as a baseline.

Department of Veterans Affairs

Veterans Benefits Administration

Disability Compensation and Pension Service – The Republican Members are deeply concerned about the growing size of the backlog of claims for disability compensation. Despite large increases in staffing at the compensation and pension service (C&P), the backlog of pending claims continues to grow. There must be greater emphasis on training and accountability with new employees. Because rating specialists require an average of two years before becoming fully productive, comprehensive training is crucial. Therefore, the Republican Members recommend an additional \$16 million for Training and Performance Support Systems, and an additional \$4 million for skills certification for C&P employees as described in P.L. 110-389. The Republican Members also recommend at least an additional \$2.5 million to fund 30 additional FTEE for VBA's National Training Academy in Baltimore, Maryland.

The Republican Members recognize that additional direct compensation FTEE alone will not the improve quality, accuracy, consistency, and timeliness in claims processing without

corresponding increases in quality checks and business processing improvement. Therefore, we make the following recommendations to address this issue:

Systematic Technical Accuracy Review (STAR) Reviews – STAR reviews are one of many ways that VBA reviews the quality of their rating decisions. Despite the recent increase in the number of STAR reviews, Republican Members believe that too much emphasis continues to be placed on just quantity rather than on both quality and production. Deciding claims correctly the first time should be the emphasis, even if the initial adjudication period is somewhat longer. We recommend at least additional \$8 million to increase the number of STAR reviews and the FTEE that conduct STAR training at regional offices.

Rules Based Paperless Adjudication System - Additional staffing and training will not alone reduce the backlog. VBA plans to enhance its use of information technology to enhance claims processing abilities. They have begun this by funding a paperless claims processing initiative, known as Virtual VA, which will reduce reliance on burdensome paper claims files. Additionally, VBA must utilize rules-based technology to help claims adjudicators make rating decisions in a more accurate and timely manner. To replace the complicated, paper-driven process that is more than twenty-five years old, the Republican Members support such an initiative. This reflects our long-held position favoring increased use of information technology, and we recommend at least an additional \$170 million to fund this initiative.

Veterans Choice in Filing Pilot Program – The Republican Members also recommend \$5 million for a two-year pilot program in which veterans who live in the jurisdiction of VA regional offices in New York, New York; Newark, New Jersey; Atlanta, Georgia; and Detroit, Michigan would be able to submit disability claims to any VA regional office for adjudication. This pilot program would allow veterans to have their claims adjudicated at a VA regional office with a favorable performance record.

Concurrent Receipt – The Administration’s budget request proposes concurrent receipt for veterans who are medically retired and eligible for VA disability compensation. The Republican Members support eligibility for concurrent receipt of disability benefits from VA in addition to Department of Defense retirement benefits.

Economic Security Programs -- The GI Bill and the VA Vocational Rehabilitation and Employment (VR&E) program are designed to ultimately lead to gainful employment and productive lives for those veterans who are able to work. The VA Loan Guaranty program is designed to enable veterans to be a part of the American ideal of home-ownership, and VA insurance programs provide survivors with a measure of financial security. The VA Specially Adapted Housing and Adapted Auto grants provide severely disabled veterans increased mobility in and out of the home and for many severely disabled veterans make it possible for them to continue their working careers.

Increase in Vocational Rehabilitation Stipend - We must improve education and training opportunities for unemployed veterans to provide them with skills relevant to today's job market. We recommend \$357 million to allow an increase in the basic VR&E subsistence allowance from \$541 to \$1,200 per month. H.R. 297, to increase the VR&E subsistence allowance, would authorize such an increase to provide an adequate allowance for veterans and their families during participation in the program.

Re-authorize the VA Small Business Loan Program - Because small business creates the vast majority of jobs, we recommend reauthorization of VA's expired small business loan guaranty program with sufficient resources to guarantee \$1 billion in new loans to veteran-owned small businesses. H.R. 294, the Veteran-Owned Small Business Promotion Act of 2009, would authorize an updated small business loan guarantee. We also recommend \$400,000 in funding to support an additional 5 FTEE to manage the program, which would be operated under contract in a manner similar to VA's Insurance programs.

Improve SAH Funding - To improve the lives of severely injured veterans, we recommend that the Specially Adapted Housing (SAH) grants be increased to \$180,000 and \$36,000 respectively and the Adapted Auto grant should be increased to \$33,000. H.R. 1169, to improve Specially Adapted Housing, would authorize the increases.

Develop Assistive Technologies - We also recommend sufficient resources for the medical care account to include a grant program that would provide \$2 million per year to encourage development of advanced assistive technologies for the SAH program proposed in H.R. 1170, to develop assistive technologies for specially adapted housing.

Economic Opportunity Administration - The Republican Members believe that we should shift management of programs that promote economic security to a separate VA administration. Therefore, we recommend a budget with sufficient resources to create a fourth administration, the Veterans Economic Opportunity Administration, within the VA to manage the education, vocational rehabilitation and employment, loan guaranty, small business and homeless programs. Other than those related to the initial startup, there would not be significant costs to establish the new administration and it would not expand the federal bureaucracy.

National Cemeteries and Related Agencies

Four departments or agencies within in the Federal Government maintain the final resting place of veterans and dependents. These are the VA's National Cemetery Administration (NCA), which has jurisdiction over 125 national cemeteries; the American Battle Monuments Commission, which has jurisdiction over 25 overseas military cemeteries; the Department of the Army, which has jurisdiction over Arlington National Cemetery and the United States Soldiers and Airman's National Cemetery; and the Department of Interior, which has jurisdiction over historic 14 veteran cemeteries. Republican Members are concerned that with four different agencies overseeing these cemeteries, there are four different standards of upkeep and appearance.

To improve the overall upkeep and appearance at all our veterans' final resting places, we recommend a National Shrine Commitment for all veteran cemeteries. The funding from the commitment would be used on infrastructure projects such as irrigation improvements, renovation of historic structures, headstone cleansing, and road resurfacing. We recommend at least an additional \$300 million to continue the National Shrine Commitment at NCA. Additionally, we recommend at least \$3 million to fund a comprehensive and independent study of the cemeteries under the jurisdiction of other agencies besides NCA. This study would help identify areas that need to be improved to ensure the final resting place of all veterans is maintained in a manner that honors their sacrifices for our country. The Republican Members also recommend that the two open cemeteries under the jurisdiction of the National Parks Service be moved to the jurisdiction of the National Cemetery Administration and recommend at least \$4 million for such a move.

NCA Major Construction and Gravesite Expansion –The Republican Members recommend at least an additional \$125 million to accelerate NCA's five-year strategic plan to fund gravesite expansion. Republican Members also recommend at least an additional \$10 million for land acquisition construction initiative. This program provides the flexibility NCA needs to purchase land for future national cemeteries when it becomes available.

Grants for the Construction of State Cemeteries – The Republican Members also recommend an additional \$10 million for grants for the construction of state cemeteries. This program provides funding to states to build national cemeteries and requires that the state then pay all operation and maintenance costs once the cemetery is built. The program continues to have a waiting list and additional funding would provide better access to veterans cemeteries for veterans and their families.

Veterans Health Administration

Medical Services – The Republican Members recommend \$35.3 billion for medical services which is \$4.3 billion above the enacted FY 2009 amount for this account. This increase accounts for health care inflation, estimated workload, and the following initiatives:

Rural Health Care – We recommend at least a \$605 million increase to implement section 403 of Public Law 110-387 which establishes a three-year pilot program in five Veterans Integrated Service Networks (VISNs) for veterans in highly rural areas who elect to receive healthcare from non-VA healthcare providers;

Prosthetic Limb Program Modernization – We recommend at least a \$100 million increase to modernize VA's prosthetic limb program, especially to meet the needs of the younger and more active amputees with the latest technology. It is vitally important that VA is capable of providing consistent and coordinated state-of-the art care regardless of where the veteran amputee lives;

Mental Health Initiatives – We recommend at least a \$250 million increase to support the progress being made to implement the Mental Health Strategic Plan and hire additional new mental health professionals to ensure all veterans have access to these vital services at all VA medical centers and clinics throughout the system;

Military Vision Centers of Excellence and Eye Trauma Registry – We recommend at least a \$9 million increase for VA’s participation in the establishment of these joint Department of Defense/VA centers and the eye trauma registry;

Caregiver Assistance – We recommend at least a \$25 million increase to expand current programs to support family caregivers and respite services under VA’s Home Health Care services;

Home Improvement Structural Alterations (HISA) Grants – We recommend a \$5.5 million increase for a pending legislative change that would raise the maximum amount of the grants to \$6,800 for service-connected veterans and \$2,000 for non-service connected veterans;

Health Professional Educational Assistance Program – We recommend a \$25 million increase to provide scholarships to employees pursuing degrees or training in health care disciplines for which recruitment and retention of qualified personnel is difficult. We expect this additional funding to include support for the recruitment and retention of mental health care and other staff in rural settings;

Medical Care Collections Fund – According to the Congressional Research Service and VA budget data, medical care collections have fallen significantly under projections in four of the past five years for an average shortfall of 21%. While there was a 6% improvement for FY 2008, the Republican Members are concerned that VA will fall considerably short of meeting the ambitious 33% increase in collections projected in the Administration’s FY 2010 budget request. Therefore, we recommend a \$536 million increase in medical services to ensure adequate funding will be available to support quality and timely health care for veterans.

CPAC Collections Program – The Republican Members recommend that the VA compress the five year timeline to three years for initiating seven Consolidated Patient Accounting Centers (CPAC). We appreciate VA Secretary Shinseki’s willingness to consider this proposal. We support compressing the implementation timelines and reprioritizing the order of establishing the CPAC regions to three years in order to improve third-party collections and to maximize collections potential. We also

support funding for the facilities, IT equipment, and personnel necessary for the consolidations.

Possible Administration Legislative Proposal – The Republican Members are very concerned about a proposal the Administration is considering to bill third-party insurers of service-connected veterans for the treatment of their disability or injury incurred in the line of duty. We strongly believe that the same military values that guided these servicemembers in service to our country should define how our government provides services and assistance to them now as veterans. The prospect of VA collecting from third-party insurers for care provided for service-connected conditions is contrary to these military values and our obligation as a grateful Nation. In addition, such action could result in higher health care premiums and have the effect of requiring service-connected veterans to pay for their own care. We intend to protect and honor the service of our highest priority veterans with the investment of tax dollars adequate to provide for all service-connected care and we strongly oppose any attempt to allow VA to offset this absolute obligation with collections from private insurers.

Medical Facilities – The Republican Members recommend at least \$5.179 billion for medical facilities which is \$150 million above the enacted FY 2009 amount for this account.

Energy Initiatives – We recommend at least a \$150 million increase to implement planned energy initiatives and establish a long-term strategy for energy conservation and sustainability. This includes selected energy and water conservation measures, conducting renewably fueled electric/steam generation feasibility studies, and installing building level electric meters in medical facilities;

Medical and Prosthetic Research – We place a high premium on conducting research into injuries and illnesses related to military service that improve the medical treatment of veterans. We recommend at least \$51 million above the \$510 million enacted for this account in FY 2009.

VHA Major Construction Projects – We recommend at least \$1 billion, which is \$182 million above the FY 2009 level, to move forward with advance planning, completion of partially funded FY 2009 projects and to begin new projects on VA's prioritized list. The recommended amount for the advance planning fund is \$178.1 million and includes \$36.8 million to carry out section 804 of Public Law 109-461 for the design of a co-located joint-use medical facility in Charleston, South Carolina.

VHA Minor Construction Projects – We recommend at least \$691.3 million, which is \$66.06 million above the FY 2009 level. The increase includes funding for the installation of solar photovoltaic roof applications at medical facilities in coordination with other energy initiatives.

Office of Information and Technology

The Republican Members believe that a top VA priority should be information technology (IT) systems that are standardized, integrated, secure, function properly, and should be funded sufficiently. We commend VA Secretary Shineski for his support of continuing the consolidation

of the department's IT infrastructure and funding. VA must increase funding to accelerate its migration of Veterans' Health Information System of Technology Architecture (VistA) into VA's new integrated enterprise health care system. The new system needs to incorporate data standards that allow data sharing with other federal departments and agencies and also with private and public sector organizations. More importantly, VA and the Department of Defense (DoD) must be able to exchange critical medical and personnel information on all patients transitioning from DoD to VA. This information exchange must be done securely in real time, bi-directionally, and inter-operably.

All VETSNET application development should be finalized and any further funding should be limited to final code conversion and operations and maintenance. VA should immediately begin to move beyond this 20-year old project to automate compensation and pension claims processing system.

Financial and Logistics Integrated Technology Enterprise (FLITE) is the follow-on to the failed Core-FLS system. It is essential that VA has an enterprise wide system that integrates financial management, asset management, logistics, accounting, purchasing, funds control, real property and inventory management. Funding levels should be sufficient to continue its implementation timelines. This program has been plagued with poor program management and dysfunctional procurements which need to be strengthened.

Virtual VA is a paperless delivery system that was conceptualized and demonstrated in 1999 as a VBA initiative to image all documents related to claims processing and benefits delivery. The serious document shredding incidents in various Regional Offices in 2008 reiterate the importance of electronically capturing all documents at the time of receipt. An additional \$170 million has been recommended under the compensation and pension service section.

Office of the Inspector General

For FY 2009, Congress appropriated \$72.5 million for the VA Office of the Inspector General (OIG). The OIG is responsible for the audit, investigation, and inspection of all VA programs and operations. Funding from appropriations at \$107 million and 537 FTEE provides resources to increase work on several oversight initiatives. These include expansion of the *Consolidated Financial Statement* (CFS) and *Federal Information Security Management Act* (FISMA) audits as well as expansion of OIG oversight in two sensitive and vulnerable VA program areas – health care for returning Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF) veterans and VA information technology (IT). OIG has recently begun cyclical inspections of VBA regional offices, all of which are in critical need of OIG oversight. For the 3-year cycle necessary to cover the 57 regional offices, the Republican Members recommend an additional \$5 million to resource a second field division of 20 FTEE for this purpose with a special emphasis on claims processing. The total funding for the OIG recommended by the Republican Members is at least \$112 million, \$39.5 million above the FY 2009 level.

Department of Labor

Veterans Employment and Training Service

In the past, an economic downturn or industrial evolution has displaced significant numbers of mid-career workers, making their skills irrelevant in the labor market. Such is the case today as the U.S. economy weakens and labor demands shift to new or expanding sectors. Therefore, the Republican Members recommend funding the Veterans Workforce Investment Program (VWIP) at a level of at least \$20 million. H.R. 295, More Training for Veterans Act of 2009, would authorize this funding. The VWIP program focuses on employment and training services to veterans needing new skill sets.

We also recommend funding a new retraining program managed by VETS at the level of \$100 million and an additional \$400,000 to support 5 additional FTEE as proposed in H.R. 1168. The program would include relocation assistance to ensure unemployed veterans are able to move to areas where their new job skills are in demand.

The number of homeless veterans has been a persistent national problem and reducing the number of the homeless veterans has been difficult. But there has been modest progress. Increasingly, homeless veteran community includes veterans with dependent children; therefore, we recommend an additional \$10 million for HVRP grants to providers who focus on services to homeless veteran families including family-style housing. We will also seek legislation to extend the current HVRP authorization through FY 2014 and urge the Budget Committee to include funding at the full authorized \$50 million per year.

Department of Defense

Department of the Army

Improvements at Arlington National Cemetery – While recognizing that Arlington National Cemetery (ANC) is funded through the Department of the Army budget, ANC is a national cemetery over which the Committee on Veterans' Affairs has oversight. In order to ensure that this national shrine continues to have adequate capacity well into the future, the Republican Members recommend at least \$60.3 million for gravesite and columbarium expansion and utility improvements at ANC.

-END-