

LEGISLATIVE AND OVERSIGHT ACTIVITIES DURING THE
110TH CONGRESS BY THE SENATE COMMITTEE ON
VETERANS' AFFAIRS

SEPTEMBER 25, 2009.—Ordered to be printed

Mr. AKAKA, from the Committee on Veterans' Affairs,
submitted the following

R E P O R T

Pursuant to paragraph 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs (hereinafter "Committee") submits its report on legislative and oversight activities during the 110th Congress.

I. HEARINGS AND MEETINGS

A. *First Session (2007)*

During the First Session of the 110th Congress, the Committee held 36 hearings, including seven field hearings. At those events, the Committee heard testimony from 230 witnesses.

Three hearings (May 9, May 23, and October 24) focused exclusively on legislation pending before the Committee. Testimony offered at those hearings covered 52 bills.

The Committee held nine business meetings. The organizational meeting was held on January 9. On June 27, five measures were reported out of Committee and on November 14, four measures were reported out of Committee. The Committee held six meetings to discharge nominations.

Of primary focus to the Committee this session was cooperation and collaboration between the Department of Defense (hereinafter "DOD") and the Department of Veterans Affairs (hereinafter "VA") to serve the needs of returning servicemembers. To that end, the Committee held seven hearings on this topic, including one joint hearing with the Senate Armed Services Committee. These hearings were held on January 23, March 27, April 12 (with the Senate Armed Services Committee), June 13, July 31, August 28 (field hearing in Georgia), and October 17. Hearings focused on all issues related to the seamless transition of returning servicemembers,

and those from the National Guard and Reserves, including: outreach; benefits delivery; health care, including care for Traumatic Brain Injuries and Post Traumatic Stress Disorder (hereinafter “PTSD”); and development of a bidirectional electronic medical records system.

The Committee held five joint hearings with the House Committee on Veterans’ Affairs in order to receive legislative presentations from the Veterans Service Organizations. These hearings were held on February 27, March 6, March 8, March 29, and September 20.

The Committee also focused much of its oversight and legislative work this session on the mental health needs of veterans, holding four such hearings in 2007, including: April 25, May 23, August 17 (field hearing in Washington), and October 24.

The Committee held seven field hearings during the First Session. These hearings were held on May 29 in New Philadelphia, OH; July 21 in Great Falls, MT; August 17 in Tacoma, WA; August 21 in Honolulu, HI; August 23 in Maui, HI; August 27 in Kona-Kailua, HI; and August 28 in Augusta, GA. The field hearing in Washington focused exclusively on mental health issues. The field hearing in Georgia focused on DOD/VA cooperation and collaboration. The remaining five hearings focused on a broad range of issues facing veterans, including care for returning members of the National Guard and Reserves who reside in rural or underserved areas.

B. Second Session (2008)

During the Second Session of the 110th Congress, the Committee held 21 hearings, including one field hearing. At those events, the Committee heard testimony from 105 witnesses.

Two hearings (May 7 and May 21) focused exclusively on legislation pending before the Committee. Testimony offered at those hearings covered 45 bills.

The Committee held three business meetings. On June 26, the Committee reported four pieces of legislation. The Committee held two other meetings to discharge nominations.

The Committee continued its focus on DOD/VA efforts to work in concert to serve the needs of returning servicemembers, holding three additional hearings on March 11, April 23, and September 24.

The Committee also held five joint hearings with the House Committee on Veterans’ Affairs in order to receive legislative presentations from the Veterans Service Organizations. Two such hearings were held on March 4, and the remainder were held on March 6, April 3, and September 11.

The Committee also spent a great deal of time this session focusing on compensation and the claims process, holding five hearings on this topic, including: January 24, February 5, February 27, May 7, and July 9. (One additional hearing on this topic was held in the first session on March 7, 2007.)

C. List of Hearings and Meetings Held in the 110th Congress

- (1) Tuesday, January 9, 2007
Organizational Meeting
- (2) Tuesday, January 23, 2007

Oversight Hearing: DOD/VA Collaboration and Cooperation to Meet the Needs of Returning Servicemembers

(3) Tuesday, February 13, 2007

Hearing on the FY 2008 Budget for Veterans' Programs

(4) Tuesday, February 27, 2007

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of the Disabled American Veterans

(5) Tuesday, March 6, 2007

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of the Veterans of Foreign Wars of the United States

(6) Wednesday, March 7, 2007

Oversight hearing: VA Claims Adjudication Process

(7) Thursday, March 8, 2007

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentations of the Paralyzed Veterans of America, Jewish War Veterans of the USA, Blinded Veterans Association, Vietnam Veterans of America, Air Force Sergeants Association, and Non Commissioned Officers Association

(8) Tuesday, March 27, 2007

Oversight hearing: VA/DOD Cooperation and Collaboration to Meet the Health Care Needs of Returning Servicemembers

(9) Thursday, March 29, 2007

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentations of AMVETS, American Ex-Prisoners of War, Military Order of the Purple Heart, Gold Star Wives of America, Fleet Reserve Association, Retired Enlisted Association, Military Officers Association of America, and National Association of State Directors of Veterans Affairs

(10) Wednesday, April 11, 2007

Hearing on the Filipino Veterans Equity Act of 2007

(11) Thursday, April 12, 2007

Joint Hearing with the Senate Armed Services Committee on Departments of Defense and Veterans Affairs disability rating systems and the transition of servicemembers from the Department of Defense to the Department of Veterans Affairs

(12) Wednesday, April 18, 2007

Meeting: The Committee met to vote on the nomination of Thomas Harvey to be Assistant Secretary of Veterans Affairs for Congressional Affairs, Department of Veterans Affairs. Mr. Harvey was first nominated to this position on June 26, 2006; a hearing was held on his nomination on July 27, 2006; and his nomination was reported favorably by the Committee on July 31, 2006, but the 109th Congress ended without Senate action on his nomination. He was renominated by The White House on January 9, 2007; the Committee again reported his nomination favorably; and he was confirmed by the Senate on May 25, 2007.

(13) Wednesday, April 25, 2007

Oversight Hearing: Mental Health Issues

(14) Wednesday, May 9, 2007

Legislative Hearing: Pending Benefits Legislation:

S. 22, Post-9/11 Veterans Educational Assistance Act of 2007

S. 117, Lane Evans Veterans Health and Benefits Improvement Act of 2007

S. 168, a bill to direct the Secretary of Veterans Affairs to establish a national cemetery in the Pikes Peak region of Colorado

S. 225, a bill to expand eligibility for retroactive benefits from traumatic injury protection coverage under Servicemembers' Group Life Insurance

S. 423, Veterans' Compensation Cost-of-Living Adjustment Act of 2007

S. 526, VET Act (Veterans Employment and Training Act of 2007)

S. 643, Disabled Veterans Insurance Act of 2007

S. 698, Veterans' Survivors Education Enhancement Act of 2007

S. 847, a bill to extend the period of time during which a veteran's multiple sclerosis is to be considered incurred in, or aggravated by, military service during a period of war

S. 848, Prisoner of War Benefits Act of 2007

S. 961, Belated Thank You to the Merchant Mariners of World War II Act of 2007

S. 1096, Veterans' Housing Benefits Enhancement Act of 2007

S. 1163, Blinded Veterans Paired Organ Act of 2007

S. 1215, a bill to raise the cap on funds for State Approving Agencies, to update various reporting requirements, and for other purposes

S. 1261, Montgomery GI Bill for Life Act of 2007

S. 1265, a bill to expand eligibility for Veterans' Mortgage Life Insurance to include members of the Armed Forces receiving specially adapted housing assistance from the Department of Veterans Affairs

S. 1266, Veterans' Dignified Burial Assistance Act of 2007

S. 1289, Veterans' Justice Assurance Act of 2007

S. 1290, a bill to provide additional discretion to the Secretary of Veterans Affairs in contracting with State Approving Agencies, and for other purposes

S. 1293, Veterans' Education and Vocational Benefits Enhancement Act of 2007

S. 1313, Servicemembers' Cellular Phone Contract Fairness Act of 2007

S. 1314, Veterans Outreach Improvement Act of 2007

S. 1315, Disabled Veterans Insurance Improvement Act of 2007

S. 1326, Comprehensive Veterans Benefits Improvements Act of 2007

S. 1334, a bill to make permanent authority to furnish government headstones and markers for graves of veterans at private cemeteries, and for other purposes

S. 1569, Veterans Advocacy Act of 2007

(15) Wednesday, May 16, 2007

Hearing: Nomination of Dr. Michael J. Kussman to be Under Secretary for Health of the Department of Veterans Affairs

(16) Tuesday, May 22, 2007

Meeting: The Committee met to vote on the nomination of Dr. Michael J. Kussman to be Under Secretary for Health of the Department of Veterans Affairs. A hearing on Dr. Kussman's nomina-

tion was held on May 16, 2007; his nomination was reported favorably by the Committee on May 22, 2007; and he was confirmed by the Senate on May 25, 2007.

(17) Wednesday, May 23, 2007

Legislative Hearing: Pending Health Care Legislation:

S. 117, Lane Evans Veterans Health and Benefits Improvement Act of 2007

S. 383, a bill to extend the period of eligibility for health care for combat service in the Persian Gulf War or future hostilities from two years to five years after discharge or release

S. 472, a bill to authorize a major medical facility project for the Department of Veterans Affairs at Denver, Colorado

S. 479, Joshua Omvig Veterans Suicide Prevention Act

S. 610, a bill to clarify the effective date of the modification of treatment for retirement annuity purposes of part-time service before April 7, 1986, of certain Department of Veterans Affairs health care professionals

S. 692, VA Hospital Quality Report Card Act of 2007

S. 815, Veterans Health Care Empowerment Act of 2007

S. 874, Services to Prevent Homelessness Act of 2007

S. 882, a bill to require a pilot program on the facilitation of the transition of members of the Armed Forces to receipt of veterans health care benefits upon completion of military service, and for other purposes

S. 994, Disabled Veterans Fairness Act

S. 1026, a bill to designate the Department of Veterans Affairs Medical Center in Augusta, GA, as the "Charlie Norwood Department of Veterans Affairs Medical Center"

S. 1043, a bill to require the Secretary of Veterans Affairs to submit a report to Congress on proposed changes to the use of the West Los Angeles Department of Veterans Affairs Medical Center, California

S. 1147, Honor Our Commitment to Veterans Act

S. 1205, a bill to require a pilot program on assisting veterans service organizations and other veterans groups in developing and promoting peer support programs that facilitate community reintegration of veterans returning from active duty, and for other purposes

S. 1233, Veterans Traumatic Brain Injury and Health Programs Improvement Act of 2007

S. 1326, Comprehensive Veterans Benefits Improvements Act of 2007

S. 1384, a bill to repeal authority for adjustments to per diem payments to homeless veterans service centers for receipt of other sources of income, to extend authorities for certain programs to benefit homeless veterans, and for other purposes

S. 1392, a bill to increase the authorization for the major medical facility project to consolidate the medical centers of the Department of Veterans Affairs at the University Drive and H. John Heinz III divisions, Pittsburgh, PA

S. 1396, a bill to authorize a major medical facility project to modernize inpatient wards at the Department of Veterans Affairs Medical Center in Atlanta, GA

S. 1441, State Veterans Home Modernization Act of 2007

(18) Tuesday, May 29, 2007

Field Hearing: Issues Facing Veterans in the Rural Areas of Appalachia. New Philadelphia, OH
(19) Wednesday, June 13, 2007

Oversight Hearing: VA, DOD and DOL Collaboration and Cooperation to Meet the Employment Needs of Returning Servicemembers

(20) Wednesday, June 27, 2007

Meeting: The Committee marked-up and reported five measures out of Committee:

- S. 423, the Veterans' Compensation Cost-of-Living Adjustment Act of 2007, which increases 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.

- S. 479, the Joshua Omvig Veterans' Suicide Prevention Act, which directs the Secretary of Veterans Affairs to develop and implement a comprehensive program to reduce the incidence of suicide among veterans.

- S. 1163, the Blinded Veterans Paired Organ Act of 2007, which improves compensation for veterans in certain cases of impairment of vision involving both eyes, and to provide for the use of the National Directory of New Hires for income verification purposes.

- S. 1233, the Veterans' Traumatic Brain Injury and Health Programs Improvement Act of 2007, which improves programs in the areas of Traumatic Brain Injury and mental health, to enhance travel reimbursement for certain qualifying veterans, to expand outreach and access to care for rural and homeless veterans, to authorize funds for the construction and modernization of facilities, and for other purposes.

- S. 1315, the Veterans' Benefits Enhancement Act of 2007, which enhances insurance and specially adapted housing benefits for disabled veterans, expands benefits for Filipino veterans who served under U.S. command during World War II, and for other purposes.

(21) Wednesday, June 27, 2007

Hearing: Nomination of Charles L. Hopkins to be an Assistant Secretary of Veterans Affairs (Operations, Preparedness, Security, and Law Enforcement), Department of Veterans Affairs

(22) Saturday, July 21, 2007

Field Hearing: Addressing the Needs of Veterans in Rural Areas. Great Falls, MT

(23) Tuesday, July 24, 2007

Meeting: The Committee met to vote on the nomination of Charles L. Hopkins to be an Assistant Secretary of Veterans Affairs (Operations, Preparedness, Security, and Law Enforcement), Department of Veterans Affairs. A hearing on Mr. Hopkins' nomination was held on June 27, 2007; his nomination was reported favorably by the Committee on July 24, 2007; he was confirmed by the Senate on August 1, 2007.

(24) Wednesday, July 25, 2007

Oversight Hearing: VA Health Care Funding Issues

(25) Tuesday, July 31, 2007

Oversight Hearing: VA and DOD Collaboration and Cooperation and the Education Needs of Returning Servicemembers

(26) Friday, August 17, 2007

Field Hearing: Mental Health Care Needs of Veterans in the State of Washington. Tacoma, WA
(27) Tuesday, August 21, 2007

Field Hearing: Health Care and Benefits for Veterans in Hawaii. Honolulu, HI

(28) Thursday, August 23, 2007

Field Hearing: Health Care for Veterans on Maui. Maui, HI

(29) Monday, August 27, 2007

Field Hearing: Access to VA Health Care and Benefits in Kona and Outreach to the Guard and Reserve in Hawaii. Kona-Kailua, HI

(30) Tuesday, August 28, 2007

Field Hearing: VA and DOD Collaboration and Cooperation to Care for Wounded Soldiers Returning from Afghanistan and Iraq (OEF/OIF). Augusta, GA

(31) Wednesday, September 19, 2007

Oversight Hearing: The Current State of Affairs for Information Technology with VA

(32) Thursday, September 20, 2007

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of The American Legion

(33) Tuesday, September 25, 2007

Oversight Hearing: Research and Treatment for Gulf War Illnesses

(34) Thursday, September 27, 2007

Hearing: Nomination of Paul J. Hutter to be General Counsel, Department of Veterans Affairs

(35) Tuesday, October 2, 2007

Meeting: The Committee met to vote on the nomination of Paul J. Hutter, to be General Counsel, Department of Veterans Affairs. A hearing on Mr. Hutter's nomination was held on September 27, 2007; his nomination was reported favorably by the Committee on October 2, 2007; and he was confirmed by the Senate on October 4, 2007.

(36) Wednesday, October 17, 2007

Oversight Hearing: VA and DOD Collaboration: Report of the President's Commission on Care for America's Returning Wounded Warriors; Report of the Veterans' Disability Benefits Commission; and other related reports

(37) Wednesday, October 24, 2007

Legislative Hearing: Pending Legislation:

S. 38, Veterans' Mental Health Outreach and Access Act of 2007

S. 2004, a bill to establish epilepsy centers of excellence in the Veterans Health Administration of the Department of Veterans Affairs, and for other purposes

S. 2142, Veterans Emergency Care Fairness Act of 2008

S. 2160, Veterans Pain Care Act of 2007

S. 2162, Mental Health Improvements Act of 2007

(38) Wednesday, October 31, 2007

Oversight Hearing: Uniformed Services Employment and Reemployment Rights Act (USERRA)

(39) Tuesday, November 6, 2007

Oversight Hearing: Hiring Practices and Quality Control in VA Medical Facilities

(40) Wednesday, November 7, 2007

Oversight Hearing: Performance and Structure of the United States Court of Appeals for Veterans Claims

(41) Wednesday, November 14, 2007

Meeting: The Committee marked-up and passed four measures out of Committee:

- S. 2004, to establish epilepsy centers of excellence in the Veterans Health Administration of the Department of Veterans Affairs, and for other purposes.

- S. 2142, Veterans Emergency Care Fairness Act of 2007, to require the Secretary of Veterans Affairs to reimburse veterans receiving emergency treatment in non-Department of Veterans Affairs facilities for such treatment until such veterans are transferred to Department facilities, and for other purposes.

- S. 2160, Veterans Pain Care Act of 2007, which establishes a pain care initiative in health care facilities of the Department of Veterans Affairs, and for other purposes.

- S. 2162, Mental Health Improvements Act of 2007, which improves the treatment and services provided by the Department of Veterans Affairs to veterans with Post Traumatic Stress Disorder and substance use disorders and for other purposes.

(42) Wednesday, November 14, 2007

Hearing: Nomination of Michael W. Hager to be Assistant Secretary of Veterans Affairs (Human Resources and Management), Department of Veterans Affairs

(43) Friday, November 16, 2007

Meeting: The Committee met to vote on the nomination of Michael W. Hager to be Assistant Secretary of Veterans Affairs (Human Resources and Management), Department of Veterans Affairs. A hearing on Mr. Hager's nomination was held on November 14, 2007; his nomination was reported favorably by the Committee on November 16, 2007; and he was confirmed by the Senate on November 16, 2007.

(44) Wednesday, December 5, 2007

Hearing: Nomination of LTG James B. Peake (Ret.), M.D., to be Secretary of Veterans Affairs

(45) Thursday, December 13, 2007

Meeting: The Committee met to vote on the nomination of LTG James B. Peake (Ret.), M.D., to be Secretary of Veterans Affairs. A hearing was held on Dr. Peake's nomination on December 5, 2007; his nomination was reported favorably on a unanimously roll call vote on December 13, 2007; and he was confirmed by the Senate on December 14, 2007.

(46) Thursday, January 24, 2008

Oversight Hearing: Review of the Veterans' Disability Compensation: Report of the Veterans' Disability Benefits Commission

(47) Tuesday, February 5, 2008

Oversight Hearing: Review of Veterans' Disability Compensation: Rehabilitating Veterans

(48) Wednesday, February 13, 2008

Oversight Hearing: The FY 2009 Budget for Veterans' Programs

(49) Wednesday, February 27, 2008

Oversight Hearing: Review of Veterans' Disability Compensation: Expert Work on PTSD and Other Issues

(50) Tuesday, March 4, 2008

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of the Veterans of Foreign Wars of the United States

(51) Tuesday, March 4, 2008

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of the Disabled American Veterans

(52) Thursday, March 6, 2008

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentations of the American Ex-Prisoners of War, Paralyzed Veterans of America, Jewish War Veterans of the USA, Blinded Veterans Association, Vietnam Veterans of America, Non Commissioned Officers Association, and Air Force Sergeants Association

(53) Tuesday, March 11, 2008

Oversight Hearing: Caring for the Families of Wounded Warriors

(54) Thursday, April 3, 2008

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentations of AMVETS, Military Order of the Purple Heart, Gold Star Wives of America, Fleet Reserve Association, The Retired Enlisted Association, Military Officers Association of America, and National Association of State Directors of Veterans Affairs

(55) Wednesday, April 9, 2008

Oversight Hearing: Making the VA the Workplace of Choice for Health Care Providers

(56) Wednesday, April 23, 2008

Oversight Hearing: Update on VA and DOD Cooperation and Collaboration

(57) Wednesday, May 7, 2008

Legislative Hearing: Pending Benefits Legislation:

S. 22, Post-9/11 Veterans Educational Assistance Act of 2007

S. 161, Veterans' Disability Compensation Automatic COLA Act

S. 961, Belated Thank You to the Merchant Mariners of World War II Act of 2007

S. 1718, VETS Act (Veterans Education Tuition Support Act)

S. 2090, a bill to protect privacy and security concerns in court records

S. 2091, a bill to increase the number of the court's active judges

S. 2138, Department of Veterans Affairs Reorganization Act of 2007

S. 2139, National Guard and Reserve Educational Benefits Fairness Act of 2007

S. 2309, Compensation for Combat Veterans Act

S. 2471, USERRA Enforcement Improvement Act of 2007

S. 2550, Combat Veterans Debt Elimination Act of 2008

S. 2617, Veterans' Compensation Cost-of-Living Adjustment Act of 2008

S. 2674, America's Wounded Warriors Act

S. 2683, a bill to modify certain authorities relating to educational assistance benefits for veterans, and for other purposes

S. 2701, a bill to direct the Secretary of Veterans Affairs to establish a national cemetery in the eastern Nebraska region to serve veterans in the eastern Nebraska and western Iowa regions

S. 2737, Veterans' Rating Schedule Review Act

S. 2768, a bill to provide a temporary increase in the maximum loan guaranty amount for certain housing loans guaranteed by the Secretary of Veterans Affairs

S. 2825, Veterans' Compensation Equity Act of 2008

S. 2864, Training and Rehabilitation for Disabled Veterans Enhancement Act of 2008

S. 2889, Veterans Health Care Act of 2008

S. 2934, a bill to direct the Secretary of Veterans Affairs to provide a plot allowance for spouses and children of certain veterans who are buried in State cemeteries

S. 2938, Enhancement of Recruitment, Retention, and Readjustment Through Education Act of 2008

S. 2946, a bill to make stillborns insurable dependents for purposes of the Servicemembers' Group Life Insurance program

S. 2951, a bill to require reports on the progress of the Secretary of Veterans Affairs in addressing causes for variances in compensation payments for veterans for service-connected disabilities

S. 2961, a bill to enhance the refinancing of home loans by veterans

S. 2965, a bill to require a report on the inclusion of severe and acute Post Traumatic Stress Disorder among the conditions covered by traumatic injury protection coverage under Servicemembers' Group Life Insurance.

S. 2981, Disabled Veterans Home Ownership Preservation Act of 2008

S. 2984, Veterans' Benefits Enhancement Act of 2008

(58) Wednesday, May 21, 2008

Legislative Hearing: Pending Health Care Legislation:

S. 2273, Enhanced Opportunities for Formerly Homeless Veterans Residing in Permanent Housing Act of 2007

S. 2377, Veterans Health Care Quality Improvement Act

S. 2383, a bill to require a pilot program on the mobile provision of care and services for veterans in rural areas by the Department of Veterans Affairs, and for other purposes

S. 2573, Veterans Mental Health Treatment First Act

S. 2639, Assured Funding for Veterans Health Care Act

S. 2796, a bill to require a pilot program on the use of community-based organizations to ensure that veterans receive the care and benefits they need, and for other purposes

S. 2797, a bill to authorize major medical facility projects and major medical facility leases for the Department of Veterans Affairs for fiscal year 2009, and for other purposes

S. 2799, Women Veterans Health Care Improvement Act of 2008

S. 2824, a bill to improve the collective bargaining rights and procedures for review of adverse actions of certain employees of the Department of Veterans Affairs, and for other purposes

S. 2889, Veterans Health Care Act of 2008

S. 2899, Veterans Suicide Study Act

S. 2921, Caring for Wounded Warriors Act of 2008

S. 2926, Veterans Nonprofit Research and Education Corporations Enhancement Act of 2008

S. 2937, a bill to provide permanent treatment authority for participants in Department of Defense chemical and biological testing conducted by Deseret Test Center and an expanded study of the health impact of Project Shipboard Hazard and Defense, and for other purposes

S. 2963, a bill to improve and enhance the mental health care benefits available to members of the Armed Forces and veterans, to enhance counseling and other benefits available to survivors of members of the Armed Forces and veterans, and for other purposes

S. 2969, Veterans' Medical Personnel Recruitment and Retention Act

S. 2984, Veterans' Benefits Enhancement Act of 2008

(59) Wednesday, June 4, 2008

Oversight Hearing: Systemic Indifference to Invisible Wounds

(60) Thursday, June 26, 2008

Meeting: Markup of Pending Legislation:

- S. 2969, (Committee Print) Veterans' Health Care Authorization Act of 2008, a bill to enhance the capacity of the Department of Veterans Affairs to recruit and retain nurses and other critical health care professionals, and for other purposes

- S. 3023, (Committee Print) Veterans' Benefits Improvement Act of 2008, a bill to enhance compensation and pension, housing, labor and education, insurance, and for other purposes

- S. 3339, to provide technical corrections to S. 22, the Post-9/11 Veterans Educational Assistance Act of 2007

- S. 2617, (Committee Print) Veterans' Compensation Cost-of-Living Adjustment Act of 2008, to increase, effective as of December 1, 2008, 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

(61) Thursday, June 26, 2008

Hearing: Nomination of Christine Hill to be Assistant Secretary of Veterans Affairs (Congressional Affairs), Department of Veterans Affairs

(62) Thursday, July 3, 2008

Field Hearing: Caring for America's Aging Veterans. Tupelo, MS

(63) Wednesday, July 9, 2008

Oversight Hearing: Review of Veterans' Disability Compensation: Undue Delay in Claims Processing

(64) Wednesday, July 9, 2008

Meeting: The Committee met to vote on the nomination of Christine Hill to be Assistant Secretary of Veterans Affairs (Congressional Affairs), Department of Veterans Affairs. Ms. Hill's nomination was received by the Senate on April 23, 2008. A hearing was held on her nomination on June 26, 2008, and the Committee reported Ms. Hill's nomination on July 9, 2008. Her nomination was confirmed by the Senate on October 2, 2008.

(65) Wednesday, July 23, 2008

Oversight Hearing: VA's Response to the Needs of Returning Guard and Reserve Members

(66) Thursday, September 11, 2008

Joint Hearing with the House Committee on Veterans' Affairs to hear the legislative presentation of The American Legion

(67) Wednesday, September 17, 2008

Hearing: Nomination of Patrick W. Dunne to be Under Secretary for Benefits of the Department of Veterans Affairs

(68) Tuesday, September 23, 2008

Meeting: The Committee met to vote on the nomination of Patrick W. Dunne to be Under Secretary for Benefits, Department of Veterans Affairs. Mr. Dunne's nomination was received by the Senate on July 30, 2008. A hearing on his nomination was held on September 17, 2008, and the Committee reported Mr. Dunne's nomination on September 23, 2008. His nomination was confirmed by the Senate on October 2, 2008.

(69) Wednesday, September 24, 2008

Oversight Hearing: Cooperation and Collaboration by VA and DOD on Information Technology Efforts

II. LEGISLATION

A. *First Session (2007)*

In the First Session, the Committee met in open session on June 27 and November 14 and ordered reported nine pieces of legislation to the full Senate:

1. S. 423, Veterans' Compensation Cost-of-Living Adjustment Act of 2007

To increase 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. This measure was introduced in the Senate on January 29, 2007, and the Committee ordered it favorably reported on June 27, 2007. S. Report 110-135 was filed on July 24, 2007. The House passed companion legislation H.R. 1284 on March 21, 2007, and the Senate passed it on October 18, 2007. The bill was signed on November 5, 2007, as Public Law 110-111.

2. S. 479, Joshua Omvig Veterans Suicide Prevention Act

Directs the Secretary of Veterans Affairs to develop and implement a comprehensive program to reduce the incidence of suicide among veterans. This measure was introduced in the Senate on February 1, 2007, and the Committee ordered it favorably reported on June 27, 2007. S. Report 110-132 was filed on July 23, 2007. An amendment in the nature of a substitute to companion bill H.R. 327 was passed by the Senate on September 27, 2007, and passed the House on October 23, 2007. It was signed on November 5, 2007, as Public Law 110-110.

3. S. 1163, Blinded Veterans Paired Organ Act of 2007

Improves compensation for veterans in certain cases of impairment of vision involving both eyes, and provides for the use of the National Directory of New Hires for income verification purposes. The measure was introduced in the Senate on April 19, 2007, and the Committee ordered it favorably reported on June 27, 2007. S. Report 110-143 was filed August 3, 2007.

On November 2, 2007, the Senate took up S. 1163 and included it in H.R. 797, which passed the Senate. The House took action on H.R. 797 on December 11, 2007. On December 17, 2007, the Senate agreed to the House amendments (text and title). It was signed on December 26, 2007, as Public Law 110–157.

4. S. 1233, Veterans Traumatic Brain Injury and Health Programs Improvement Act of 2007

Improves programs in the areas of Traumatic Brain Injury and mental health and for other purposes. This legislation would extend the automatic window of eligibility for VA care from two to five years and improve the capacity of VA to care for veterans with Traumatic Brain Injuries. It would also improve access to VA dental care and recognize the importance of the National Guard and Reserve in VA's outreach programs. The measure was introduced in the Senate on April 26, 2007, and the Committee ordered it favorably reported with supplemental views on June 27, 2007. S. Report 110–147 was filed on August 29, 2007. These provisions and all others related to the seamless transition of servicemembers from S. 1233 were included in the National Defense Authorization Act of 2007, Public Law 110–181.

5. S. 1315, Veterans' Benefits Enhancement Act of 2007

Increases insurance and specially adapted housing benefits for disabled veterans, expands benefits for Filipino veterans who served under U.S. command during World War II, and other purposes. The measure was introduced in the Senate on May 7, 2007, and the Committee ordered it favorably reported on June 27, 2007; and reported it August 29, 2007, as S. Report 110–148. The legislation passed the Senate with an amendment and an amendment to the title on April 24, 2008, and passed the House with an amendment on September 22, 2008. A unanimous consent request for a House-Senate Conference was not agreed to. No further action was taken on this legislation in the 110th Congress.

6. S. 2004, Establishing Epilepsy Centers of Excellence in the Veterans Health Administration

Requires the Secretary to designate no less than six VA health care facilities as locations for Epilepsy Centers of Excellence and, subject to the availability of appropriations, establish and operate such centers, and for other purposes. It was introduced in the Senate on August 3, 2007; a hearing was held on October 24, 2007; and the Committee ordered it favorably reported without amendment on November 14, 2007. S. Report 110–247 was filed on December 12, 2007. This legislation was incorporated into S. 2162, the Veterans' Mental Health and Other Care Improvements Act of 2008, and passed the Senate on June 3, 2008. The compromise agreement on this legislation and related House-passed legislation passed the House on September 24, 2008. The Senate agreed to the compromise on September 27, 2008. S. 2162, including provisions from S. 2004, S. 2142, and S. 2160, was signed into law on October 10, 2008, as Public Law 110–387.

7. S. 2142, Veterans Emergency Care Fairness Act of 2008

Requires the Secretary of Veterans Affairs to reimburse veterans receiving emergency treatment in non-Department of Veterans Affairs facilities for such treatment until such veterans are transferred to Department facilities, and for other purposes. It was introduced in the Senate on October 4, 2007; a hearing was held on

October 24, 2007, and the Committee ordered it favorably reported without amendment on November 14, 2007. S. Report 110–263 was filed on February 25, 2008. This legislation was incorporated into S. 2162, the Veterans’ Mental Health and Other Care Improvements Act of 2008, and passed the Senate on June 3, 2008. The compromise agreement on this legislation and related House-passed legislation passed the House on September 24, 2008. The Senate agreed to the compromise on September 27, 2008. S. 2162, including provisions from S. 2004, S. 2142, and S. 2160, was signed into law on October 10, 2008, as Public Law 110–387.

8. S. 2160, Veterans Pain Care Act of 2007

Establishes a pain care initiative in health care facilities of the Department of Veterans Affairs, and for other purposes. Introduced in the Senate on October 15, 2007; and a hearing was held on October 24, 2007. The Committee ordered it favorably reported without amendment on November 14, 2007. S. Report 110–267 was filed on February 28, 2008. This legislation was incorporated into S. 2162, the Veterans’ Mental Health and Other Care Improvements Act of 2008, and passed the Senate on June 3, 2008. The compromise agreement on this legislation and related House-passed legislation passed the House on September 24, 2008. The Senate agreed to the compromise on September 27, 2008. S. 2162, including provisions from S. 2004, S. 2142, and S. 2160, was signed into law on October 10, 2008, as Public Law 110–387.

9. S. 2162, Mental Health and Other Care Improvements Act of 2007

Improves the treatment and services provided by the Department of Veterans Affairs to veterans with Post Traumatic Stress Disorder and substance use disorders; increases the travel mileage reimbursement and reduces the deductible; creates a new program to assist low-income veterans to prevent homelessness; creates multiple pilot programs to improve outreach and access to care; and authorizes nine major medical facility construction projects and 12 leases. It was introduced in the Senate on October 15, 2007, and a hearing was held October 24, 2007. The Committee ordered it favorably reported without amendment on November 14, 2007. S. Report 110–281 was filed on April 8, 2008. This legislation passed the Senate on June 3, 2008, with an amendment incorporating provisions from S. 2004, S. 2142, and S. 2160. The compromise agreement on this legislation and related House-passed legislation passed the House on September 24, 2008. The Senate agreed to the compromise on September 27, 2008. S. 2162, including provisions from S. 2004, S. 2142, and S. 2160, was signed into law on October 10, 2008, as Public Law 110–387.

B. Second Session (2008)

In the Second Session, the Committee met in open session on June 26, and ordered reported four pieces of legislation to the full Senate.

1. S. 2969, Veterans’ Health Care Authorization Act of 2008

Enhances the capacity of the VA to recruit and retain nurses and other critical health care professionals, and for other purposes. It was introduced in the Senate on May 1, 2008, and a hearing was held on May 21, 2008. The Committee reported it favorably with an amendment in the nature of a substitute and an amendment to

the title on June 26, 2008. S. Report 110–473 was filed on September 18, 2008. The bill was placed on the Senate calendar and no further action was taken on this legislation in the 110th Congress.

2. S. 3339

An original bill to clarify and improve authorities relating to the availability of post-9/11 veterans educational assistance, was introduced in the Senate on July 26, 2008. The measure was favorably reported by the Committee on June 26, 2008. S. Report 110–433 was filed on July 26, 2008. The bill was placed on the Senate calendar and no further action was taken on this legislation in the 110th Congress.

3. S. 2617, Veterans' Compensation Cost-of-Living Adjustment Act of 2008

Increase the rates of veterans' disability compensation and dependency and indemnity compensation for surviving spouses and children. It was introduced in the Senate on February 8, 2008, and a hearing was held on May 7, 2008. The Committee ordered it favorably reported on June 26, 2008. S. Report 110–430 was filed on July 23, 2008. This bill passed the Senate on July 30, 2008. It passed the House on September 10, 2008. It was signed into law on September 24, 2008, as Public Law 110–324.

4. S. 3023, the Veterans' Benefits Improvement Act of 2008

Improve and enhance compensation and pension, housing, labor and education, and insurance benefits for veterans, and for other purposes. It was introduced in the Senate on May 15, 2008. The Committee ordered it favorably reported with an amendment on June 26, 2008. S. Report 110–449 was filed on September 9, 2008. This bill passed the Senate with an amendment on September 16, 2008. It passed the House on September 24, 2008, with an amendment, and the Senate agreed to the House amendment on September 27, 2008. The bill was signed into law on October 10, 2008, as Public Law 110–389.

In addition, a bill, S. 22, that was referred to the Committee and upon which the Committee held hearings, was added to the Supplemental Appropriation Act, 2008:

5. S. 22, the Post-9/11 Veterans Educational Assistance Act of 2007

Establishing a new program of educational assistance for individuals who serve after September 11, 2001. Provisions derived from S. 22, the Post-9/11 Veterans Educational Assistance Act of 2007, introduced in the Senate on January 4, 2007, were signed into law on June 30, 2008, as title V of Public Law 110–252. This title established a new program of educational assistance for individuals serving in the Armed Forces on or after September 11, 2001.

C. Reports

S. 423, Veterans' Compensation Cost-of-Living Adjustment Act of 2007. S. Report 110–135.

S. 479, Joshua Omvig Veterans Suicide Prevention Act. Report 110–132.

S. 1163, Blinded Veterans Paired Organ Act of 2007. S. Report 110–143.

S. 1233, Veterans Traumatic Brain Injury and Health Programs Improvement Act of 2007. S. Report 110–147.

S. 1315, Veterans’ Benefits Enhancement Act of 2007. S. Report 110–148.

S. 2004, Epilepsy Centers of Excellence. S. Report 110–247.

S. 2142, Veterans Emergency Care Fairness Act of 2008. S. Report 110–263.

S. 2160, Veterans Pain Care Act of 2007. S. Report 110–267.

S. 2162, Mental Health and Other Care Improvements Act of 2007. S. Report 110–281.

S. 2617, Veterans’ Compensation Cost-of-Living Adjustment Act of 2008. S. Report 110–430.

S. 2969, Veterans’ Health Care Authorization Act of 2008. S. Report 110–473.

S. 3023, Veterans’ Benefits Improvement Act of 2008. S. Report 110–449.

S. 3339, An original bill, technical corrections to S. 22, the Post-9/11 Veterans Educational Assistance Act of 2007. S. Report 110–433.

D. Public Laws

S. 22, Post-9/11 Veterans Educational Assistance Act of 2007 is Public Law 110–252 and is contained in Title V.

S. 423, Veterans’ Compensation Cost-of-Living Adjustment Act of 2007 is Public Law 110–111.

S. 479, Joshua Omvig Veterans Suicide Prevention Act is Public Law 110–110.

S. 1163, Blinded Veterans Paired Organ Act of 2007 is Public Law 110–157.

S. 1233, Veterans’ Traumatic Brain Injury and Health Programs Improvement Act of 2007 is Public Law 110–181.

S. 2162, Mental Health and Other Improvements Act of 2007 is Public Law 110–387.

S. 2617, Veterans’ Compensation Cost-of-Living Adjustment Act of 2008 is Public Law 110–324.

S. 3023, Veterans’ Benefits Improvement Act of 2008 is Public Law 110–389.

III. OVERSIGHT

A. First Session (2007)

Significant oversight took place with respect to the following issues: The budget for the Department of Veterans Affairs; claims adjudication for PTSD, Traumatic Brain Injury and tinnitus; bonuses awarded to senior Department of Veterans Affairs staff; the transition from DOD to VA for servicemembers and National Guard and Reserve members returning; and the quality of health care, with an emphasis on mental health concerns.

In the field of claims adjudication, the Majority staff’s lead investigator spent 36 days conducting oversight and visited seven VA regional offices. In addition, Majority staff conducted an additional 59 days of oversight for a total of 95 days of oversight and investigations during the First Session of the 110th Congress. Majority staff visited California, Colorado, Florida, Georgia, Hawaii, Maryland, Massachusetts, Missouri, New Hampshire, North Carolina, North

Dakota, Oregon, Pennsylvania, Texas, Utah, Vermont, Virginia, and Washington. Majority staff also conducted oversight in Guam, Korea, and American Samoa.

In addition, Minority staff conducted oversight visits to numerous sites around the country, including North Carolina, Illinois, Idaho, Washington, Ohio, Missouri, and Nevada.

In order to ensure the Department of Veterans Affairs has sufficient resources to discharge its missions adequately, the Committee staff reviewed funding levels for all health care programs and accounts. Majority staff conducted oversight visits to review homeless programs, Vet Centers, community-based outpatient clinics, inpatient mental health facilities, women's programs, and substance use disorder programs. Based on that oversight work, including the Committee's hearing on February 13, 2007, the Majority Members of the Committee provided Views and Estimates to the Budget Committee, which laid the groundwork for the funding that would ultimately be allocated to VA for fiscal year 2008. Final appropriations for the Veterans Health Administration closely mirrored the levels laid out in the Majority Views and Estimates and constituted the largest funding increase in VA's 77-year history. In addition, oversight work led to a hearing on July 25, 2007, to examine issues surrounding appropriate and timely funding for the Department.

B. Second Session (2008)

Committee staff continued to focus on oversight of the VA and added hearing loss to the issues covered by the Majority's lead investigator reviewing cases at VA's regional offices. She spent 37 days conducting oversight at 12 regional offices. In addition, Majority staff conducted an additional 55 days of oversight and investigations during the Second Session of the 110th Congress. Majority staff visited California, Colorado, Hawaii, Florida, Illinois, Iowa, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Ohio, North Carolina, New Hampshire, Pennsylvania, Tennessee, Texas, Virginia, and West Virginia. In addition, a staff delegation visited Kuwait in March 2008 to observe out processing of troops and the ways in which DOD and VA are cooperating to ensure service-members are receiving the benefits to which they are entitled.

In addition, Minority staff conducted oversight visits to numerous sites around the country, including North Carolina, Pennsylvania, Ohio, Florida, Texas, Nevada, and Maryland.

Oversight on the VA health care budget was also continued. Based on that oversight work, including the Committee's hearing on February 13, 2008, the Majority Members of the Committee provided Views and Estimates to the Budget Committee. As in the First Session, final appropriations for the Veterans Health Administration once again paralleled the levels recommended in the Majority Views and Estimates.

IV. NOMINATIONS

Name and Position	Date of Nomination	Date of Hearing	Date Reported	Date Confirmed
First Session				
Thomas Harvey	6/26/06*	7/27/06	4/18/07	5/25/07
Assistant Secretary for Congressional Affairs	1/9/07			
Dr. Michael J. Kussman	4/10/07	5/16/07	5/22/07	5/25/07
Under Secretary of Health				
Charles L. Hopkins	4/11/07	6/27/07	7/24/07	8/1/07
Assistant Secretary (Operations, Preparedness, Security, and Law Enforcement)				
Paul J. Hutter	6/28/07	9/27/07	10/2/07	10/4/07
General Counsel				
Michael W. Hager	9/18/07	11/14/07	11/16/07	11/16/07
Assistant Secretary for Human Resources and Administration				
LTG James B. Peake (Ret.), M.D.	11/15/07	12/5/07	12/13/07	12/14/07
Secretary				
Second Session				
Christine O. Hill	4/23/08	6/26/08	7/9/08	10/2/08
Assistant Secretary for Congressional Affairs				
Patrick W. Dunne	7/30/08	9/17/08	9/23/08	10/2/08
Under Secretary of Benefits				

*Nomination was first received in the 109th Congress on 6/26/06, and the nomination hearing was held on 7/27/06. The Congress ended without the Senate taking action on this nomination. Mr. Harvey was renominated on 1/9/07.

V. BUDGET FOR VETERANS PROGRAMS

A. *First Session*

Pursuant to the requirements of section 301(d) of the Congressional Budget Act of 1974, the Democratic and Republican Members of the Committee submitted letters to the Budget Committee reflecting the Committee's Views and Estimates on the Administration's proposed fiscal year 2008 budget for veterans' programs. The two letters submitted are printed below in their entirety:

MARCH 1, 2007.

Hon. KENT CONRAD, *Chairman*,
Hon. JUDD GREGG, *Ranking Member*,
Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN CONRAD AND RANKING MEMBER GREGG: Pursuant to Section 301(d) of the Congressional Budget Act of 1974, the Democratic and Independent Members of the Committee on Veterans' Affairs (hereinafter the "Undersigned Members") hereby report to the Committee on the Budget their views and estimates on the Fiscal Year 2008 (hereinafter, "FY08") budget for Function 700 (Veterans' Benefits and Services) and for Function 500 (Education, Training, Employment, and Social Services) programs within the Committee's jurisdiction, including the Court of Appeals for Veterans Claims. This letter responds to the Committee's obligation to provide recommendations on veterans' programs within its jurisdiction, albeit from the perspective of the Undersigned Members.

I. SUMMARY

The Department of Veterans Affairs (VA) requires, at a minimum, \$4.8 billion in additional funding in FY08 to support its

medical care operations. Our requested medical services increase is \$2.845 billion over the Administration's request.

For the fifth year in a row, the Administration's proposed budget includes a number of legislative proposals designed to generate additional revenue from fees or savings and deter certain categories of veterans from using the VA system. Just as Congress has done over the past five years, the Undersigned Members unanimously reject each of the legislative proposals—the increase in prescription drug copayments from \$8 to \$15 for “middle-income” veterans; the annual enrollment fee of \$250 to \$750 for veterans whose families make \$50,000 a year or more; and eliminating the practice of offsetting VA first-party copayment debts with collections from insurance companies.

With respect to benefits, we disagree in particular with the amount requested for staff within the Veterans Benefits Administration and at the Board of Veterans' Appeals for the adjudication of claims. In addition, we believe it is time to provide a proper pension for Filipino veterans who served alongside American troops during World War II.

We also recommend an increase in funding for the Department of Labor's Veterans' Employment and Training Service.

The projections in the President's budget for discretionary spending in the out years are troubling. The VA health care system would be devastated should the Administration's budget for future years become a reality. It is our view that veterans, who have sacrificed for this country, are being asked to carry a disproportionate share of the burden to balance the Federal budget. We believe that the Government can be fiscally responsible and reduce the Federal deficit and debt, without abandoning its commitment to our Nation's veterans.

As the Congress continues the debate the conflicts in Iraq and Afghanistan, including the cost of prosecuting those efforts, we must clearly demonstrate our understanding that the cost of war includes the cost of caring for servicemembers, now and in the decades to come.

II. DISCRETIONARY ACCOUNT SPENDING

A. Medical Services

Policy Proposals

Prescription Drug Copayment Increase for Priority 7 and 8 Veterans: The Undersigned Members oppose the Administration's proposed increase of the prescription drug copayment from \$8 to \$15, for a projected savings of \$311 million from increased revenue and decreased enrollment of these categories of veterans. Many Priority 7 and 8 veterans—some earning as little as \$27,790 a year—cannot afford to nearly double their payments for needed prescription drugs.

Enrollment Fee of \$250 to \$750 for Priority 7 and 8 Veterans: The Undersigned Members oppose the Administration's proposed new enrollment fee of \$250 for veterans with family incomes between \$50,000 and \$74,999; \$500 for those with family incomes between \$75,000 and \$99,999; and \$750 for those with family incomes over \$100,000. This proposal is projected to save \$138 million from increased revenue and decreased enrollment starting in 2009.

Taken together, these two fee increases would be particularly hard on certain categories of veterans. For example, a family with two veteran wage-earners, each taking an average number of medications and each paying an enrollment fee of \$250, would have to pay nearly \$3,000 in new out-of-pocket costs for VA care if the prescription and enrollment fees were enacted.

Offset of First-Party Debt: The Undersigned Members of the Committee oppose a proposed change in law that would eliminate the practice of offsetting VA first-party copayment debts with recoveries from insurance companies. Many veterans are drawn to VA because of low-cost prescription drugs. Yet, in most cases, acquiring these drugs requires visits to a specialty care provider. The vast majority of these veterans are elderly and on a fixed income. While they are not “high-income” by any standard, they are over the VA means-test threshold. While the current primary care copayment of \$15 is in line with most private insurance companies, VA’s specialty care copayment is \$50 per visit. That amount is high enough to be an instant disincentive to seeking medical care in VA if it cannot be paid by third-party insurance. VA estimates this change would yield \$44 million in increased collections.

The Undersigned Members also oppose the proposal to return revenue from the above new fees to the Treasury, rather than reinvesting the funds in veterans’ health care.

Waiver of Health Care Copayments and Fees for Catastrophically Disabled Veterans: The Undersigned Members of the Committee note with favor the recommendation of *The Independent Budget*, a document prepared by four veterans service organizations (AMVETS, the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars (hereinafter “the IBVSOs”) to amend the law so as to remove the requirement that Priority 4 veterans—those veterans who have been deemed “catastrophically disabled” but whose disabilities are not service-connected—pay copayments and other fees in connection with receiving care from VA. The Undersigned Members intend to review this issue with the possibility of eliminating the requirements for copayments and fees.

Components of Recommended Increase

1. Current Services (+\$1.897 billion)

Payroll inflation, increases in the costs of goods, and other “uncontrollables” dictate funding increases of at least \$1.9 billion in FY08 simply to maintain the level of current services. Increased utilization of medical services by existing patients also continues to drive costs higher. The Administration has requested an additional \$1.897 billion in funding in FY08 to meet these costs, and we support this request.

We are concerned that the Administration has not adequately budgeted for enough physicians and nurses to meet the projected increase in demand for VA medical care in FY08. The number of physicians, nurses, and all other health professionals currently employed by the Veterans Health Administration (VHA) under the Medical Services account cannot keep pace with increasing demands on the system. The Undersigned Members believe that resources in this area must be spent on the hiring of additional clin-

ical staff to better meet demand. In addition, we believe that VA should make the establishment of a national nurse staffing standard a high priority and budget funds accordingly.

2. OIF/OEF Demand (+\$357 million)

For the past four years, VA has significantly underestimated the number of Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF) veterans applying for health care benefits, and we are concerned that this mistake is being repeated. These individuals are eligible for two years of VA care upon separation from service. VA estimates that any potential workload from OIF/OEF will be negligible relative to the overall number of new enrollees next year. Treating these new veterans cost \$232 million in FY05, and ultimately required an increase of that same amount in FY06 for a total funding level of \$464 million. For FY07, VA estimated that it would need \$515 million to treat OIF/OEF veterans, but is now slated to spend \$572 million for their care.

The Undersigned Members recommend a total funding level of \$930 million to furnish services to OIF/OEF veterans under current law, an increase of \$357 million over FY07.

3. Rescinding the Ban on Priority 8 Veterans (+\$1.113 billion)

In January 2003, the Administration halted enrollment of Priority 8 veterans, those veterans with no compensable service-connected disabilities and with incomes above the HUD geographical low-income threshold for their respective counties. The Administration's request for FY08 assumes that the enrollment ban on Priority 8 veterans will continue.

The Undersigned Members do not accept this assumption and estimate that new resources of \$1.113 billion are needed to restore access for these veterans. This number is based on VA's own estimates of what it would cost to reopen the system to Priority 8 veterans.

We believe that veterans in need of VA care should not be prohibited from enrolling in the system. Indeed, adequate funding should be appropriated to VA so that all veterans who choose to enroll with VA have access to needed care and services. Many of these veterans bring health care coverage with them and are also subject to copayments, effectively bringing revenue into the system, thereby offsetting the cost of their care. We can think of no other health care system which discourages insured patients from seeking care.

The Undersigned Members note that VA's cost estimate for rescinding the ban on Category 8 veterans would be significantly reduced if the impact of third-party insurance and copayments for care and prescription drugs were factored in. The IBVSOs estimate that the total cost would be reduced to \$366 million.

4. New Initiatives (+\$1.126 billion)

The Undersigned Members of the Committee accept the Administration's proposed "new initiatives". While we support each of these initiatives, we believe that more can and should be done—especially in the areas of mental health, Traumatic Brain Injury/polytrauma care, readjustment counseling, and rehabilitative care. The Undersigned Members also support the expansion of many existing

initiatives and recommend increases in the specialized services discussed below.

Mental Health. The Undersigned Members are very concerned about VA's capacity to meet the mental health needs of returning servicemembers. For example, while the number of veterans diagnosed with substance abuse problems is increasing, the President's request would cut funds for substance abuse treatment. Rather than account for growing demand for mental health care services, the budget also projects reductions in inpatient psychiatric and residential care.

We believe that VA needs greater resources for mental health services and recommend \$693 million in additional funding over FY07 levels.

This level of funding would restore \$135 million needed to correct deficiencies in mental health programs; support expansion of VA's specialized substance abuse programs; expand VA's capacity to provide inpatient psychiatric and residential care; provide funds to address family-related needs of returning veterans experiencing distress following their reentry into civilian life; support more effective treatment for Post Traumatic Stress Disorder (PTSD); and advance efforts to prevent suicide among veterans. In addition, the Undersigned Members believe that VA must take a preemptive, proactive approach to assist families dealing with the stresses and challenges caused by servicemembers' deployments to combat zones and their return to civilian life.

Traumatic Brain Injury and Polytrauma. Traumatic Brain Injury (TBI) has been described as the signature injury of the current conflicts and medical science is only beginning to understand the mental and physical effects of this condition. VA has a responsibility to be at the forefront of TBI research and treatment. The Undersigned Members believe that VA must have adequate staff and equipment to help brain-injured veterans with rehabilitative care, and to return them to an independent existence in their communities.

In recognition of the needs of veterans with traumatic brain and other injuries, Congress directed VA to establish specialized centers for rehabilitative care. The four Polytrauma Centers in Tampa, Palo Alto, Minneapolis, and Richmond are generally regarded as successful. We believe that VA must expand comprehensive polytrauma and rehabilitative care to all Veterans Integrated Service Networks to meet the needs of severely injured veterans and their families—and provide the resources to support this effort accordingly.

We are concerned that the Administration has not adequately budgeted for intensive multi-disciplinary care and case management for veterans with multiple traumas, including TBI. We are also concerned that VA lacks specialized TBI outpatient, home-based, and residential rehabilitative programs. We support VA's efforts to assess and evaluate returning servicemembers for TBI, but we do not believe that the Administration has committed the resources necessary to provide this service.

To improve both TBI and Polytrauma care and services, the Undersigned Members recommend an increase of \$303.4 million for this program over the President's request.

This level of funding would improve the evaluation and treatment of veterans with milder TBI injuries; provide veterans with

intensive and comprehensive TBI/Polytrauma rehabilitation; provide each Polytrauma Center with \$3 million to achieve accreditation for specialized outpatient programs for TBI; expand vocational rehabilitation opportunities for veterans with TBI; support 150 additional social workers to provide intensive care management for veterans with TBI; enhance family education and caregiver assistance programs; and provide VA with funding to improve its case management and research programs.

Vet Centers. As the Global War on Terrorism continues, the number of veterans seeking readjustment counseling and related mental health services through Vet Centers will continue to grow. Experts predict that as many as 30 percent of returning servicemembers may need some kind of mental health treatment—from basic readjustment counseling to care for debilitating PTSD. A study published on March 1, 2006, in the *Journal of the American Medical Association*, reported that 35 percent of Iraq veterans accessed mental health care services during their first year at home. Despite an increase in the number of veterans coming to Vet Centers, the budget for the program has remained relatively stagnant. We note that legislation to authorize \$180 million in funding for Vet Centers passed the full Senate last December (Public Law 109–461).

We recommend that Vet Centers receive a funding increase of \$70 million above FY07 to meet that goal.

Rehabilitation. Rehabilitative care programs offer a full range of rehabilitation services in a supportive environment, with minimal medical care. VA offers both outpatient and inpatient programs, including the Comprehensive Integrated Inpatient Rehabilitation Program, which focuses on stroke and other neurological diseases, vascular diseases, amputations, orthopedic conditions, debility, and medically complex conditions. While Public Law 104–262 established the requirement that VA maintain its capacity to provide for the specialized treatment and rehabilitative needs of patients, including those with amputations, the Administration is projecting a significant decrease of 169 in the average daily census for its residential rehabilitative care program. We believe that the rate of spending for this account should maintain the same rate of growth as in previous years.

We recommend an increase of \$34.3 million for this program.

Homeless Grant and Per Diem Program. Veterans are disproportionately represented among the homeless population, accounting, according to estimates, for one in three homeless persons on any given night. VA has a responsibility to help the roughly 400,000 veterans experiencing homelessness over the course of the year. VA's Grant and Per Diem program is effective in creating and aiding local shelters as they help our Nation's veterans by providing transitional housing, rehabilitative services, and referrals for clinical services.

We recommend \$23 million in additional resources for this program to fully fund it at the \$130 million level that was previously authorized by the Committee (Public Law 109–461).

5. Medical Administration and Medical Facilities

We support the President's recommendation of \$265 million over FY07 levels for both Medical Administration and \$23 million for

Medical Facilities. We expect these funding levels to be adequate to maintain current levels of service.

Our overall recommendations on medical spending are summarized in the chart below:

In thousands of dollars—

Current Services	
Increased Utilization	\$497,000
Inflation and Payroll	1,400,000
Total Current Services	1,897,000
Increased Patient Workload	
OIF/OEF Demand Increase	357,000
Restore Priority 8's	1,113,536
Total Increased Patient Workload	1,470,536
New Initiatives and Program Expansions	
Mental Health	693,000
TBI/Polytrauma	296,000
Vet Centers	70,000
Rehabilitative Care	34,300
Homeless Grant and Per Diem	23,000
Total New Initiatives and Program Expansions	1,116,300
Total Medical Services	4,483,836
Medical Administration	265,000
Medical Facilities	23,000
Total Recommended for Medical Care	4,771,836
President's Medical Care Request	1,943,671
President's Medical Care Shortfall	2,828,165

B. Proposed Discretionary Spending for FY09–FY12

For the second year in a row, the Administration's proposed budget for discretionary spending in years after the current fiscal year would devastate VA health care. The President's budget assumes no increases for VA medical care for the budgets for Fiscal Years 2009 through 2012.

We view the current strategy as one that gives in the first year and cuts heavily thereafter, in order to improve the overall appearance of the President's budget. A frozen appropriation coupled with cuts in other programs would translate to a reduction of services and benefits. The Undersigned Members believe that any budget resolution must reverse these cuts in future years.

C. Medical and Prosthetic Research

The Administration's proposed FY08 budget for VA research is \$411 million, a \$1 million cut from the current year level of \$412 million. This sum cannot sustain current research initiatives or provide the program growth necessary to attract and retain quality staff. The Administration's proposal would result in the direct loss of 193 FTE. Increased funding is required to sustain current VA research and development program commitments, and to cover inflationary cost increases associated with these commitments. VA must be able to continue addressing the special needs of our Nation's veterans, and continue to recruit and retain the highest quality physicians. We recommend an additional \$69 million over FY07 levels for a total funding level of at least \$481 million.

D. Grants for State Extended Care Facilities (SECF)

The Administration requested \$85 million for the second consecutive year for State extended care construction grants in FY08. Grant proposals from the States continue to increase, in response to an ever-growing population of veterans in need of long-term care.

The FY07 "Priority 1" backlog of 92 validated construction projects, submitted by 23 State governments, stands at \$242 million. In all cases, the State governments involved have satisfied VA's requirement of reserving 35 percent of the construction cost in appropriated or bonded State funds. With currently available funds of \$85 million in FY07 from Public Law 110-5, VA will be able to fund only 22 of these 92 projects in this fiscal year. Further, VA will be able to fund only one previously approved high-priority new home project. Three other States have proposed new State veterans homes to be funded in FY08, but VA would be unable to support those projects under the President's budget proposal. The States have taken on the major burden of providing veterans' long term care, and they ask little of the Federal Government. The Administration should support their efforts.

To award these three new State home grants in FY08, and to fund pending meritorious grant proposals, the Undersigned Members recommend \$250 million for FY08, a \$165 million increase above both the Administration's FY07 and FY08 requests.

E. Major and Minor Construction

We support the Administration's request for \$727 million for Major Construction and \$233 million for Minor Construction in FY08, although increased resources for construction may be required in the near future. We believe VA must move forward in FY08 on previously approved projects with funds appropriated for FY07 in a more organized fashion. The Undersigned Members believe that VA must honor the commitments it has made to the completion of new hospitals in Denver, Las Vegas, and Orlando, as well as for other enhancements and expansions across the system.

F. Office of the Inspector General

The work of the VA Office of the Inspector General (OIG) has made significant contributions to management effectiveness throughout VA. The OIG conducts vital oversight investigations and audits of various aspects of the Department's operations and budget. For the second year in a row, the Administration is proposing a decrease in FTE and funding for the OIG. Reductions in staff would severely impair the OIG's ability to identify fraud, waste, and mismanagement, and would result in fewer arrests, indictments, and convictions of individuals who prey on VA and our Nation's veterans.

To reinstate the cuts made by the FY07 Joint Funding Resolution and to further enhance the abilities of the OIG, we recommend an additional \$18.3 million above the amount included in the President's request. Funding at this level will allow for an additional 100 FTE to support additional auditors, health care inspectors, and criminal investigators to ensure enhanced quality and safety of VA health care and services.

G. Information Technology (IT)

The Undersigned Members support the Administration's request for \$1.8 billion for IT for FY08. The events of 2006 and the subsequent restructuring of VA's IT system have the potential to limit future risk of catastrophic security breaches. The Committee intends to closely monitor developments as VA works to improve its IT systems.

Provisions in Public Law 109-461 require that, in the event of a breach of secure personal information held by VA, the Secretary must ensure that, as soon as possible, a non-Department entity or the VA Inspector General conduct an independent analysis to determine the level of risk associated with the breach. Since July 2006, VA's Security Operations Center has reported about 3,600 incidents involving the potential loss or unauthorized access of sensitive personal information. VA has not budgeted for the conduct of these risk analyses.

We recommend that VA be allocated an additional \$10 million for purposes of conducting data risk analyses.

H. Compensation, Pension, and Burial Staffing and Training

The Undersigned Members are concerned that the Administration's request for compensation, pension, and burial staffing is inadequate. Although the President's FY08 budget request of \$804 million for compensation, pension, and burial staffing is \$27.6 million over the 2007 level, we believe that additional funding is necessary to provide veterans with timely and accurate decisions of their claims. We recommend an additional \$40 million for compensation, pension, and burial staffing to provide an additional 663 FTE over the President's request. We also recommend \$10 million for the training of these new staff, and improvement and expansion of VBA's training programs.

Staffing. The President requests 6,882 FTE for direct compensation staffing in FY08. The request for pension and burial staffing remains flatlined at 1,287 and 151, respectively. VA typically combines these three programs for their direct FTE count—in 2008 it is estimated to be 8,320 for all three programs. This is 457 more than last year's request, but not enough to meet VA's ever-increasing workload and backlog of claims.

Workload. The disability claims workload from returning war veterans as well as from veterans of earlier periods has increased continuously since 2000. Annual claims grew 39 percent from 2000-2006, from 578,773 to 806,382. Despite this trend, VA estimates that it will see a slight decrease in claims receipts in FY08 to 800,000. VA estimates that its pending inventory, which as of January 2007 was 393,922, will decrease to 329,660 by the end of 2008. However, currently claims receipts are up 8 percent over what was projected for FY07, and most of those are original rather than reopened claims. VA typically receives 70,000 claims per month.

Studies have shown that the size of the active duty force is the best predictor of new claims activity. DOD data show that there were nearly 198,000 military separations in 2006. This number does not include demobilized Guard and Reserve. Trends show that 35 percent of these veterans will file a claim over the course of their lifetime. For 2006 separations only, that number is over

69,000 for active duty forces alone. It is clear that VA has not yet seen the bulk of claims that will be submitted as a result of OIF/OEF, and must prepare now for this influx of claims.

In 2006, 24 percent of the compensation workload (51,260 of the 217,343 original compensation claims received) contained eight or more issues. Cases resulting from VA's popular Benefits Delivery at Discharge program have an average of ten issues per claim. These claims are increasingly complex, and require more time invested in development and rating. Additionally, many veterans receiving compensation have chronic, progressive diseases such as diabetes, mental illness, and musculoskeletal or cardiovascular illnesses. As these veterans age, they will undoubtedly file additional claims.

VA estimates that these 8,320 direct FTE will have an average output of 101 cases per FTE per year. However, this number of direct FTE also includes clerical, public contact, and non-rating claims processors, and others working in VBA, so the number actually processing claims will be lower.

Clearly, VA must reduce its backlog and prepare for an influx of claims resulting from ongoing operations abroad, recent court decisions, and legislation. Given that it takes two years for a claims adjudicator to become proficient in his or her work, the time to hire and train new employees is now.

Training of adjudicators. The accuracy and timeliness of VA's claims performance is dependent upon well-trained and experienced staff. The President's budget cites VA's enhanced training efforts as "the key" to developing a staff capable of producing accurate and consistent decisions and effectively responding to changing workload volumes. Simply hiring additional FTE will not automatically increase VBA's productivity. There must be sufficient funds in the budget to absorb the cost of training new personnel before they can contribute to improving VBA's bottom line.

VBA has established a broad spectrum of training programs and educational resources, both at VA's Regional Offices and at the Veterans Benefits Academy in Baltimore, MD. Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) are provided 3 weeks of centralized basic training at the Veterans Benefits Academy. The Veterans Benefits Academy also offers a range of advanced training courses in leadership and management development, as well as computer-based learning tools and satellite broadcasts that bring the Academy's expertise directly to staff desktops. As of FY07, all claims adjudicators are required to undergo a minimum of 80 hours of job-specific training.

The Undersigned Members recommend an additional \$10 million toward this effort.

I. Vocational Rehabilitation and Employment

The Vocational Rehabilitation and Employment (VR&E) Program provides training, education, and other services to enable veterans to obtain and maintain employment after sustaining service-connected disabilities.

The President's FY08 budget request calls for an additional 39 direct FTE for VR&E. The VR&E workload is expected to increase above 2006 by 2.8 percent in 2007 to 92,126, and by another 2.5 percent in 2008 to 94,500. VR&E anticipates that the effects of

OIF/OEF will result in more seriously injured veterans who will likely qualify for the VR&E Program.

The Administration's request also stipulates that the additional FTE will be allocated toward implementation of the 2004 VR&E Task Force Recommendations, staff for the Coming Home to Work and Process Consolidation initiatives, and contract oversight. VA maintains that implementation of the Task Force recommendations and removing the burden of contract oversight from case managers will allow it to handle the growing caseload. However, it is not clear that the requested 39 FTE will be sufficient to accommodate these objectives and meet the needs of a growing workload.

The Undersigned Members recommend \$4.33 million above the President's FY08 staffing budget request of \$119.7 million, which is an increase of \$5.7 million over the FY07 level. This would provide an additional 61 FTE, above the President's request, for VR&E to absorb increasing workload and meet additional objectives.

J. Education

The VBA's Education Service provides veterans, servicemembers, Reservists, and certain family members with educational resources. Recent legislative changes in the education program for Reservists have increased the complexity of education claims and the resources needed to process them.

The President's FY08 budget request calls for an additional 14 direct FTE for the Education Service over the FY07 level of 758. The Education Service workload is expected to increase by 2.4 percent in both FY07 and FY08. VA expects that this level of direct FTE will allow it to not only process claims in a timely and accurate manner, but also address some of the deterioration in timeliness experienced in prior fiscal years.

While this request for an additional 14 FTE for the VA's Education Service is a step in the right direction, we are concerned that this increase will not be sufficient to support the workload associated with the projected increase in education claims, together with the need to improve the timeliness and accuracy of education claims processing. We recommend an additional \$11.6 million, which would support 149 direct FTE at the Education Service.

K. Board of Veterans' Appeals

The Board of Veterans' Appeals (BVA) is responsible for making final Departmental decisions on behalf of the Secretary for the thousands of benefits claims presented for appellate review annually.

The President's FY08 request for BVA is for \$54.76 million, which would support 468 FTE, an increase of 24 FTE and \$1.9 million over the FY07 level. The Undersigned Members are concerned that the resolution time is rising despite an increase in appeals decisions per veteran law judge. In addition, although BVA's overall quality has improved to 93 percent, of those cases appealed to the Court of Appeals for Veterans Claims (CAVC), it appears that there is still a gap between the Board's decisions and the CAVC's determinations. Of the 2135 merit decisions made by the CAVC in FY06, only 448 cases were affirmed, while 518 were reversed, vacated, or remanded, and 847 were simply remanded for further action. This data suggests that BVA's resolution of claims, when com-

pared to the court's action, is well below 50 percent for those cases appealed to CAVC. While we recognize that this is just one a snapshot of the work that BVA undertakes, it must be taken into account in evaluating the current performance of the Board.

The Undersigned Members recommend that BVA be provided with \$3.7 million above the President's request, which would provide 32 more FTE to reduce the backlog at BVA, decrease the average days pending, and further improve quality.

L. State Cemetery Grant Program

The State Cemetery Grants Program (SCGP) complements the National Cemetery Administration's (NCA) mission to establish gravesites for veterans in areas where NCA cannot fully meet veterans' burial needs.

We recommend that the SCGP be funded at a level of \$37 million—a \$5 million increase over the FY07 level. This increased funding will enable states to establish, expand, and improve their veterans' cemeteries.

M. Department of Labor, Veterans' Employment and Training Service

The Undersigned Members believe that the Department of Labor's Veterans' Employment and Training Service (VETS) should receive an additional \$6 million for Veterans' Workforce Investment Grants (VWIP) and the National Veterans' Training Institute (NVTI). Given the unemployment rate for young veterans, VWIP should continue to expand its efforts to target recently separated veterans as well as segments of the veteran population that need specialized employment assistance, such as single parents and those with service-connected disabilities. Further, those involved in the delivery of services to veterans must be adequately trained. We expect that with additional funding, NVTI will develop new courses based on the Jobs for Veterans Act.

We further believe that there should be an increase of \$8.5 million in the amount available for State grants supporting the Disabled Veterans' Outreach Program (DVOP) and Local Veterans Employment Representatives (LVERs). These grants support staff who provide intensive services to meet the employment needs of disabled and other eligible veterans, with the maximum emphasis directed toward serving those who are economically or educationally disadvantaged, including homeless veterans, and veterans with barriers to employment. They also develop employment opportunities for veterans through outreach to employers.

Funds for these initiatives have remained relatively constant for the past five fiscal years, but with increases in personnel costs and the effect of inflation, the actual number of LVERs and DVOPs has declined by more than 400 FTE since FY02. We believe the additional funding that we are recommending will allow VETS to better assist the increasing numbers of veterans seeking employment assistance, and will curb the erosion in staffing for these programs.

We support the President's FY08 budget request of \$23.6 million for the Homeless Veterans' Reintegration Program (HVRP), an increase of 8 percent over the FY07 level. It is estimated that an additional 1,200 homeless veterans would be served at this level.

N. Court of Appeals for Veterans Claims

The United States Court of Appeals for Veterans Claims (CAVC), a legal body independent of the Department of Veterans Affairs and the executive branch, is vested with the authority to review decisions of the Board of Veterans' Appeals (BVA) regarding a veteran's entitlement to benefits offered by VA. The court is empowered to affirm, vacate, reverse or remand decisions made by BVA, as well as compel actions of the Secretary where such action is necessary to bring VA into accordance with the law.

The court's budget request of nearly \$21.22 million for FY08 is \$1.12 million more than the FY07 level. This increase is attributable to personnel costs for additional staff to meet the challenges in processing an increased workload. During FY06 the court received more case filings than any other year in the court's nearly 20-year history. From FY98 to FY04, the court received approximately 200 case filings per month. In FY05, the number of case filings increased to 289 per month, and in FY06 the average increased to more than 300 per month. This increase continues in FY07 with 1,584 case filings in just the first quarter—the highest of any quarter in the court's history. This trend is expected to continue throughout FY07 and into FY08. Thus, additional staff for the court are warranted.

Three of the new positions that are requested in the FY08 budget are for attorneys who will perform dual roles for the court. As part of their duties, these attorneys would serve as law clerks for retired judges who have been recalled to the court. We support the court's use of retired judges and therefore recommend that the court's requested funding to meet this end be provided.

III. MANDATORY ACCOUNT SPENDING

The Undersigned Members support the budget request of \$45.3 billion for entitlement programs, which is a \$3.2 billion increase over the 2007 level. However, there are several areas within this account that require funding beyond what the President has requested.

A. Filipino Veterans

Filipino veterans who served with the United States' forces during World War II were originally promised veterans' benefits. Eligibility for benefits for many of these veterans was rescinded by Congress in 1946. While many benefits have been restored, some Filipino veterans and their survivors remain ineligible for needs-based pension benefits. We recommend an additional \$50 million to provide pension and death pension benefits to World War II Filipino veterans and their survivors in FY08.

B. Cost-of-Living Adjustment

The Administration's requested increase in mandatory funds provides for a 1.4 percent cost-of-living adjustment in VA compensation benefits in FY08. A 1.4 percent increase is the expected increase estimated in the Consumer Price Index, and is the same as the increase expected for Social Security benefits. Under current law, this COLA is rounded down to the next lowest whole dollar.

VA compensation is sometimes the sole source of income for a veteran and his or her family. We owe it to our veterans to provide them with appropriate compensation, the value of which does not decrease with inflation. The Undersigned Members thus recommend that \$20 million be provided to end the COLA round-down.

C. State Approving Agencies

For purposes of establishing institutional eligibility for the payment of VA education and training benefits, State Approving Agencies (SAAs) are responsible for the evaluation and approval of programs of education and training within their respective states, including: institutional programs, on-job training, and licensing and certification programs. At a time when the number of veterans enrolled in programs of education is expected to increase, we believe it does not make sense to decrease SAAs' funding in FY08 due to the expiration of an extended ceiling in the amount of mandatory funds available for the program. We recommend that an additional \$6 million be made available for SAA grants.

D. Dependency and Indemnity Compensation

Surviving spouses of veterans who have minor children receive an additional transitional benefit of \$250 per month for the first two years of eligibility. Because no cost-of-living increase has been provided since 2005, the value of this benefit has diminished.

The Undersigned Members recommend an additional \$500,000 in mandatory spending to restore the value of this benefit.

E. Service-Disabled Veterans' Insurance

The Insurance Act of 1951 established the S-DVI program for veterans with service-connected disabilities rated at 10 percent or greater. This \$10,000 benefit has never been increased.

Recognizing that veterans who are totally disabled have particular difficulties in purchasing commercial life insurance, Congress has provided additional benefits to these policyholders. Totally disabled veterans enrolled in S-DVI are eligible to apply for a waiver from VA which relieves them of the obligation to pay premiums on the basic coverage. In addition, in 1992, Congress made an additional \$20,000 in supplemental coverage available to this same cohort of totally disabled veterans. Unlike the \$10,000 basic coverage, premiums are not waived on supplemental coverage. As a result of this latter change, totally disabled veterans are currently eligible for a maximum of \$30,000 in VA life insurance. In comparison, the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance benefits, which were \$10,000 and \$20,000, respectively, at their inception, have been increased over time to \$400,000.

We recommend that \$5 million be provided to give totally disabled veterans the opportunity to purchase an additional \$20,000 in supplemental insurance, raising to \$50,000 the maximum amount of life insurance available to a totally disabled veteran.

F. Burial Benefits

The Federal Government has provided varying forms of burial benefits since the Civil War. We are concerned that the continued erosion in the value of monetary burial benefits has resulted in the

benefit covering just a small fraction of what was covered in 1973, when VA first provided monetary burial benefits for our veterans.

The Undersigned Members recommend that \$150 million be provided to bring the value of this benefit closer to that established in 1973. Specifically, we recommend an increase in the plot allowance from \$300 to \$745; an increase in the service-connected burial benefit from \$2,000 to \$4,100; and, finally, an increase in the non-service-connected burial benefit from \$300 to \$1,270.

G. Specially Adapted Housing Grants

VA provides specially adapted housing grants of up to \$50,000 to severely disabled veterans with service-connected disabilities. Unfortunately, increases to this program have been infrequent, while real estate and construction costs have continued to rise. We recommend an additional \$6 million to increase the amount of these grants to \$60,000.

H. Automobile Grants and Adaptive Equipment

VA provides certain severely disabled veterans and service-members grants for the purchase of automobiles. This grant also provides for adaptive equipment necessary for safe operation of those vehicles. When this grant was first established in 1946, it covered approximately 85 percent of the average cost of a new automobile. Over time, Congress adjusted the amount provided to 80 percent of a new automobile. However, lack of further adjustments to this grant have gradually eroded the benefit so that today, the current allowance of \$11,000 represents only 39 percent of the average cost of an automobile.

The Undersigned Members recommend that \$15 million be provided to increase the allowance to 80 percent of the average cost of a new automobile.

IV. CLOSING

We thank the Budget Committee for its attention to the Undersigned Members' views and estimates of the Administration's Fiscal Year 2008 budget. We look forward to working with the Budget Committee in crafting a budget for veterans' programs that truly meets the needs of those who have served our country.

Sincerely,

DANIEL K. AKAKA,
Chairman.
 JOHN D. ROCKEFELLER IV.
 PATTY MURRAY.
 BARACK OBAMA.
 BERNARD SANDERS.
 SHERROD BROWN.
 JAMES WEBB.
 JON TESTER.

MARCH 1, 2007.

Hon. KENT CONRAD, *Chairman*,
Hon. JUDD GREGG, *Ranking Member*,
Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR SENATORS CONRAD AND GREGG: Pursuant to Section 301(d) of the Congressional Budget Act of 1974, I, as Ranking Member of the Committee on Veterans' Affairs (hereinafter, "Committee") submit this report to the Committee on the Budget on the proposed fiscal year 2008 (hereinafter, "FY08") budget for Function 700 (Veterans' Benefits and Services) programs.

GENERAL COMMENTS

From time to time, it is worth repeating the obvious. We are a nation at war. The fourth anniversary of the war in Iraq, and the sixth anniversary of the war in Afghanistan will occur this year. Hundreds of thousands of volunteers have been sent into harm's way. Thousands have given their lives in combat; thousands more have returned with severe disabilities. The mission statement of the Department of Veterans Affairs (hereinafter, "VA"), "To care for him who shall have borne the battle and for his widow, and his orphan . . ." is more relevant now than ever. These brave men and women expect and deserve, our best, as do all who suffer disabilities as a result of military service. They are the reason VA exists. Our shared values demand that they, above all others, have first call on the Nation's resources. Within the context of a near \$87 billion budget for VA, few can argue that resources are not there to meet our obligation to those suffering disabilities as a result of current and past conflicts.

We must also acknowledge that we are a nation with deficits and debt. After meeting our commitment to those for whom VA benefits and services were created, we cannot escape the reality of resource constraints. It is with this reality in mind that I make my recommendations on the President's FY08 budget. Almost exactly ten years ago, every member of the Committee on Veterans' Affairs, on a bi-partisan basis, signed a views-and-estimates letter expressing similar sentiments. I believe the following excerpt from that letter provided the appropriate framework for debate on VA's budget then and still does today:

In preparing these comments, the Committee's members have kept in mind the fiscal limitations within which we must operate if we are to get Federal spending under control and thereby reduce the Federal deficit and debt. We believe that the Government can be fiscally responsible while still fulfilling its commitments to the most deserving among us—including our Nation's veterans. We also are mindful of the fact that uncontrolled Federal spending threatens the long-term health of the Nation's economy and, in turn, could adversely affect the provision of veterans' benefits. Thus, we recognize that those who have worn the uniform in defense of the Nation seek, as we do, to protect the health of the Nation's economy.

SUMMARY

Function 700 is comprised of budget authority and outlays associated with four entities under the jurisdiction of the Committee: VA; the Department of Labor's Veterans' Employment and Training Service (hereinafter, "VETS"); the American Battle Monuments Commission (hereinafter, "ABMC"); and the United States Court of Appeals for Veterans Claims (hereinafter, "CAVC"). I support the President's request for total Function 700 discretionary funding and, except as noted below, the President's total mandatory funding request. With a few exceptions, I endorse the President's allocation of Function 700 spending among the various appropriations accounts. The exceptions are noted in the following chart and will be discussed in greater detail in the body of this letter.¹

	President's FY08 Request	V&E Rec- ommendation	Difference
State Home Construction Grant	\$85 million	\$10 million	-\$75 million
Medical Research	412 million	432 million	+20 million
Minor Construction	233 million	284 million	+51 million
General Operating Expenses	1.717 billion	1.721 billion	+3.7 million
National Veterans' Training Institute	1.949 million	2.099 million	+150 thousand
Veterans' Workforce Investment Program	7.351 million	7.501 million	+150 thousand

VA

The President requests total budget authority for VA in FY08, including revenue from medical collections authorized under existing law, of \$86.757 billion. This total consists of \$44.978 billion for mandatory programs and \$41.779 billion for discretionary programs. The \$41.779 billion request for discretionary programs is comprised of \$2.352 billion in expected revenue from collections and \$39.427 billion in appropriations. I do not recommend increases beyond those requested by the President for discretionary programs. Furthermore, I agree with the President that discretionary spending from general appropriations be limited to \$39.427 billion.

With respect to mandatory programs, the President's budget assumes offsetting receipts of \$355 million in FY08, and \$2.313 billion over five years, from the enactment of revenue-generating proposals. As will be discussed below, I do not support revenue from these or other revenue-generating proposals being used as offsets against mandatory spending.

Veterans' Employment and Training Service

The President requests \$228 million for the Department of Labor's VETS programs and services. I recommend that \$300,000 be added to the President's request to increase funding for the National Veterans' Training Institute (hereinafter, "NVTI") and the Veterans' Workforce Investment Program (hereinafter, "VWIP").

¹For purposes of this letter, in order to more accurately compare the FY08 VA budget relative to the fiscal year 2007 appropriation, I have not assumed the realignment of \$556 million and 5,529 full-time equivalent employees in FY08 (as is assumed in the President's request) to VA's Information Technology account.

United States Court of Appeals for Veterans Claims

The CAVC requests \$21.2 million. I support the CAVC's full request provided that it continues to use its statutory authority to recall retired judges throughout FY08.

American Battle Monuments Commission

The President requests \$42.1 million for ABMC. I enthusiastically support the President's request.

DISCUSSION

I. MANDATORY PROGRAMS

Within Function 700, only VA programs contain mandatory account expenditures. The President's request for FY08 is \$44.978 billion in budget authority for mandatory programs.

The President's budget assumes offsetting receipts of \$355 million in FY08, and \$2.313 billion over five years, from the enactment of legislation that would: apply a progressive annual premium on veterans without service-disabling conditions whose family income exceeds \$50,000; increase pharmacy copayments from \$8 to \$15 per 30-day supply of medication for priorities 7 and 8 veterans; and end VA's practice of offsetting first-party copayment debt with third-party collections. I agree that the proposals put forth by the President merit serious consideration and I recommend adoption of some mixture of revenue-generating proposals. However, I do not support revenue from these or other proposals being used as offsets against mandatory spending. Rather, all revenue generated from new collections should be used to fund veterans' medical care.

As was noted in last year's letter, VA entitlement spending has nearly doubled in a ten-year period. The bulk of the accelerated spending is attributable to growth in the Compensation and Pension (hereinafter, "C&P") account. The C&P account funds disability compensation payments for veterans with service-connected disabilities; compensation payments to surviving spouses and dependents of veterans who die as a result of service-related conditions; pension payments to disabled or elderly wartime veterans; pension payments to needy spouses of wartime veterans; and payment of certain burial-related expenses.

During his testimony at the Committee's February 13, 2007, hearing, VA Secretary R. James Nicholson attributed the growth in VA's entitlement expenditures to a variety of factors, chief among them VA's efforts to inform eligible veterans of the benefits to which they may be entitled. VA expects net accession to the compensation roles to continue to increase, even in the face of an overall declining veterans' population.

Looking at specific drivers of cost growth, VA projects that average compensation payments to veterans will continue to increase due to a variety of factors: (1) More veterans filing disability claims (primarily Gulf War era and Vietnam-era veterans); (2) More veterans filing for and being granted service-connection for multiple disabilities (the number of veterans filing for at least eight or more disabilities has doubled in five years); (3) Increases in average disability ratings (as veterans age, their disabilities may worsen and they may be granted increased disability ratings); (4) Increases in Individual Unemployability claims; (5) Cost-of-living adjustments;

and (6) More military retirees filing for disability compensation spurred by new laws allowing partial concurrent receipt of military retired pay and VA disability pay (43% of the Nation's 1.96 million military retirees are now receiving VA disability compensation).

A number of bills, including some I have authored, already have been referred to the Committee proposing additional VA entitlement program spending. Although I am aware of and, in many cases, sympathetic to efforts to address gaps in educational assistance, compensation, insurance, and other benefits, I believe it is important during a time of fiscal restraint to live within our means. Therefore, it will be my policy to adhere to existing budgetary guidelines and find spending offsets to pay for any new, non-emergency entitlement spending.

II. DISCRETIONARY PROGRAMS

A. VA Medical Care

The President requests \$37.02 billion for medical care in FY08, including \$462 million that is proposed to be realigned with the Information Technology (hereinafter, "IT") account. The President's request is comprised of a combination of general revenue appropriation (\$34.66 billion) and medical care collections (\$2.35 billion). I support both the President's total medical care request and the sources from which he proposes to obtain requested dollars.

Before I provide my views on the President's request, I feel it is necessary to explain what "medical care" is in order to ensure accuracy. There is no longer a single VA "medical care" appropriation account as in prior years. Beginning with fiscal year 2004 appropriations, Congress divided the medical care account into three separate health-related accounts: medical services (including amounts transferred to medical services from medical collections), medical administration, and medical facilities. It is the sum of these three accounts I refer to when using the term "medical care."

I believe that Congress should collectively revisit the policy of having three separate medical appropriation accounts. Although the purported reason for the three account structure was to provide Congress with more detailed, transparent information about the expenditure of health resources, the effect has been to increase VA's financial management transactions with little or no benefit and to add greater complexity to financial accounting decisions. The following is a post-hearing question response from VA about the operational effect of the three account structure:

Unfortunately, the change in the medical care account structure has resulted in a number of unintended consequences that have dramatically increased the volume and complexity of VA's workload. One significant impact has been the negative effect it has had on the Department's budget execution activities. Financial management transactions occur at all of VA's more than 150 medical centers. Prior to the account structure revision, there were about 30,000 funding transactions required to support the single medical care appropriation account. With the implementation of the new account structure, our workload has grown to 70,000 transactions. This substantial increase in

the volume of financial transaction workload has increased the risk of errors.

The current account structure has also had the unintended effect of introducing greater complexity into the hiring process at medical centers. For example, payroll funds to support nurses, security guards, and food service staff are now in three separate accounts instead of managed through a single medical care account. All three positions are key components leading to safe, high-quality patient care. Funding limitations caused by the more detailed account structure have made it much more difficult for medical center directors to staff their facility with the proper combination of employees, who contribute to both direct and indirect patient care. This has had the greatest impact on the management and administration of the Medical Services and Medical Administration accounts.

I will work with the Appropriations Committee on this issue as the year progresses.

As to the current request for medical care funding, the dramatic change in perception of VA as a national leader in the delivery of high-quality health care has driven an increase in demand for its services from veterans across the country. Of VA's 7.6 million enrollees, roughly 5.8 million will use VA's system in FY08. Couple the demand for VA care with an aging population, and newer veterans with complex care needs arising from service-related injuries suffered during Operation Iraqi Freedom and Operation Enduring Freedom (hereinafter, "OIF/OEF"), and it is not surprising that there is tension between demand for health services and available resources.

Assuming enactment of the President's request, VA medical care will have increased by 77 percent since fiscal year 2001. If the President's increase for FY08 is any barometer for out-year increases, and assuming current enrollment eligibility policy continues, VA's medical care budget will grow at a pace that may be unsustainable.

For the sixth year in a row the President has proposed enacting revenue-generating policy proposals. However, this year's proposals are different than prior year's in that the President's discretionary budget request for the medical care system does not assume enactment of those policies in order to provide the system with the resources necessary to fund all medical care programs. Instead, the President proposes to deposit any receipts from the proposals directly into the U.S. Treasury, resulting in a mandatory cost savings.

The first of the FY08 proposals is to charge certain veterans a progressive annual premium based on the veteran's family income: \$250 per year for those making between \$50,000 and \$74,999; \$500 for those making between \$75,000 and \$99,999; and \$750 for those who make over \$100,000 annually. As a point of comparison, the average annual premium of an individual health insurance policy in the United States is \$4,242. The second proposal would increase copayments for priority 7 and 8 veterans to \$15 for a 30-day supply of prescription medication; and the third is to cease waiving indebtedness of first party copayments under certain circumstances.

During a time of high deficits and restrained spending in every account unrelated to national security, the President's proposals are a very reasonable way of sharing some of the costs associated with access to what is widely regarded as the Nation's best health care system. Given that this budget does not rely on the proposals' enactment, I believe they represent a good starting point from which Senators can discuss any responsible approach to increasing revenue from sources other than appropriations.

Further, I would strongly recommend that any new revenue sources be devoted to VA's discretionary accounts, specifically the medical services account, for use in providing care to America's veterans. I would also recommend that any such revenue enhancing measures not go into effect until the start of fiscal year 2009. In that way, VA would have more time to plan for the implementation of the new proposals and additional time to provide Congress with a more accurate projection of revenue generated from them. This will allow Congress to properly reflect the budgetary implications of any new policy during the fiscal year 2009 budget cycle.

The President's budget for medical care contains numerous other funding initiatives that I support and that are vital to veterans, particularly the 4 percent of VA's patient population who served in OIF/OEF. Assumed in the request are increases for prosthetic and sensory aids, treatment of serious mental illness, treatment of Post Traumatic Stress Disorder, and other programs to support Gulf War and OIF/OEF veterans. Care for veterans of the Global War on Terror must remain VA's highest priority.

B. MEDICAL RESEARCH

The President's budget proposes flat-lined funding in the Medical and Prosthetic Research account in FY08. VA projects that the \$412 million request (including \$1.1 million proposed for IT realignment) in appropriations will be leveraged with other Federal (and to a lesser degree, non-Federal) resources to yield an overall increase in allocations for research. I recommend an additional \$20 million above the President's request.

One research priority that VA has identified for the coming fiscal year focuses on returning OIF/OEF veterans. Many of these veterans have sustained traumatic brain or spinal cord injuries, often in conjunction with sensory loss and loss of limbs. It is essential that research be conducted to guide treatment and rehabilitation for these individuals with polytraumatic injuries. VA must invest in research now to guide evidence-based treatments for the future. In pursuit of this goal, I propose that VA's Medical and Prosthetic Research account be increased to \$432 million for FY08.

C. INFORMATION TECHNOLOGY

The President requests \$1.303 billion (not including \$556 million proposed for IT realignment) for IT and data security activities. This amount is intended to continue VA's transition to a fully central IT management system by the July 2008 target date.

The Committee held a series of hearings during the 109th Congress to examine VA's plan to re-organize its IT management system and rectify longstanding problems with data security and the stewardship of veterans' sensitive personal information. I support the President's request for the resources necessary to accomplish

these goals. I will continue to closely monitor the centralization process as well as VA's security progress to ensure that this transformation allows VA to maintain critical infrastructure, make the investments necessary to enhance future operations, and protect veterans' personal information.

D. GENERAL OPERATING EXPENSES

The President requests \$1.717 billion (including \$89 million proposed for IT realignment) in general operating expenses in FY08, \$1.399 billion for the Veterans Benefits Administration (hereinafter, "VBA") and \$318 million for General Administration. Included in the total is \$156 million in appropriations that will be transferred to the General Operating Expense account for administration of VA's housing programs. I recommend a \$3.7 million increase above the President's request, all of which would go toward General Administration.

Although the President's budget recommends budget authority and full-time equivalent (hereinafter, "FTE") employment levels for each of the organizations funded under the General Operating Expense account, it is important to note that these are estimates only and that VA retains the authority to shift money around among each organization if actual events differ from the assumptions contained in the FY08 budget. For instance, should the number of disability compensation claims received by VA exceed expectations due to court decisions, legislative or regulatory changes, or otherwise unexpected volume, I would expect VA to adjust budget and FTE needs for the Compensation and Pension Service (hereinafter, "C&P Service") and the Board of Veterans' Appeals (hereinafter, "BVA") as is necessary. Conversely, should claims receipts be less than projected, I would expect an accounting from VA as to how it will adjust its budgetary and FTE needs.

Veterans Benefits Administration

Including transferred appropriations for administration of VBA's housing programs, \$1.399 billion (including \$45 million proposed for IT realignment) is requested for VBA. This funding request will support a staffing increase of 470 FTE over fiscal year 2007.

(a) Compensation and Pension Service

The President requests funding to support 9,893 FTE (including 334 IT FTE) and 8,320 direct FTE to handle VBA's compensation and pension workload. This would provide the C&P Service with an increase of 457 direct FTE over the expected fiscal year 2007 level. That FTE level would represent almost a 59 percent increase in direct FTE during the past ten years.

Claims or actions involving disability rating decisions are the primary workload handled by C&P Service direct FTE. Since fiscal year 2000, the number of disability claims received by VA has been trending upward, from 579,000 in fiscal year 2000 to 800,000 expected in fiscal year 2007. (The number of claims received in fiscal year 2006 was slightly higher than the expected fiscal year 2007 level, as a result of approximately 8,000 claims generated by special outreach in six states.) During that time, the complexity of the workload has also increased. For example, the number of claims involving eight or more issues increased dramatically (from 21,814 in

fiscal year 2000 to 51,260 in fiscal year 2006) and court decisions have imposed additional procedural requirements.

For FY08, VA expects to receive approximately 800,000 rating claims, roughly the same level of claims that it expects to receive in fiscal year 2007. With the requested 8,320 direct C&P FTE, VA expects to complete 840,320 claims in FY08, an average of 101 decisions per direct FTE. The Administration expects that this would allow VA to reduce its pending inventory (from 370,000 claims at the end of fiscal year 2007 to 330,000 claims at the end of FY08) and to improve the average days it takes to complete a claim (from 160 days in fiscal year 2007 to 145 days in FY08). I appreciate the Administration's focus on improving the timeliness of decisions on disability claims and will support the C&P Service budget request in its entirety.

However, I disagree in part with the assumptions contained in the C&P Service budget proposal. First, the number of incoming claims has been steadily trending upward since 2001 and, with the ongoing conflicts in Iraq and Afghanistan, should be expected to continue to increase during FY08. Assuming a 2 percent increase over the expected fiscal year 2007 level, I anticipate that VA will receive approximately 816,000 claims during FY08.

Also, VA has assumed a productivity level of 101 decisions per direct FTE for FY08. That goal is lower than VA has achieved in prior years and less than VA expects to achieve this year. It is also substantially lower than the fiscal year 2007 goal of 108, a goal that VA described as "realistic" given the increasing experience levels of employees hired during fiscal year 2005 and fiscal year 2006. Although I recognize that the complexity of cases has continued to increase and that new employees will not be fully productive for at least two years, I believe that setting a higher productivity goal of 104 decisions per direct C&P Service FTE is reasonable. Thus, with the 8,320 direct C&P FTE requested in the President's budget, VA should be able to produce at least 865,000 decisions during FY08.

Finally, I would like to stress that, although I hope the requested funding level will help improve timeliness and alleviate the current backlog of claims, I do not believe this will be a long-term solution to the problem of lengthy processing times and high levels of pending claims. In fact, according to testimony provided to the Committee during the 109th Congress, significant improvements may require fundamental changes to the design and operation of this system. During the 110th Congress, I will continue to explore what measures could be taken to ensure the long-term ability of VA to provide timely decisions to veterans.

(b) Education Service

The President requests funding to support 939 FTE for the Education Service (including 45 IT FTE). This funding level would allow an increase of 14 direct FTE over the expected fiscal year 2007 level. In addition, this request includes \$6.3 million to fund a year-round contract customer service center to handle telephone calls regarding education claims.

Although I support VA's efforts to find innovative ways to increase productivity by using contract services, I expect that veterans will receive at least the same level of service that would be provided by VA employees. For example, I expect that the call cen-

ter employees will be provided with adequate training to provide rapid, accurate answers to callers' inquiries and that the call center will be held to performance goals comparable to the blocked call and abandon call goals currently in place for Education Service telephone activities. In addition, I expect that VA will continue to pursue efforts to provide additional information about pending education claims via the internet.

I anticipate that utilizing a year-round call center would allow at least 75 additional FTE to devote their time to processing education claims. With those FTE, along with the additional FTE requested in the FY08 budget proposal, the Education Service should be able to reduce its processing time (from 35 days expected in fiscal year 2007 to 25 days in FY08) and to reduce its pending inventory of claims.

(c) Vocational Rehabilitation and Employment Program

The President requests funding to support 1,290 FTE (including 30 IT FTE) for the Vocational Rehabilitation and Employment Program (hereinafter, "VR&E"), an increase of 35 FTE over the fiscal year 2007 level. Those new FTE would be used for additional contracting specialists and for two initiatives—the Coming Home to Work initiative and the Process Consolidation initiative. I believe these additional FTE will ultimately assist the VR&E program in its core mission of helping veterans with disabilities to obtain and maintain suitable employment.

(d) Loan Guaranty Service

The President requests a funding and FTE reduction for VA's Loan Guaranty Service, a reduction that has been a feature of nearly every VA budget submission since the early 1990's. Loan Guaranty FTE in 1997 stood at 2,254. The FY08 budget proposes an FTE level of 963 (including 70 IT FTE). These reductions have been sustained even though performance indicators have remained high. So to the extent the Loan Guaranty Service has been able to "do more with less," I applaud that effort.

This year's proposal gives me some concern in that it comes in the face of what is expected to be an increasing workload. VA expects to guarantee more VA loans in fiscal year 2007 and FY08, and it expects an increasing number of foreclosures and defaults resulting from rising interest rates. In response to a post-hearing question-for-the-record on this topic, VA responded as follows:

VA will be prepared to ensure taxpayers and veterans are well served should the Loan Guaranty program have to deal with a rise in defaults and foreclosures. A newly redesigned loan servicing business process and its supporting IT application will, among other things, improve service to veterans, and improve oversight capability over VA loan servicers. Under this new environment, many loan servicing functions are delegated to private sector loan servicers, and VA will utilize IT technology to directly oversee the work being performed by these servicers on VA's behalf.

I will, of course, be monitoring actual performance to ensure this is the case.

(e) Insurance Service

For FY08, the President proposes funding to support 489 FTE (including 30 IT FTE) for VA's Insurance Service, a slight decrease over the existing fiscal year's FTE level. As is usually the case with respect to VA's administration of its insurance programs, performance is stellar. So long as all performance indicators—such as the timely disbursement of proceeds of life insurance and Traumatic Injury Protection under Servicemembers' Group Life Insurance—remain high, and I will continue to monitor those indicators, I have no reason to object to the President's request.

General Administration

For FY08, the President's budget recommends a \$318 million appropriation (including \$44 million proposed for IT realignment) for the administration of the offices of the Secretary, six Assistant Secretaries, one Appellate Board, and the Office of General Counsel. As noted above, I support an increase of \$3.7 million above the President's request.

(a) Board of Veterans' Appeals

The President requests funding to support 475 FTE (including 7 IT FTE) for the BVA, an increase of 31 FTE over the expected fiscal year 2007 level.

In recent years, the number of cases received at the BVA has been trending steadily upward, from a low of 19,000 in fiscal year 2001 to 43,000 expected in both fiscal year 2007 and FY08. At the same time, staffing for the BVA has been trending downward (from 455 in fiscal year 2001 to 437 in fiscal year 2007) and the number of pending cases has been rising dramatically (from a low of 7,700 at the end of fiscal year 2001 to 40,000 expected at the end of fiscal year 2007). In addition, the appeals resolution time has generally been trending upward, from 595 days in fiscal year 2001 to 700 days expected in FY08.

Although I appreciate the Administration's focus on improving claims processing at VBA, I believe additional focus must be placed on claims that have been appealed. I do not believe the additional 31 FTE requested for the BVA would allow the BVA to handle an incoming caseload of 43,000 appeals, to reduce its existing backlog, or to significantly improve timeliness. Therefore, I support an additional \$3.7 million for the BVA, which should allow an FTE level of approximately 500. I expect that, with this FTE level, the BVA will be able to handle its incoming caseload in a timely manner and will begin reducing the number of pending appeals to an acceptable level.

(b) Office of General Counsel

The President requests funding to support 671 FTE (including 26 IT FTE) for the Office of General Counsel, an increase of 15 FTE over the fiscal year 2007 level. I support the President's request, but will monitor the allocation of FTE to ensure that sufficient FTE are available to handle an increasing caseload before the CAVC.

E. Major Construction

The President requests \$727 million for major construction projects in FY08. Included in that request is \$511 million to con-

tinue funding six projects related to VA's Capital Asset Realignment for Enhanced Services (hereinafter, "CARES") program, all of which were authorized by the Congress in Public Law 109-461. I strongly support VA's efforts to complete projects it has already begun prior to initiating new capital projects that would require resources beyond those anticipated under the CARES program.

F. Minor Construction

The President requests \$233 million for minor construction. This account supports critical upkeep of VA's facilities. With over 150 hospitals currently in operation, this funding level would support just over \$1.5 million for each hospital's minor construction needs. I believe this request is too low to ensure that VA's facilities will be maintained at the highest standards of quality, safety, and cleanliness.

For many years, VA's minor construction account has been short-changed by budgets that, when given difficult choices between patient care resources and capital infrastructure upkeep, have consistently sided with patient care. Although those decisions in isolation were clearly correct, cumulatively they are beginning to have negative, long-term consequences on VA's buildings. As was noted by Mr. Dennis Cullinan, Director of the National Legislative Service at the Veterans of Foreign Wars of the United States (VFW), at the Committee's February 13, 2007, hearing:

The last decade of underfunded construction budgets has led to a reduction in the recapitalization of VA's facilities. Recapitalization is necessary to ensure safe and fully functional facilities. Failure to adequately invest in the system will result in its deterioration, creating even greater costs down the road.

Accordingly, I support an increase of \$51 million above the President's request, for a total FY08 funding level of \$284 million.

G. State Extended Care Facility Grants

The President requests \$85 million in FY08 for State Extended Care Facility grants. There are two main purposes of this grant funding. The first is to help states build or acquire new nursing home facilities. The second is to help states maintain the highest life and safety code standards in existing facilities.

I support a funding level for this grant program sufficient to fulfill the Federal Government's commitment to states with already-established nursing facilities that are in need of life and safety upgrades. However, I believe a suspension of grant funding for the purpose of establishing new nursing facilities is in order at this time.

Long-term care services in America are rapidly moving from institutional settings, such as state home beds, to home and community-based programs that care for individuals with disabilities in their own towns close to their families and friends. VA's own long-term care program is moving in that direction.

Today, there are approximately 18,500 institutional beds in the State Home system for long-term care and very little non-institutional care services. As the old saying goes, "when all you have is a hammer, the whole world looks like nails." In State Homes, this

means there is a bias toward institutional care because that is what the State Homes provide. Each additional construction project brings hundreds of new beds on line that, naturally, continue to feed into this single-dimensional approach to care. Congress' efforts in the State Home Program should be more in line with the President's budget for VA's long-term care program, which contains a proposed 25% increase in non-institutional long-term care funding.

For these reasons, I recommend an FY08 funding level of \$10 million. My recommendation will support every life and safety grant project VA has identified as needing full funding in FY08. Again, I reiterate, I recommend that the budget support funding in this account that addresses facilities in need of life and safety upgrades only and not new construction.

H. State Cemetery Grants

The President requests \$32 million for the state cemetery grant program. State cemetery grants may be used to establish, expand, or improve state veterans' cemeteries. Although the funding requirements associated with pending state cemetery grant pre-applications far exceed the \$32 million appropriation request for this program, it is not until each proposed project adheres to VA's design standards, plan review requirements, and other requirements that actual funds are obligated. For example, even though \$32 million was appropriated for state cemetery grants in fiscal year 2006, \$14.2 million was carried over into fiscal year 2007 because some projects were not ready to proceed according to the original operating plan.

What this means is that the \$32 million in annual appropriation is, at this time, consistent with prior year obligation patterns, and is therefore sufficient to cover all approved projects in FY08. However, 14 new state cemeteries in varying stages of completion are expected to begin operation from fiscal year 2009 to 2012. Thus, an increase in the state cemetery grant appropriation may be in order during that time period.

I. Inspector General

The President requests \$73 million in FY08 for the VA Office of the Inspector General (hereinafter, "IG").

Assuming adoption of the President's request, VA IG funding will have increased by 135% since 1998. As VA's budget has gradually expanded over the last decade, the investment in the VA IG's office has been necessary to protect veterans and taxpayers against waste, fraud, and abuse. I will continue to rely on the IG to monitor VA's delivery of quality medical care, timely processing of benefits claims, financial management practices, and procurement practices. In addition, as VA reorganizes its IT infrastructure and strives to better protect the personal information of veterans and employees, VA's IG must provide necessary oversight.

J. National Cemetery Administration

The President requests \$171 million (including \$4 million proposed for IT realignment) for the National Cemetery Administration (hereinafter, "NCA"). This funding level will support operational expenses related to 105,000 total expected interments at NCA cemeteries and the maintenance of over 2.8 million graves.

The appearance of NCA's national cemeteries is best measured through the eyes of those who regularly visit them. In fiscal year 2006, 97 percent of survey respondents rated the appearance of NCA cemeteries as "excellent." To maintain and improve the appearance of its cemeteries NCA is engaged in a multi-year initiative to address nearly \$280 million worth of cemetery repair projects identified in a 2002, Congressionally-mandated report. NCA completes repairs on these "national shrine" projects using funds from several sources, specifically, its own operations and maintenance budget and funds available from the major and minor construction accounts. Through fiscal year 1996, NCA had completed \$99 million worth of repairs. Roughly \$17 million is planned for fiscal year 2007; and \$11.1 million is planned for FY08. Additional, unspecified amounts for national shrine projects will be expended through NCA's regular operations and maintenance activities. I support NCA's efforts to continue toward completion of all repair projects in a reasonable period of time, preferably before fiscal year 2013.

K. Veterans' Employment and Training Service

The President requests \$228.096 million to fund VETS, a 2.3% increase over the fiscal year 2007 funding level. That request includes \$161.894 million to fund two employment programs for veterans: The Disabled Veterans' Outreach Program (hereinafter, "DVOP") and the Local Veterans' Employment Representative (hereinafter, "LVER") program; \$23.620 million to fund the Homeless Veterans' Reintegration Program; \$7.351 million to fund the Veterans' Workforce Investment Program (hereinafter, "VWIP"); \$1.949 million to fund the National Veterans' Training Institute (hereinafter, "NVTI"); and \$33.282 million to support Federal Management.

Nearly 71 percent of the requested funds will be used to provide grants to States to run the DVOP and LVER program. Last year, the Committee held a hearing to examine the effectiveness of these programs and learned that there are no reliable data demonstrating that the programs are effective in helping veterans find quality jobs. During the 110th Congress, I will continue to examine whether veterans would benefit from fundamental changes in how these funds are used, particularly in light of the increasing focus on employment services by VA's VR&E program. Although I will support the requested funding of \$161.894 million because it is restrained and responsible, I do not recommend funding beyond that level.

The NVTI provides training for DVOP specialists and LVERs. Under Public Law 109-461, States are now required to ensure that all DVOP specialists and LVERs who obtain those positions on or after January 1, 2006, complete the NVTI training within three years. In view of the additional workload that may result for the NVTI, I recommend an increase of \$150,000 over the Administration's request for total of \$2.099 million.

The VWIP grants are competitively awarded to entities to provide targeted employment services for specific groups within the veteran population, such as recently separated veterans. Given that young, recently separated veterans continue to experience higher unemployment rates than non-veterans of the same age

group, I support an additional \$150,000 for this program, for a total of \$7.501 million.

I otherwise support VETS' budget as requested by the Administration.

L. United States Court of Appeals for Veterans Claims

For FY08, the CAVC requests \$21.217 million, of which \$1.120 million will be available for the purpose of providing pro bono representation. The CAVC's request includes \$350,000 to continue two special initiatives: The implementation of an electronic case-filing system and the study and planning stages for a Veterans Courthouse and Justice Center. It also includes funding for additional attorneys to work in the Central Legal Staff and to serve as law clerks for any retired judges who are recalled to perform substantial service for the CAVC.

Last year, the Committee held a hearing to examine dramatic increases in the number of cases being received by and pending at the CAVC and what measures could be taken to help the court deal with that high volume of cases. I am very pleased that, after that hearing, the Chief Judge recalled retired judges in order to assist the CAVC in handling its caseload. The CAVC's fiscal year 2007 funding level included one attorney to assist recalled judges and supplemental funding of \$310,000 for three additional attorneys to assist the recalled judges. The CAVC's FY08 budget request includes continued funding for all of those attorney positions.

Given that the CAVC's productivity has increased by almost 20 percent since the CAVC began recalling judges, I believe this has been a useful tool in dealing with its extraordinary caseload. With the CAVC continuing to receive record levels of incoming cases and with almost 7,000 cases pending at the CAVC (the highest level in the CAVC's history), I expect the CAVC will continue to recall judges throughout FY08. Therefore, based on that assumption, I will support the CAVC's request in its entirety.

M. American Battle Monuments Commission

The President requests \$42.1 million for the ABMC. I enthusiastically support this request.

I accompanied Committee Members Burr, Isakson, and Specter on a visit to several of ABMC's overseas cemeteries during the Memorial Day holiday last year. Shortly after our trip we learned of a backlog of necessary infrastructure repairs that had been identified in a 2000 report commissioned by ABMC. The report identified approximately \$25 million of needed repairs to the cemeteries' electrical, water, and drainage systems. These are improvements critical to sustaining the beauty of these cemeteries, all of which are 60 to 80 years old. \$8.2 million of the repairs have been completed. The problem is that funding for the remaining repairs had been limited in prior budgets, with an estimated completion in 2033.

I am very pleased that the FY08 budget request puts ABMC on a path similar to NCA's for completing all of the needed cemetery repairs in a more reasonable period of time. In addition, funding is included in this budget to begin phased upgrade of ABMC's outdated financial accounting system. ABMC's current accounting system lacks modern functionality, and it costs more to maintain it

over time than it would to simply purchase a modern, upgraded version.

CONCLUDING COMMENTS

This concludes my views and estimates for Function 700 programs. During a time of fiscal restraint, I believe the President has placed the correct priority on meeting the needs of our Nation's veterans. Indeed, when defense and homeland security-related spending is factored out, the President's overall discretionary spending increase is \$8 billion for FY08. Approximately \$3 billion of that increase is proposed for VA; the remainder amounts to a 1.3 percent increase for the rest of government.

Thank you for your consideration of my views on these important issues. Should you or your staffs have any questions about this letter, please contact the Committee's Republican Staff Director, Lupe Wissel.

Sincerely,

LARRY E. CRAIG,
Ranking Member.

B. Second Session

Pursuant to the requirements of section 301(d) of the Congressional Budget Act of 1974, the Democratic and Republican Members of the Committee submitted letters to the Budget Committee reflecting the Committee's Views and Estimates on the Administration's proposed fiscal year 2009 budget for veterans' programs. The two letters submitted are printed below in their entirety:

FEBRUARY 22, 2008.

Hon. KENT CONRAD, *Chairman*,
Hon. JUDD GREGG, *Ranking Member*,
Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN CONRAD AND RANKING MEMBER GREGG: Pursuant to Section 301(d) of the Congressional Budget Act of 1974, the Democratic and Independent Members of the Committee on Veterans' Affairs (hereinafter the "Undersigned Members") hereby report to the Committee on the Budget their views and estimates on the Fiscal Year 2009 (hereinafter, "FY09") budget for Function 700 (Veterans' Benefits and Services) and for Function 500 (Education, Training, Employment, and Social Services) programs within the Committee's jurisdiction, including the Court of Appeals for Veterans Claims. This letter responds to the Committee's obligation to provide recommendations on veterans' programs within its jurisdiction, albeit from the perspective of the Undersigned Members.

I. SUMMARY

The Department of Veterans Affairs (VA) requires, at a minimum, \$4.577 billion in additional funding in FY09 over FY08 to support its medical care operations. Our requested medical services increase is \$2.562 billion over the Administration's request. The total required for all of VA's discretionary accounts is \$6.614 billion over FY08.

For the seventh year in a row, the Administration's proposed budget includes a number of legislative proposals designed to generate additional revenue from fees or savings and deter certain categories of veterans from using the VA system. Just as Congress has done over the past five years, the Undersigned Members unanimously reject each of the following legislative proposals—the increase in prescription drug copayments from \$8 to \$15 for “middle-income” veterans; the annual enrollment fee of \$250 to \$750 for veterans whose families make \$50,000 a year or more; and eliminating the practice of offsetting VA first-party copayment debts with collections from insurance companies.

With respect to benefits, we disagree in particular with the discretionary funding request for staffing at the Board of Veterans' Appeals, education and Vocational Rehabilitation and Employment business lines' staffing, and for programs administered by the Department of Labor.

In addition, we believe that the benefit level of several mandatory programs must be increased to quell erosion of the benefits over time. We also recommend that Filipino veterans finally get recognition for their heroic service during World War II and be given pensions to aid them in their twilight years.

The projections in the President's budget for discretionary spending in the next 5–10 years are troubling. The VA health care system would be devastated should the Administration's budget for future years become a reality. It is our view that veterans, who have sacrificed for this country, are being asked to carry a disproportionate share of the burden to balance the Federal budget. We believe that the Government can be fiscally responsible and reduce the Federal deficit and debt, without abandoning its commitment to our Nation's veterans.

As the Congress continues to debate the conflicts in Iraq and Afghanistan, including the cost of prosecuting those efforts, we must clearly demonstrate our understanding that the cost of war includes the cost of caring for servicemembers, now and in the decades to come.

II. DISCRETIONARY ACCOUNT SPENDING

A. Medical Services

Policy Proposals

Prescription Drug Copayment Increase for Priority 7 and 8 Veterans: The Undersigned Members oppose the Administration's proposed increase of the prescription drug copayment from \$8 to \$15, for projected revenue of \$335 million in FY09 and \$3.7 billion over ten years. Many Priority 7 and 8 veterans—some earning less than \$28,500 a year—cannot afford to pay nearly double for needed prescription drugs.

Enrollment Fee of \$250 to \$750 for Priority 7 and 8 Veterans: The Undersigned Members oppose the Administration's proposed new enrollment fee of \$250 for veterans with family incomes between \$50,000 and \$74,999; \$500 for those with family incomes between \$75,000 and \$99,999; and \$750 for those with family incomes over \$100,000. This proposal is projected to generate \$129 million in revenue in FY10 and \$1.1 billion over ten years.

Taken together, these two fee increases would be particularly hard on certain categories of veterans. For example, a family with two veteran wage-earners, each taking an average number of medications and each paying an enrollment fee of \$250, would have to pay nearly \$3,000 in new out-of-pocket costs for VA care if the prescription drug copayment increase and enrollment fee are enacted.

Offset of First-Party Debt: The Undersigned Members oppose a proposed change in law that would eliminate the practice of offsetting VA first-party copayment debts with recoveries from insurance companies. Many veterans are drawn to VA because of low-cost prescription drugs. Yet, in most cases, acquiring these drugs requires visits to a specialty care provider. Furthermore, many of these veterans are elderly and on a fixed income. While they are not “high-income” by any standard, their incomes are over the VA means-test threshold. While the current primary care copayment of \$15 is in line with most private insurance companies, VA’s specialty care copayment is \$50 per visit. That amount is high enough to be an immediate disincentive to seeking medical care from VA if it cannot be paid for by third-party insurance. VA estimates this change would yield \$44 million in increased collections in FY09 and \$415 million over ten years.

The Undersigned Members also oppose the proposal to return revenue from the above new fees to the Treasury, rather than reinvesting the funds in veterans’ health care. That proposal clearly signals that the fees are proposed to address overall deficit reduction and are not intended to support VA health care.

Components of Recommended Increase

1. Current Services (+\$1.995 billion)

Medical care inflation (at an overall rate of 4.63 percent), increases in the costs of goods, and other “uncontrollables” dictate a funding increase of at least \$1.434 billion in FY09 simply to maintain the level of current services. Increased intensity (which encompasses changes in medical care delivery to adjust for more complex care) and utilization of medical services by existing patients also continues to drive costs up as well. The Administration has requested an additional \$534 million in funding in FY09 to meet these latter costs, and we support this request.

2. OEF/OIF Demand and Services (+\$742 million)

For the past five years, VA has significantly underestimated the number of Operation Iraqi Freedom and Operation Enduring Freedom (OEF/OIF) veterans who are likely to seek health care services in succeeding years, and we are concerned that this mistake is being repeated in the FY09 budget. Veterans of these conflicts are now eligible for five years of VA care upon separation from service. While VA estimates that any potential workload from OEF/OIF will be negligible relative to the overall number of new enrollees next year, VA has consistently underestimated the number of OEF/OIF veterans it projects will come for care. By the end of FY08, for example, VA is projecting it will have seen 293,345 total OEF/OIF veterans since the start of the wars; yet its own data from the Health Care Utilization Report provided to Congress for the 4th quarter of FY07 lists the total number of OEF/OIF veterans VA

had seen by that time at 299,585. VA is essentially projecting, via its budget submission for FY09, that it will see 6,240 fewer patients in FY08 than it saw by the end of FY07.

The Undersigned Members recommend a total funding level of \$742 million to furnish services to OEF/OIF veterans under current law, an increase of \$518 million over FY08. \$432 million would be for direct care and services. The remainder would be to support enhancements to the following areas:

Outreach. VA must undertake a serious effort to reach out to returning servicemembers so that these new veterans will be made aware of the services for which they are eligible. This is especially important with respect to returning members of the National Guard and Reserves. The Undersigned Members have yet to see an aggressive, nationwide outreach effort made by VA to identify veterans in need of help and to provide services through appropriate mechanisms.

Sufficient resources and energy must be devoted to ensuring that those in need of care receive that care. Congress has done its part already by widening the window for automatic eligibility for care from two to five years. Additional outreach funding is required to move VA from a passive approach of waiting for returned servicemembers to seek care to a much more aggressive one designed to help prevent suicides and long-term mental health problems and to improve quality-of-life for veterans. VA must be able to reach these veterans in their communities and ensure they are getting the services and care that they need.

Traumatic Brain Injury and Polytrauma. Traumatic Brain Injury (TBI) has been described as the signature wound of Operations Iraqi and Enduring Freedom, due to the use of Improvised Explosive Devices. Medical science is only beginning to understand the mental and physical effects of this injury. VA has a responsibility to be at the forefront of TBI research and treatment. The Undersigned Members believe that VA must have adequate staff and equipment to help brain-injured veterans with recovery and rehabilitation, and to return them to an independent existence in their communities when possible.

In recognition of the needs of veterans with traumatic brain and other injuries, Congress directed VA to establish specialized centers for rehabilitative care. The four existing Polytrauma Centers in Tampa, Palo Alto, Minneapolis, and Richmond (a fifth is proposed in San Antonio) are generally regarded as successful. We understand that VA is in the process of expanding comprehensive polytrauma and rehabilitative (including prosthetics when necessary) care to all Veterans Integrated Service Networks to meet the needs of severely injured veterans and their families—and resources must be provided to support this effort accordingly.

We also note that the National Defense Authorization Act of 2008 (NDAA) contained a number of provisions authored by this Committee that seek to address TBI care. We are concerned that the Administration has not adequately budgeted for intensive multi-disciplinary care and case management for veterans with multiple traumas, including TBI. We are also concerned about VA's capacity to provide specialized TBI outpatient care, home-based services, residential rehabilitative programs and long-term care for those more severely injured. We support VA's ongoing efforts to im-

prove their assessments of returning servicemembers for TBI, but we do not believe that the Administration has committed the resources necessary to provide this service.

Assistance to Families. The Undersigned Members believe that families are essential to veterans' recovery and well-being. Indeed, family members are often the primary caregivers for veterans. VA has taken steps to reach out to families in recent years, but much work remains to be done. Legislation reported favorably by the Committee, S. 2162, would require expanded services for families. Pilot programs conducted by VA in locations around the country are expanding outreach and education services for families. As part of the recommendation to meet the needs of OEF/OIF veterans and their families, the Undersigned Members recommend an additional \$100 million to support these efforts.

VA/DOD Senior Oversight Committee. The Joint VA/DOD Senior Oversight Committee (SOC) was created in the wake of the media reports about problems at Walter Reed Army Medical Center to manage the implementation of the many recommendations and requirements from the President's Commission on Care for America's Returning Wounded Warriors, other reports stemming from the problems at Walter Reed Army Medical Center, and the NDAA. No funding has been identified in the President's budget to sustain VA's contribution to this office in 2009. Because the Undersigned Members believe that this is a vital enterprise that must be sustained, we recommend that at least \$10 million be dedicated to this effort in FY09.

3. Rescinding the Ban on Priority 8 Veterans (+\$700 million)

In January 2003, the Administration halted enrollment of Priority 8 veterans, those veterans with no compensable service-connected disabilities and with incomes above the HUD geographical low-income threshold for their respective counties. The Administration's budget for FY09 assumes that the enrollment ban on Priority 8 veterans will continue.

The Undersigned Members do not accept this assumption and estimate that new resources of approximately \$700 million are needed to restore some form of access for these veterans. Legislation is currently pending in the Senate to open the system up to all Priority 8's. In addition, proposals have been circulating that would allow some subset of currently excluded Priority 8's to enroll. The \$700 million figure is based on VA's own estimate (\$1.4 billion) of what it would cost to reopen the system to Priority 8 veterans, and is prorated to reflect that if the ban is lifted, it will be done in a responsible manner.

We believe that veterans in need of VA care should not be prohibited from enrolling in the system. Indeed, adequate funding should be appropriated to VA so that all veterans who choose to enroll with VA have access to needed care and services. Many of the Priority 8 veterans bring private health care coverage with them and are also subject to copayments, effectively bringing revenue into the system, thereby offsetting the cost of their care.

The Undersigned Members note that VA's cost estimate for rescinding the ban on Priority 8 veterans would be significantly reduced if the impact of third-party insurance and copayments for care and prescription drugs were factored in.

4. New Initiatives (+\$579 million)

The Undersigned Members accept the Administration's proposed "new initiatives." While we support each of these initiatives, we believe that more can and should be done—especially in the areas of mental health, readjustment counseling, women veterans, personnel enhancements, and rural veterans' access. The Undersigned Members also support the expansion of many existing initiatives and recommend increases in the specialized services discussed below.

Mental Health. The Undersigned Members are very concerned about VA's capacity to meet the mental health needs of returning servicemembers. For example, while the number of veterans diagnosed with substance abuse problems is increasing, the President's request would cut funds for substance abuse treatment. Rather than account for growing demand for mental health care services, the budget also projects reductions in inpatient psychiatric and residential care.

We believe that VA needs greater resources for mental health services and recommend \$377 million in additional funding over FY08 levels.

This level of funding would ensure funds remain to support expansion of VA's specialized mental health and substance abuse programs; expand VA's capacity to provide inpatient psychiatric and residential care; provide funds to address family-related needs of returning veterans experiencing distress following their reentry into civilian life; support more effective treatment for Post Traumatic Stress Disorder (PTSD); and advance efforts to prevent suicide among veterans. In addition, the Undersigned Members believe that VA must take a preemptive, proactive approach to assist families dealing with the stresses and challenges caused by servicemembers' deployments to combat zones and their return to civilian life.

Rural Access. The Committee believes that we must continue to modernize VA's beneficiary travel program and bring payments under the program closer in line with today's cost of travel. The conference report accompanying the Consolidated Appropriations Act of 2008 specified that \$125 million of the funds provided for Veterans Medical Services should be used to increase the travel reimbursement rate. In response to that language, the Secretary of Veterans Affairs recently increased the travel reimbursement rate to 28.5 cents per mile. While we are pleased with the rate increase—the first one since 1977—we believe that with rising gas prices, service-connected veterans merit a larger increase. We recommend that the travel benefit be brought in line with the rate that Federal employees are currently paid for their official travel. The cost of doing so would be an additional \$125 million.

We also note that S.1233, the proposed "Veterans' Traumatic Brain Injury and Health Programs Improvement Act of 2007," includes a provision that would strike a provision in current law that allows the Secretary to raise or lower the deductible for reimbursements in proportion to a change in the mileage rate. This would have the effect of holding the deductible to \$3 per a one-way trip.

The Office of Rural Health (ORH) continues to play an essential role on improving care for veterans in rural areas. The resources, education, and support provided by ORH have proven helpful

throughout the VA health care system. Demand for the services and support of ORH is likely to grow, given the high number of National Guard and Reserve deployed in Iraq and Afghanistan in recent years, many of whom returned to homes in rural locations. S. 1233, currently pending consideration by the full Senate, would require ORH to make a number of reports to Congress on fee-basis health care and on rural outreach efforts. In light of the greater demands placed on ORH, funding for this office ought to be increased significantly.

The Undersigned Members recommend \$10 million over FY08, \$9 million more than the President's request for ORH in FY09.

Vet Centers. As the conflicts in Iraq and Afghanistan continue, the number of veterans seeking readjustment counseling and related mental health services through Vet Centers will continue to grow. Experts predict that as many as 30 percent of returning servicemembers may need some kind of mental health treatment—from basic readjustment counseling to care for debilitating PTSD. A study published on March 1, 2006, in the Journal of the American Medical Association, reported that 35 percent of Iraq veterans accessed mental health care services during their first year at home. VA's own OEF/OIF Health Care Utilization Report from the last quarter of FY07 cited that 40 percent of those who have already accessed VA health care may have mental disorders of some kind. Despite an increase in the number of veterans coming to Vet Centers, the budget for the program has remained relatively flat. We note that legislation to authorize \$180 million in funding for Vet Centers, S. 3421, was passed by Congress and signed into law on December 22, 2006, as Public Law 109-461.

We recommend that Vet Centers receive a funding increase of \$22 million above FY08 to meet that goal.

Homeless Grant and Per Diem Program. Veterans are disproportionately represented among the homeless population, accounting, according to most estimates, for one in three homeless persons on any given night. VA has a responsibility to help the roughly 400,000 veterans experiencing homelessness over the course of the year. VA's Grant and Per Diem program is effective in creating and aiding local shelters as they help our Nation's veterans by providing transitional housing, vocational rehabilitation, and referrals for clinical services.

We recommend \$23 million in additional resources for this program in FY09 to fully fund it at the \$130 million level that was previously authorized by Congress (Public Law 109-461).

Women Veterans. Women make up a growing segment of the armed services, and thousands have been deployed to Iraq and Afghanistan. VA must be prepared to provide services to these servicemembers in appropriate settings when they return. While some facilities have found innovative solutions to meet the unique needs of women veterans, others are still lagging behind. The Undersigned Members believe that to adequately serve this growing special population of veterans, additional funding is required.

We recommend an additional \$10 million over FY08.

Personnel—Nurses. The Undersigned Members are concerned that the Administration has not adequately budgeted for enough physicians and nurses to meet the projected increase in demand for VA medical care in FY09. The number of physicians, nurses, and

all other health professionals currently employed by the Veterans Health Administration (VHA) cannot keep pace with increasing demands on the system. The Undersigned Members believe that resources in this area must be spent on the hiring of additional clinical staff to better meet demand. VA faces a competitive market for health care providers, particularly nurses, and must dedicate additional resources to recruit and retain staff. The Undersigned Members also recommend providing additional funds to support debt relief and scholarship programs for health personnel to promote recruitment and retention efforts.

The Undersigned Members recommend that an additional \$12.482 million be included for these programs, for a total of \$40 million in FY09.

5. Medical Facilities

The Medical Facilities account delineates a specific line of funding for the maintenance and operation of hospitals, nursing homes, domiciliaries, clinics, and all other facilities of the Veterans Health Administration. The Undersigned Members support the Administration's request of \$561 million over FY08, for a total of \$4.66 billion. This amount is \$85 million over the recommendation of the *Independent Budget* for FY09, and the Undersigned Members believe this level of funding is sufficient to keep VA health care facilities in proper condition.

Our overall recommendations for medical care spending are summarized in the chart below:

Needed Discretionary Revenue Above FY08 Level
[In thousands of dollars—]

MEDICAL SERVICES	
Current Services	\$1,995,000
New Initiatives and Program Expansions	
Mental Health	376,600
Homeless Grant and Per Diem Program	23,000
OEF/OIF Veterans	742,000
Women Veterans	10,000
Personnel	12,482
Rural Initiatives	135,000
Vet Centers	22,000
Priority 8s	700,000
Total Medical Services	4,016,082
MEDICAL FACILITIES	561,000
Total Recommended For Medical Care	4,577,082
President's Medical Care Request Over FY08	2,015,283
Majority Recommendation vs. Administration	2,561,799

B. Proposed Discretionary Spending for FY10–FY13

For the second year in a row, the Administration's proposed budget for discretionary spending in future fiscal years would devastate VA health care. The President's budget cuts VA medical care funding for Fiscal Years 2010 through 2013.

We view the current strategy as one that gives in the first year and cuts heavily thereafter, in order to improve the overall appearance of the President's budget. A frozen appropriation coupled with cuts in other programs would translate to a reduction of services and benefits. The Undersigned Members believe that any budget resolution must reverse these cuts in future years.

C. Medical and Prosthetic Research

The Administration's proposed FY09 budget for VA research is \$442 million, a \$38 million cut from the current year level of \$480 million. This sum cannot sustain current research initiatives or provide the program growth necessary to attract and retain quality research personnel. The Administration's proposal would result in the direct loss of 49 FTE and 294 projects in key areas such as acute and traumatic injury and mental illness. Increased funding is required to sustain current VA research and development program commitments, and to cover inflationary cost increases associated with these commitments. VA must be able to continue addressing the special needs of our Nation's veterans, and continue to recruit and retain the highest quality physicians. We recommend an additional \$75 million over the FY08 level for a total funding level of \$555 million.

D. Grants for State Extended Care Facilities

The State Extended Care Facilities (SECF) grant program assists States in acquiring or constructing State home facilities that intend to provide nursing home care to veterans, as well as in remodeling or converting existing buildings into long-term care facilities. VA can provide up to 65 percent of the total cost of the project, and the States must provide the remaining share of the cost.

This year again, the Administration proposed a significant reduction in funding for this program, requesting \$85 million for SECF grants in FY09. Congress provided the SECF grant program with \$165 million in FY08—an unprecedented, but very necessary increase. The Administration's budget would essentially cut this program by \$80 million, delaying the many projects that are currently in the queue. Furthermore, new grant proposals from the States continue to increase, in response to an ever-growing population of veterans in need of long-term care.

To award an adequate number of new SECF grants in FY09, the Undersigned Members recommend \$200 million in total funding for FY09, a \$35 million increase above FY08.

E. Major and Minor Construction

The Administration requested only \$472 million for Major Construction in FY09. This amounts to a decrease of \$488 million from the FY08 funding level, despite the fact that there are currently nine major projects underway that are only partially funded. The funding shortfall for all nine projects is \$2.3 billion. The Undersigned Members believe that VA must ramp up its construction process and complete work on the projects it has already started. Total construction costs are continually increasing, and while much of this is due to normal factors in the contracting industry such as cost of materials, the lack of full funding for certain projects has enabled contractors to renegotiate their prices in certain cases.

In addition, the President's budget includes \$5 million for a new land acquisition line item in the Major Construction account. These funds will be used to purchase land as it becomes available in order to quickly take advantage of opportunities to ensure the continuation of a national cemetery presence in areas currently being served. One caveat related to this funding is that all land purchased from this account must be contiguous to an existing national cemetery, within an existing service area, or in a location that will serve the same veteran population center. The Undersigned Members support the National Cemetery Administration's attempt to achieve and maintain its strategic target of serving 90 percent of veterans with a burial option within 75 miles of their homes.

The Undersigned Members recommend that funding for major construction in general be increased by \$1.209 billion, and that the line item for new land acquisition be increased by \$5 million over the President's request to \$10 million in FY09. Therefore, the Undersigned Members recommend a total funding level of \$2.277 for the Major Construction account over FY08.

For Minor Construction, the Administration's request proposed to reduce the account from its FY08 level by \$301 million. The Consolidated Appropriations Act of 2008 provided a very large increase for this account. As is the case with Major Construction, with the queue of projects that VA must complete, along with a \$1.5 billion backlog in Non-Recurring Maintenance projects, funding for Minor Construction must stay at a consistent level. The Undersigned Members recommend a \$4.5 million increase over FY08, for a total of \$635 million in FY09.

F. Office of the Inspector General

The work of the VA Office of the Inspector General (OIG) has made significant contributions to management effectiveness throughout VA. The OIG conducts vital oversight investigations and audits of various aspects of the Department's operations and budget. One recent example of the OIG's work was uncovering serious quality of care issues in the surgical department at the Marion, Illinois, VA Medical Center after reports of patient deaths. Yet, for the third year in a row, the Administration is proposing a decrease in FTE and funding for the OIG. Reductions in staff would severely impair the OIG's ability to identify fraud, waste, and mismanagement, and would result in a decrease in active oversight and in fewer arrests, indictments, and convictions of individuals who prey on VA and our Nation's veterans.

We recommend an additional \$8.4 million above FY08, for a total of \$88.9 million. Funding at this level will allow for an additional 48 FTE to support additional auditors, health care inspectors, and criminal investigators to ensure enhanced quality and safety of VA health care and services.

G. Information Technology

The Administration's budget request includes a significant increase for Information Technology (IT) over FY08. Much of this funding reflects the costs associated with VA's transition to centralized IT management, and the costs associated with the migration of VA's legacy IT systems. However, the request does not include

any funding to support the IT initiatives required by the NDAA, nor those recommended by the President's Commission on Care for America's Returning Wounded Warriors. VA has not defined its plans to fund the joint VA/DOD Electronic Health Record Office, the creation of an eBenefits web portal to serve as a single information source for servicemembers and veterans, or the development cost of a joint VA/DOD inpatient electronic health record system.

The Undersigned Members recommend a \$30 million increase over FY08, for a total of \$2.564 billion to support these new initiatives.

H. Compensation, Pension, and Burial Staffing and Training

The Undersigned Members believe the Administration's request for compensation, pension, and burial staffing in FY09 is a step in the right direction. Congress provided funds for significant increases in FTE in both the FY07 emergency supplemental bill and the FY08 appropriation. The President's budget request of \$944 million for FY09 represents an increase of \$153 million over the FY07 level, and allows VBA to maintain the staffing levels for the Compensation and Pension (C&P) service that were established in FY08. However, while we believe that staffing levels for FY09 are sufficient, we have concerns that the funds available to train the nearly 3,000 new FTE may be insufficient.

Staffing. The President requests 9,886 FTE for direct compensation staffing in FY09. The total number of compensation, pension, and burial FTE in FY09 will be 10,998, a 36 percent increase over the FTE level at the end of FY06. VA anticipates that the productivity of the additional staff will increase throughout 2008, 2009, and subsequent years as the new staff gain experience. For example, VA projects that with the additional FTE it is hiring, it will be able to reduce the pending rating inventory, which stood at 391,593 at the end of FY07, to 368,292 in FY08 and 297,587 in FY09.

Workload. The disability claims workload from returning war veterans, as well as from veterans of earlier periods, has continuously increased since 2000. Annual claims grew 45 percent from 578,773 in 2000 to 838,141 in 2007.

In recent years, VA has consistently underestimated its workload. In FY07 and FY08, VA projected that the trend of increasing claims receipts would cease and the number of new receipts would level off at approximately 800,000 per year. However, 838,141 new claims receipts were recorded in FY07 and VA's projected estimate for FY08 is 854,094 new receipts. VA's projection for FY09, 872,002 claims receipts, appears to be more consistent with current trends than its estimates in recent years. The Undersigned Members continue to urge VA to make accurate projections of its workload so that Congress can provide appropriate staffing to the Department.

Studies have shown that the size of the active duty force is the best predictor of new claims activity. As of September 2007, more than 1.62 million servicemembers had deployed in support of the Global War on Terror, including 451,792 National Guard and Reserve members. In addition, VA's outreach efforts to active duty personnel have resulted in significantly higher claim rates. Original claims received in 2007 were almost 4 percent higher than the original claims received in 2006.

In addition, veterans from the Vietnam and Gulf War eras are aging and filing reopened claims in greater numbers. In 2007, reopened claims comprised slightly more than 54 percent of disability claims. Additionally, many veterans receiving compensation have chronic, progressive diseases such as diabetes, mental illness, and musculoskeletal or cardiovascular illnesses. As these veterans age, it can be predicted that they will file additional claims.

Claims received by VA are increasingly complex, and require more time invested in development and rating. In 2007, 26 percent of the compensation workload (58,532 of the 225,173 original claims received) contained eight or more issues. This is an increase of 168 percent since 2000. On a monthly basis, in 2007, VA received an average of 606 claims with eight or more issues cited.

VA estimates that its expanded C&P workforce of 10,998 direct FTE will complete an average of 85.7 claims per FTE in FY09. This number is down considerably from the average of 98.7 claims per FTE in FY07. We are cautiously optimistic that the quality of claims adjudication will improve as FTE are expected to complete fewer claims per year.

The Undersigned Members will continue to monitor VBA's staffing requirements and output in FY09.

Training. The President's FY09 budget submission indicates that additional staffing will enable VA to improve claims processing timeliness, reduce appeals workload, improve appeals processing timeliness, and enhance services to veterans returning from the Global War on Terror. VA indicates that it plans to accomplish all of this without sacrificing the accuracy and consistency of claims adjudication. This will require an intensive training effort.

VBA has established a broad spectrum of training programs and educational resources, both at VA's Regional Offices and at the Veterans Benefits Academy in Baltimore, Maryland. Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) are provided 3 weeks of centralized basic training at the Veterans Benefits Academy. The Veterans Benefits Academy also offers a range of advanced training courses in leadership and management development, as well as computer-based learning tools and satellite broadcasts that bring the Academy's expertise directly to staff desktops.

An important VBA workload reduction initiative for FY08 entails putting new hires through a modified version of the centralized Challenge VSR training program. The modified training would prepare new hires to immediately contribute to burial and dependency claims processing, resulting in an estimated additional 4,000 completed claims in 2008. Throughout FY09, these new hires will complete VBA's Challenge training, introducing them to the more complicated process of compensation claims adjudication. The President requests a total of \$17.2 million for the training of compensation, pension, and burial claims adjudicators in FY09.

The Undersigned Members recommend an increase of \$5 million above the President's request, for a total of \$22.2 million in FY09, to support Departmental training initiatives for claims adjudicators. The Undersigned Members believe that quality should not suffer as timeliness improves.

I. Vocational Rehabilitation and Employment

The Vocational Rehabilitation and Employment (VR&E) Program provides training, education, and other services to enable veterans to obtain and maintain employment after sustaining service-connected disabilities.

The President's FY09 budget request calls for a reduction of 6 FTE for VR&E. The VR&E workload is expected to increase by 2.5 percent in 2008 to 89,672, and by another 2.25 percent in 2009 to 91,690. VR&E anticipates that the impact of service in Iraq and Afghanistan will result in more seriously injured veterans who will likely qualify for the VR&E Program.

The President's request also stipulates that the additional FTE will be allocated toward implementation of the 2004 VR&E Task Force Recommendations, staff for the Coming Home to Work and Process Consolidation initiatives, and contract oversight. VA maintains that implementation of the Task Force recommendations and removing the burden of contract oversight from case managers will allow it to handle the growing caseload. However, it is clear that a reduction in FTE will not aid in handling the increased VR&E workload. Therefore, we believe that an additional 250 FTE—50 of whom are contract oversight specialists—are required.

The Undersigned Members recommend \$32 million above the President's FY09 staffing budget request of \$152 million. This would provide an additional 250 FTE above the President's request, for VR&E to absorb increasing workload and meet additional objectives.

In addition, the Undersigned Members note that the President's FY09 budget indicates that VR&E will continue to grow in the area of increasing partnerships with other agencies and organizations. The resources and energies of many organizations contribute to the reintegration and rehabilitation process, especially those in community-based organizations within close proximity of veterans' homes. We recommend an additional \$25 million above the President's request be made available for these types of partnerships.

J. Education

The VBA's Education Service provides veterans, servicemembers, Reservists, and certain family members with educational resources. Recent legislative changes in the education program for Reservists have increased the complexity of education claims and the resources needed to process them.

The President's FY09 budget request calls for an additional 20 direct FTE for the Education Service over the FY08 level of 971. The Education Service workload is expected to increase by 4.3 percent in both FY08 and FY09. VA expects that this level of direct FTE will allow it to not only process claims in a timely and accurate manner, but also address some of the deterioration in timeliness experienced in prior fiscal years.

While the President's request for an additional 20 FTE for VA's Education Service is a step in the right direction, we are concerned that this increase will not be sufficient to support the workload associated with the projected increase in education claims, together with the need to improve the timeliness and accuracy of education claims processing. We recommend an additional \$4.8 million, which

would support a total of 1,045 FTE for the Education Service, which is 63 FTE over the President's request.

K. Board of Veterans' Appeals

The Board of Veterans' Appeals (BVA) is responsible for making final Departmental decisions on behalf of the Secretary for the thousands of benefits claims presented for appellate review annually.

The President's FY09 request for BVA is for \$64.7 million, which would support 487 FTE, an increase of 21 FTE and \$2.48 million over the current estimate. The Undersigned Members are concerned that the appeals resolution time and BVA cycle time are rising despite an increase in appeals decisions per veteran law judge. Further, these two measures are not expected to improve in 2009.

The Undersigned Members recommend that BVA be provided with \$1.62 million above the President's request, which would provide 13 more FTE to reduce the backlog at BVA, decrease the average days pending, and further improve quality.

L. State Cemetery Grant Program

The State Cemetery Grants Program (SCGP) complements the National Cemetery Administration's (NCA) mission to establish gravesites for veterans in areas where NCA cannot fully meet veterans' burial needs.

We recommend that the SCGP be funded at a level of \$42 million, or \$10 million above the President's request. This increased funding will enable states to establish, expand, and improve their veterans' cemeteries.

M. Department of Labor, Veterans' Employment and Training Service

The Undersigned Members believe that the Department of Labor's Veterans' Employment and Training Service (VETS) should receive an additional \$10 million for its Recovery & Employment Assistance Lifelines (REALifelines) and Vocational Rehabilitation and Employment (VR&E) initiatives. REALifelines provides injured servicemembers and veterans with one-on-one employment assistance to help them transition into the civilian labor force. In FY07, assistance was provided to more than 1,000 individuals including servicemembers, veterans and their families. The VR&E initiative provides employment assistance and counseling at Department of Veterans Affairs' facilities and through the Transition Assistance Program. We believe that with additional funding, this program can substantially be expanded and extended to meet the very pressing needs of those returning from combat with serious injuries. It should be noted that VETS has never had a line item appropriation for this activity and has funded it from appropriations in Grants to States.

We further believe that an additional \$10 million in Grants to States funding should be available to provide additional services and assistance to the spouses of deployed servicemembers. These funds should also support specific categories of veterans in need of employment and training assistance, such as recently separated veterans, veterans with service-connected disabilities, and homeless veterans. These funds should be used for a combination of additional Disabled Veterans' Outreach Program Specialists (DVOPS)

and Local Veterans' Employment Representatives (LVERs), as well as targeted grant programs.

An additional \$5 million should be provided for Federal Administration of VETS for the conduct of a "Hire Heroes" Public Service Announcement (PSA) campaign, as outlined in the Democratic Policy Committee's New Ideas Project report, entitled "The 2007 Fresh 50: Fifty New Policy Ideas for Senate Democrats." This amount would not only provide for the PSA campaign itself, but would also provide resources for additional enforcement activities.

Finally, we recommend that \$750,000 in Federal Administration funds be included for the conduct of a national conference to train VETS employees. VETS has not been able to convene such a meeting since 2004. We believe that this meeting would be an opportunity to improve operational performance within the agency.

The Undersigned Members recommend a total of \$264 million for VETS, an increase of \$25.8 million over the President's budget request.

N. Court of Appeals for Veterans Claims

The United States Court of Appeals for Veterans Claims (CAVC), a legal body independent of the Department of Veterans Affairs and the executive branch, is vested with the authority to review decisions of the Board of Veterans' Appeals (BVA) regarding a veteran's entitlement to benefits offered by VA. The court is empowered to affirm, vacate, reverse or remand decisions made by BVA, as well as compel actions of the Secretary where such action is necessary to bring VA into accordance with the law.

The court's budget request of nearly \$24 million for FY09 is \$1.26 million more than the FY08 level. This increase is attributable to personnel costs for additional staff to meet the challenges in processing an increased workload. During FY06, the court received more case filings than any other year in the court's nearly 20-year history. From FY98 to FY04, the court received approximately 200 case filings per month. In FY05, the number of case filings increased to 289 per month, and in FY06 the average increased to more than 300 per month. This increase continued in FY07 with case filing averaging 387 per month for a fiscal year total of 4,644. This total exceeds, by over 1,100 cases, the highest in court history. This trend is expected to continue throughout FY09.

In FY08, Congress added funding to the President's request to pay for additional court personnel. The FY09 request is consistent with this staffing increase. The court requests ongoing funding for these seven additional law clerks and secretaries, to support recalled judges, possible Magistrates, and any administrative positions to support the electronic case filing initiative, and other operations.

The Undersigned Members support the court's use of retired judges and therefore recommend that the court's requested funding be provided.

The Veterans Consortium Pro Bono Program requests \$1.7 million, an increase of \$288,156 over the Program's FY08 request. The need for the Program has increased in the past few years, as more veterans seek judicial review. The demand for the Program's assistance has increased steadily: the Program received 742 requests for

assistance in 2007 (compared to 696, 545, 318, and 313 in 2006, 2005, 2004, and 2003, respectively). Of those 742 evaluated cases, 209 cases were accepted into the Program, with the remainder being rejected for a variety of reasons.

The Undersigned Members agree with the Program's assessment that the need for their free legal assistance, as a result of increased Board of Veterans' Appeals decisions and the continuing wars in Iraq and Afghanistan, will increase demand for services in 2009 and beyond.

O. State Approving Agencies

For purposes of establishing institutional eligibility for the payment of VA education and training benefits, State Approving Agencies (SAAs) are responsible for the evaluation and approval of programs of education and training within their respective states, including: institutional programs, on job training, and licensing and certification programs. At a time when the number of veterans enrolled in programs of education is expected to increase, we believe it does not make sense to decrease SAAs' funding in FY09, as proposed in the President's budget, due to the expiration of a statutory ceiling on the amount of mandatory funds available for the program.

We further note that legislation restoring the funding ceiling to \$19 million is contained in S. 1315, the proposed "Veterans' Benefits Enhancement Act of 2007," which has been reported from the Committee and is pending action by the Senate. During the second session of this Congress, we hope to pursue legislation to stabilize funding for SAAs, by funding them through the General Operating Expenses account.

The Undersigned Members recommend a total of \$22 million in FY09 for SAAs, an increase of \$9 million over the amount recommended in the President's Budget.

III. MANDATORY ACCOUNT SPENDING

The Undersigned Members support the budget request of \$46.4 billion, an increase of \$848 million for entitlement programs over the 2008 level. However, there are several areas within this account that require funding of \$218 million beyond what the President has requested.

A. Filipino Veterans

In the sixty-two years since the end of the Second World War, Filipino veterans have worked tirelessly to secure the veteran status they were promised when they agreed to fight under U.S. command during World War II. They were considered United States veterans until that status was taken from them by an Act of Congress in 1946.

Under current law, Filipino veterans are not eligible for pensions, and their surviving spouses are not eligible for death pensions. The Undersigned Members recommend that Filipino veterans and their survivors receive those benefits at specified annual rates: single veterans, \$3,600; married veterans, \$4,500; and surviving spouses, \$2,400. The Undersigned Members recommend that \$26 million be provided to meet this end in FY09.

B. Cost-of-Living Adjustment

The Administration's requested increase in mandatory funds provides for a projected 2.5 percent cost-of-living adjustment in VA compensation benefits in FY09. A 2.5 percent increase is the expected increase estimated in the Consumer Price Index, and is the same as the increase expected for Social Security benefits. Under current law, this COLA is rounded down to the next lowest whole dollar.

VA compensation is sometimes the sole source of income for a veteran and his or her family. We owe it to our veterans to provide them with appropriate compensation, the value of which does not decrease with inflation. The Undersigned Members thus recommend that \$20 million be provided to end the COLA round-down.

C. Burial Benefits

The Federal Government has provided varying forms of burial benefits since the Civil War. We are concerned that the continued erosion of the value of monetary burial benefits has resulted in the benefit covering just a small fraction of what was covered in 1973, when VA first provided monetary burial benefits for our veterans.

The Undersigned Members recommend that \$150 million be provided to bring the value of this benefit closer to that established in 1973. Specifically, we recommend an increase in the plot allowance from \$300 to \$745; an increase in the service-connected burial benefit from \$2,000 to \$4,100; and, finally, an increase in the non-service-connected burial benefit from \$300 to \$1,200.

D. Specially Adapted Housing Grants

VA provides specially adapted housing grants of up to \$50,000 to severely disabled veterans with service-connected disabilities. Unfortunately, increases to this program have been infrequent, while real estate and construction costs have continued to rise. We recommend an additional \$5 million to increase the amount of these grants to \$60,000.

E. Automobile Grants and Adaptive Equipment

VA provides certain severely disabled veterans and service-members grants for the purchase of automobiles. This grant also provides for adaptive equipment necessary for safe operation of those vehicles. When this grant was first established in 1946, it covered approximately 85 percent of the average cost of a new automobile. Over time, Congress adjusted the amount provided to 80 percent of a new automobile. However, lack of further adjustments to this grant have gradually eroded the benefit so that today, the current allowance of \$11,000 represents approximately 39 percent of the average cost of an automobile.

The Undersigned Members recommend that \$17 million be provided in FY09 to increase the allowance to \$22,500, which is 80 percent of the average cost of a new automobile.

F. Educational Assistance Benefits

The Undersigned Members view the educational assistance benefits available to active duty servicemembers, members of the Guard and Reserve, and veterans as having exceptional value to individ-

uals as a readjustment benefit. We also recognize that individuals have earned these benefits not only by serving honorably in defense of our Nation, but in some cases, by also making their own contributions through payroll deductions. We also believe that these benefits play a vital role in helping the Armed Forces recruit and retain quality young men and women in the All-Volunteer Force, particularly those serving in the Guard and Reserve.

We anticipate the need for increases in funding available for educational assistance benefits, especially since it appears likely that programs now funded under title 10, United States Code, may be transferred to title 38. In addition, we may seek enactment of legislation that would make a number of overall improvements and enhancements to educational assistance benefits, and that would necessitate an increase in funding for these programs. While we do not, at this time, have any estimate of the cost of such a proposal, we believe that the associated costs are likely to be substantial, and we request that the Budget Committee reflect that potential in the resolution that you bring forward to the Senate for consideration.

IV. CLOSING

We thank the Budget Committee for its attention to the Under-signed Members' views and estimates on the Fiscal Year 2009 budget. We look forward to working with the Budget Committee in crafting a budget for veterans' programs that truly meets the needs of those who have served our country.

Sincerely,

DANIEL K. AKAKA,
Chairman.
JOHN D. ROCKEFELLER IV.
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FEBRUARY 22, 2008.

Hon. KENT CONRAD, *Chairman,*
Hon. JUDD GREGG, *Ranking Member,*
Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN CONRAD AND RANKING MEMBER GREGG: Pursuant to Section 301(d) of the Congressional Budget Act of 1974, it is my pleasure as the Ranking Member of the Committee on Veterans' Affairs (hereinafter, "Committee") to submit this letter to the Committee on the Budget on the proposed fiscal year 2009 (hereinafter, "FY09") budget for Function 700 (Veterans' Benefits and Services) programs and for certain Function 500 (Education, Training, Employment, and Social Services) programs.

DEPARTMENT OF VETERANS AFFAIRS

I. GENERAL COMMENTS

The principal focus of my letter will be on the largest component of Function 700 spending—Department of Veterans Affairs (hereinafter, “VA”) programs. A significant investment has been made over the past decade in VA programs and services. Through our collective roles in funding and overseeing these programs, the President and the Congress have taken significant steps to honor the service of our Nation’s veterans and continue to provide them with the benefits and services they need and deserve. Providing resources for the care of our veterans must remain a top priority, particularly now as our Nation is at war.

However, providing the appropriate resources for VA is the beginning of our obligations, not the end. It is critical that we also analyze whether the investments made in VA programs and services are translating into better outcomes for veterans. If veterans are not reaching the outcomes they expect and deserve, it is our obligation to try a new approach and find new ways to ensure the effective and efficient delivery of services to veterans. There are three areas in particular that, I suggest, are ripe for this type of scrutiny.

The first area concerns the lack of coordination among programs administered by VA, which may impede VA’s ability to fulfill its primary goal to “restore the capability of veterans with disabilities to the greatest extent possible.” Although VA has a world-class health care system, a comprehensive vocational rehabilitation and employment program, and a disability compensation program, it does not use those resources collectively to improve the lives of veterans. Indeed, as the Institute of Medicine concluded last year, “VA has the services needed to maximize the potential of veterans with disabilities, but they are not actively coordinated and thus are not as effective as they could be.”

This problem is exemplified by the apparent disconnect between the arm of VA that provides medical treatment (the Veterans Health Administration (hereinafter, “VHA”)) and the arm of VA that provides disability compensation (the Veterans Benefits Administration (hereinafter, “VBA”)). As you know, VHA is tasked with the prevention and treatment of medical conditions, while VBA is tasked with assessing the severity of service-connected medical conditions through the assignment of disability ratings. One would expect that medical treatment would improve many service-connected conditions so that, at best, those conditions would improve or, at worst, they would slow down the deterioration process. Yet, the disability compensation rolls suggest not only that the population of disabled veterans is growing but that veterans’ disabilities are, on average, worsening each year.

To me, this raises questions about whether Congress and VA have placed the proper emphasis on what I believe is the desired outcome for service-disabled veterans—a restoration of their health or an improvement in their conditions. Therefore, as we proceed through this budget cycle and the remainder of this Congress, we should move away from “business as usual” and make changes that will focus VA’s resources—in a coordinated, comprehensive man-

ner—on the wellness, recovery, rehabilitation, and restoration of veterans with disabilities.

The second issue I would like to address is the backlog of disability compensation claims at VA. For many years, the VA claims processing system has been plagued by large numbers of pending claims and lengthy processing times. The primary response of Congress has been to provide additional funding for claims-processing staff, leading to a doubling of staff in the past ten years. Unfortunately, money has not been the answer to the problem. In fact, as staffing has been added over the past several years, VA's per-employee productivity goals have trended down and pending inventory levels have trended up. Although I understand that many factors may influence these trends, I think it is time to realize that staffing alone is not a solution to the chronic backlogs. It is time to try new approaches, such as increasing productivity through the use of modern technology and focusing VA's resources where they will be most effective.

The third area I would like to address concerns long-standing, fundamental problems with the disability evaluation system. Under the current system, a servicemember who is found unfit for further military duty may have to go through a lengthy, complex process at the Department of Defense (hereinafter, "DOD") to obtain a disability rating that determines what benefits the servicemember will receive from DOD. Then, the veteran may go through a similar process at VA to obtain a disability rating based on the same outdated rating schedule used by DOD. The VA rating, which often differs from the DOD rating, determines what benefits the veteran will receive from VA, including compensation for loss of earnings capacity caused by service-related conditions.

For more than five decades, experts have expressed the need to update and modernize this system. In fact, the need for modernization was stressed last year by two distinguished commissions: The President's Commission on Care for America's Returning Wounded Warriors, chaired by former Senator Bob Dole and former Secretary Donna Shalala, and the Veterans' Disability Benefits Commission, chaired by General James Terry Scott. Both of those commissions emphasized the need to eliminate duplicative, confusing functions conducted by VA and DOD; to completely update the VA disability rating schedule; to compensate veterans for any loss of quality of life caused by their service-related disabilities, in addition to compensating any impact on their earnings capacity; and to place additional emphasis on the treatment and rehabilitation of injured veterans.

With young men and women returning home from war with devastating injuries, we simply cannot continue to ignore the need to modernize this system. These brave men and women, who have sacrificed so much for our Nation, should have a system in place that will provide them with the benefits and services they need to return to full and productive lives. In the coming months, Congress should act with urgency to implement these common sense reforms and to create a modern, less confusing, and more equitable system for today's wounded warriors.

II. SPECIFIC AREAS OF FOCUS

The FY09 budget proposal puts a focus on the medical care and disability benefits of our Nation's veterans. However, there are several areas where Congress may wish to provide additional emphasis:

1. Medical and Prosthetic Research—The Institute of Medicine issued a report last year indicating that exposure therapy was the only treatment proven to be effective for Post Traumatic Stress Disorder (hereinafter, "PTSD"). The Institute of Medicine also found that the quality of research on PTSD treatment as a whole "has not received the level of research activity needed to support conclusions about the potential benefits of other treatment modalities." With thousands of veterans returning from the current conflicts in Iraq and Afghanistan who may be afflicted by PTSD, it is essential that we bring VA's resources to bear in finding other treatments that may help veterans recover.

2. The Office of the Inspector General (hereinafter, "OIG")—The OIG has been performing well and has conducted many valuable assessments of VA's programs and services. Indeed, over the past year, the OIG has proved itself to be an excellent resource in catching issues early on and conducting follow-up investigations after problems have been detected. OIG produces numerous investigations, audits, facility healthcare inspections, contract reviews, and management reviews, all of high quality. I believe Congress, VA, and our Nation's veterans have benefited from all aspects of OIG oversight, from identity theft incidents and information technology data losses to the investigations of medical facilities. The OIG continues to serve as a primary information source for identifying where VA has deficiencies and where improvements can be made. It is important that they have the resources to continue providing top level service on behalf of our Nation's veterans.

3. General Operating Expenses—The President's request for General Operating Expenses includes funding to significantly increase staff in many areas. However, the request does not include any additional staffing for the Vocational Rehabilitation and Employment (hereinafter, "VR&E") program. This comes at a time when experts have raised serious concerns about the ability of the VR&E program to address the needs of severely disabled veterans returning from the conflicts in Afghanistan and Iraq. In my view, Congress and VA should take a critical look at whether VR&E has the appropriate staffing, expertise, and focus to meet the needs of this population of severely disabled veterans. It is critical that we provide these wounded warriors with the tools, assistance, and services they need to recover and return to productive and fulfilling lives.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

Almost 20 years ago, Congress created the United States Court of Appeals for Veterans Claims (hereinafter, "Court") for a very important purpose—to provide "fundamental justice" to veterans and their families who are seeking veterans' benefits. To fulfill that purpose, every individual who comes before the Court should rightfully expect a prompt decision on his or her appeal. Unfortunately,

as the Committee learned at a hearing in November 2007, the Court is facing many challenges in trying to fulfill that expectation:

- The Court was receiving record levels of incoming cases. There were over 4,600 new cases in fiscal year 2007, which was almost 25% more than any prior year.
- The Court had roughly 6,300 pending cases, which was 36% more than two years earlier and 4,000 more than ten years earlier.
- At least 750 cases were already awaiting action by the Court, and 3,700 more may be ready for a decision within the year.
- The median number of days to decide cases in fiscal year 2007 was 416 days, which was almost 19% higher than fiscal year 2006.

With these staggering statistics, it seems clear that both Congress and the Court must take steps to ensure that veterans will not have to wait long for decisions. As part of that effort, the Court and this Committee should take a critical look at where there may be bottlenecks and how improvements could be made. It is also important that the Court fully utilize the experience and expertise of retired recall-eligible judges, who may be called back to work for up to 90 days per year or for longer with their consent. Since 2006, these retired judges have proven to be a valuable resource in helping the Court deal with its caseload. Finally, I believe that Congress, in addition to providing adequate funding for the Court, should consider taking other measures, such as authorizing magistrates, to help the Court provide justice to veterans in a timely manner.

VETERANS' EMPLOYMENT AND TRAINING SERVICE

The Department of Labor's Veterans' Employment and Training Service provides grants to states to fund the Disabled Veterans' Outreach Program and the Local Veterans' Employment Representatives program. These programs are designed to provide employment and training services to veterans and conduct outreach to employers to increase employment opportunities for veterans. Unfortunately, concerns have been raised about whether these programs are effective in helping veterans find good jobs, particularly injured veterans returning from the current conflicts. In fact, at a February 2008 hearing before the Committee, Mr. John Rowan, National President of Vietnam Veterans of America, testified that "[i]t still remains clear that the system funded through the Department of Labor simply is failing these fine young men and women when they need assistance most in rebuilding their lives." As we move forward with the budget process and this Congress, it should be the focus of this Committee to assess the effectiveness of these programs and to find ways to improve the employment services provided to our Nation's veterans.

CONCLUDING COMMENTS

Thank you for your consideration of my views on the programs and services for our Nation's veterans and the challenges that lie ahead. I look forward to working with the Committee on the Budg-

et and all of our colleagues to help improve and modernize the system of benefits and services for all veterans.

Sincerely,

RICHARD BURR,
Ranking Member.

COMMITTEE ON VETERANS' AFFAIRS

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