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REPORT

TO THE

COMMITTEE ON THE BUDGET

FROM THE

COMMITTEE ON VETERANS' AFFAIRS

SUBMITTED PURSUANT TO SECTION 301 OF THE CONGRESSIONAL BUDGET ACT OF 1974

ON THE

BUDGET PROPOSED FOR FISCAL YEAR 2009

FEBRUARY 28, 2008.—Printed for the use of the Committee on Veterans' Affairs of the House of Representatives

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DEMOCRAT LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, February 28, 2008.

Hon. JOHN SPRATT,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to § 301(d) of the Congressional Budget Act of 1974, and House Rule X, clause 4(f), and Rule 7 of the Rules of the Committee on Veterans' Affairs, the Committee on Veterans' Affairs hereby submits its Views and Estimates with regard to programs and matters within the jurisdiction of the Committee to be set forth in the concurrent resolution on the budget for fiscal year 2009. The Minority will be submitting Additional and Dissenting Views under separate cover.

Caring for our veterans is an ongoing cost of war, and a continuing cost of our national defense. As a Congress, and a nation, we must fulfill our obligations to the men and women who have served. We hope that you will carefully consider these Committee views and estimates. We have a lot of work ahead of us if we are to keep our promises to veterans. Working together, we can make sure that our veterans are not forgotten, and that we meet our obligations to them as a nation.

Sincerely,

Bob Filner, *Chairman;* Corrine Brown, Vic Snyder, Michael H. Michaud, Stephanie Herseth Sandlin, Harry E. Mitchell, John J. Hall, Phil Hare, Michael F. Doyle, Shelley Berkley, John T. Salazar, Ciro D. Rodriguez, Joe Donnelly, Jerry McNerney, Zachary T. Space, Timothy J. Walz.

Committee on Veterans' Affairs

U.S. House of Representatives

110th Congress

Views and Estimates

FY 2009

February 28, 2008

SECTION 1—DISCRETIONARY ACCOUNTS

DEPARTMENT OF VETERANS AFFAIRS

The Committee [1] is recommending an overall level of $48.6 billion for the discretionary accounts of the Department of Veterans Affairs (VA) for FY 2009. This recommendation is $5.5 billion, or 12.7 percent, above the FY 2008 level of $43.1 billion, and $3.8 billion, or 8.6 percent, above the Administration's FY 2009 request of $44.8 billion.

This recommended discretionary level includes an increase for VA medical care of $4.5 billion, or 12.3 percent, above FY 2008, and $2.5 billion, or 6.5 percent, above the Administration's request. The Committee believes these additional resources are necessary if we are to provide sufficient funding for veterans' health care, restore many of the cuts proposed by the Administration, and keep our promises to our veterans.

VA Medical Care

For VA medical care (the Medical Services, Medical Administration, and Medical Facilities accounts) the Committee is recommending $41.2 billion in appropriated dollars, $2.5 billion above the Administration's FY 2009 budget request of $38.7 billion, and is a $4.5 billion, or 12.3 percent, increase over the FY 2008 levels. The Administration requests a 5.5 percent increase over FY 2008 levels.

Including total available resources (including medical collections), the Committee recommendation would provide $43.7 billion for VA Medical Care. This recommended level in total medical care resources is $882 million above the amount recommended by the Independent Budget, co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of For-

[1] While the Views and Estimates reflect a consensus effort, the Committee wishes to note that not all Members of the Committee necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.

eign Wars.[2] Including funding for the VA's Medical and Prosthetics Research account, the Committee is recommending a total for the Veterans Health Administration (VHA) $41.8 billion ($44.3 billion including collections), $4.6 billion above the FY 2008 level and $2.6 billion above the Administration's FY 2009 request.

The Committee recommendation would better enable the VA to provide quality health care in a timely fashion and to meet high-priority needs in the coming fiscal year. The recommended funding level would provide additional dollars to account for a higher level of inflation than estimated by the Administration to ensure the health care received by veterans tomorrow is not less than the care received today. The Committee recommends additional resources to account for a greater workload level and health care demand than estimated by the VA, including a greater-than-estimated number of veterans returning from Iraq and Afghanistan. The Committee provides additional resources for mental health care and services, long-term care, homeless programs, prosthetics, and Traumatic Brain Injury (TBI) care and treatment. The Committee recommendation restores proposed cuts to Non-Recurring Maintenance funding, funding that is essential if the VA is not to experience deteriorating medical facilities that impede the delivery of quality health care. The Committee also recommends providing funding to end the Administration's ban on enrollment of Priority 8 veterans (veterans with incomes above the geographically adjusted Housing and Urban Development threshold for low-income housing—$28,430 in some communities—and who do not have compensable service-connected conditions) first instituted by the Administration in January 2003.

As Congress contemplates further spending on the war in Iraq through the supplemental funding process, the Committee plans to seek opportunities to add additional resources for veterans' programs—for we should not forget the warrior as we fund the war.

MEDICAL CARE—TOTAL RESOURCES (INCLUDING COLLECTIONS)

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
39,135,220,000	41,203,363,000	42,821,903,000	43,703,870,000	2,500,507,000

The Committee, as it has every year they have been proposed, emphatically rejects the Administration's proposal to institute enrollment fees and increase co-payments for certain veterans. The Administration estimates that instituting an enrollment fee and increasing pharmaceutical co-payments would result in $2.3 billion (over 5 years) and $5.2 billion (over 10 years) in mandatory re-

[2] In prior years, the Independent Budget recommendation did not include amounts attributable to medical collections. This year, the Independent Budget changed its methodology and included amounts attributable to medical collections in its FY 2008 Medical Services baseline and is recommending that these amounts be fully provided for in the Medical Services appropriation, in accordance with its long-standing position that these amounts should be "a supplement to, not a substitute for" appropriated levels. In FY 2008, medical collections amounted to 6.2 percent of the amount available for VA medical care; in FY 2009, these collections are 6 percent of the VA's request. If the collection amounts estimated for FY 2009 are subtracted from the Independent Budget recommendation, the Independent Budget is requesting $40.3 billion for VA Medical Care, which compares to the Administration request of $38.7 billion ($1.6 billion above the Administration's request) and the Committee recommendation of $41.2 billion ($900 million below the Committee's recommendation).

ceipts. The Administration proposes that these dollars be considered "mandatory" as compared to "discretionary dollars" and would direct that they be deposited in the Treasury instead of being retained by the VA. According to the VA, as many as 444,000 veterans next fiscal year would choose not to be enrolled in the VA and 146,000 individual veterans would not seek VA health care if the Administration's fee and co-payment proposals were accepted by Congress. The Committee remains puzzled as to why the Administration requests these proposals annually in the face of consistent Congressional opposition, and is concerned about the effect these proposals have, especially in terms of workload and resource estimates, on VA budget estimates and planning for future years.

MEDICAL CARE—TOTAL RESOURCES (BY ACCOUNT)

	FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 HVAC Recommendation	Recommendation vs. Request
Medical Services	29,104,220,000	29,465,503,000	32,153,138,000	31,656,100,000	+2,190,597,000
Medical Administration	3,517,000,000	4,610,000,000	3,625,762,000	4,610,000,000	0
Medical Facilities	4,100,000,000	4,661,000,000	4,576,143,000	4,971,000,000	+310,000,000
Total, Medical Care	36,721,220,000	38,736,503,000	40,355,043,000	41,237,100,000	+2,500,597,000
MCCF Collections	2,414,000,000	2,466,860,000	2,466,860,000	2,466,860,000	0
Total, Medical Care (with Collections)	39,135,220,000	41,203,363,000	42,821,903,000	43,703,960,000	+2,500,597,000

* *Important Notes:*

• For comparison purposes, and unless otherwise noted, *amounts attributable to medical collections have been subtracted from the Independent Budget's Medical Services recommendation* (and, when appropriate, are displayed on the MCCF Collections line). Medical collections are not included in the discretionary estimates relied upon by the Committee on the Budget. In a departure from previous recommendations, the Independent Budget has included collections in its baseline for Medical Services for FY 2008 and is advocating that these amounts be fully appropriated in the Medical Services account for FY 2009. Therefore, the Independent Budget is recommending $34.6 billion in Medical Services to account for this. The Independent Budget has not provided clear recommendations regarding how Congress and the Administration are to treat the $2.5 billion, or 6 percent of the VA health care budget, received in collections. The Administration's request, and the Committee recommendation, does not include appropriating medical collections in the Medical Services account.

• The Administration's FY 2009 budget submission proposed abolishing the Medical Administration account and including these activities in the Medical Services account. Under this structure, the VA is requesting $34.1 billion for the Medical Services account. The Views and Estimates displays the VA's request in the traditional three-account structure and amounts attributable to the Medical Administration account have been subtracted from the Medical Services account and restored to the Medical Administration account.

MEDICAL SERVICES

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
29,104,220,000	29,465,503,000	32,153,138,000	31,656,100,000	+2,190,597,000

Description [3]

This appropriation provides for medical services of eligible veterans and beneficiaries in Department medical centers, outpatient clinic facilities, contract hospitals, State homes, and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical programs for the Department of Veterans Affairs.

Recommendation

For FY 2009, the Administration has requested $29.5 billion for the Medical Services account, an increase of $400 million above the FY 2008 level of $29.1 billion. The Committee recommends $31.7 billion, $2.6 billion above FY 2008 levels and $2.2 billion above the Administration's request.

The Committee recommendation would:

- Provide additional resources for medical inflation—$166 million;
- Provide for additional workload, including increased number of OEF/OIF veterans—$613 million;
- Provide additional funding for mental health—$223 million;
- Provide additional funding for long-term care—$332 million;
- Provide additional amounts for homeless veterans by matching the authorization level for the Grant and Per Diem program—$8 million;
- Provide for an additional 5 percent increase for the VA's Prosthetics program—$66 million;
- Provide additional resources for TBI care and treatment—$32 million;
- Provide funding to end the Administration's ban on enrollment of Priority 8 veterans—$750 million.

Inflation: The VA is estimating an overall medical inflation rate of 4.63 percent. According to the Bureau of Labor Statistics, "[f]or the 12 months ended in December, the medical care index rose 5.2 percent, its largest annual advance since a 5.4 percent increase in 1993." (*Bureau of Labor Statistics, Consumer Price Index: December 2007, released January 16, 2008*). Although as with any forward-looking estimate the future remains uncertain, the Committee believes that it is more likely than not that medical inflation will be closer to the level experienced in 2007 than the amount estimated by the VA. The Committee, therefore, recommends that an additional $166 million be provided to match the estimated rate of medical inflation in FY 2009.

Workload: The Committee is concerned that the Administration may have, once again, underestimated the total number of unique patients it expects to see in FY 2009. From FY 2003 through FY

[3] Unless otherwise noted, account desriptions are from H. Rept. 110–186.

2008, the VA saw an average annual increase in unique patients of 2.7 percent and from FY 2002 through FY 2008 the VA saw a 3.3 percent average annual increase. For FY 2009, the VA estimates a 1.6 percent increase, including an increase of only 2,621 Priority 7 and 8 veterans. As part of this 1.6 percent increase, the VA expects it will see 333,275 OEF/OIF veterans, an increase of 39,930 from the FY 2008 current estimate. The VA is now estimating it will see 293,345 OEF/OIF veterans in 2008, an increase of 87,717 over FY 2007 while initially estimating last year that this increase would only amount to 57,717. The Committee recommends $613 million in additional funding to provide for an increased number of OEF/OIF veterans that more closely matches the VA's recent experiences and ongoing combat activities in Iraq and Afghanistan, as well as to provide a modest increase in overall unique patients that more closely tracks the VA's average annual workload increases.

Mental Health: For FY 2009, the VA has requested a 9 percent increase in mental health care spending. With the VA facing an ever-growing demand for mental health services, especially from veterans returning from Iraq and Afghanistan, the Committee is recommending a 15 percent increase for FY 2009, or $212 million in additional resources. The Committee recommendation also provides funding for an additional 15 Vet Centers, bringing the total for FY 2009 up to 247. The VA estimates 232 for FY 2009, which matches the current estimate for FY 2008 and is 23 more than the number in FY 2007.

Long-Term Care: The Committee recommends an additional $332 million for VA's Long-Term Care program. The Administration is in violation of its statutory responsibility to maintain FY 1998 levels for the Average Daily Census (ADC) for VA nursing home care, as mandated by P.L. 106–117, the Veterans Millennium Health Care and Benefits Act. The VA's FY 2009 budget submission requests resources to support an estimated 11,000 ADC, an amount 2,391 below the 1998 figure, and equal to its FY 2008 budget request. The Committee recommends additional long-term care funding for the VA to begin to meet its statutory obligations. In addition, the Committee recommends additional funding for non-institutional and community-based services, especially those programs targeting the unique needs of younger wounded veterans returning from Iraq and Afghanistan who need long-term care services.

Homeless Veterans: The Committee recommends an additional $8 million to bring the VA's Grant and Per Diem program up to the levels authorized in the 109th Congress. Although Congress has authorized this program at a level of $130 million, the VA is requesting $122 million. The Committee plans to explore changes to the Grant and Per Diem program where appropriate in order to begin to effectively address the tragedy of homeless veterans.

Prosthetics: The Committee recommends providing an additional 5 percent increase for the VA's Prosthetics program. This will assist the VA in meeting the needs of a new generation of wounded veterans needing technologically advanced prosthetics, while not forgetting the needs of our older veterans.

TBI Care and Treatment: VA's budget estimate regarding spending for TBI states that data used to make these estimates are pre-

liminary and "based on stable growth patterns with small increases thru 2009 and beyond." (FY 2009 VA Budget Submission, Volume 2, 1H–18). The Committee understands that insufficient data may not provide an accurate or realistic picture of the needs of veterans with TBI, from mild to more severe cases. TBI is often called the signature wound of the current conflict, and the Committee believes the VA must be in the forefront of providing health care to our veterans with TBI. The Committee recommends an additional $32 million for TBI care and treatment, a 15 percent increase above FY 2009 estimated levels. Additionally, the Committee believes that VA should look at innovative programs, such as increasing the number of patient or bedside advocates to help ensure that our seriously wounded veterans receive the health care and services they need, as well as rapidly meeting its responsibilities under title XVII of the FY 2008 National Defense Authorization Act (P.L. 110–181).

Women Veterans: Although the Committee is pleased that the VA has requested an additional $14 million over FY 2008 levels for the Women Veterans Outreach Program, the Committee believes that the VA must ensure that women veterans get the care and treatment they have earned. Additional resources may well be necessary in order to meet the needs of an ever-increasing cohort of women veterans.

VA/DoD Health Care Sharing Incentive Fund: The VA has transferred $15 million to this cooperative effort in FY 2008, but plans to provide no funding in FY 2009. In FY 2007, $35 million was transferred. The Committee believes it is essential that the VA find the needed resources to continue this important endeavor.

The Committee urges the VA to work closely with the DoD to institute and operate an innovative program to address the needs of returning servicemembers, especially regarding mental health care, and their families. We believe that an approach involving servicemembers and their families receiving information on benefits, necessary training and support, as well as specific services in a joint and comprehensive manner at the point of discharge or immediately prior to discharge offers a unique manner in which the VA and DoD can address the needs of veterans returning from Iraq and Afghanistan who are beginning the process of integrating back into civilian life.

Ending Enrollment Ban on Priority 8 Veterans: The Committee recommendation includes $750 million to meet the costs associated with ending the Administration's enrollment ban on Priority 8 veterans. The Committee requested a detailed report from the VA regarding the costs the VA believes it would incur if the enrollment ban was lifted. This report was promised to the Committee by January 1, 2008. The Committee finally received a copy on February 26, 2008.

The Committee is disappointed at the level of detail provided by the VA. The report provides no specific information regarding how the VA ended up estimating that it would "require $3.1 billion dollars to provide health care services to the additional 1.4 million enrollees and approximately 750,000 patients during the first year of implementation," nor does it include detailed information regarding facility requirements and staffing levels. The VA believes that 2013

would be the first year it would be able to allow enrollment of new Priority 8 veterans by putting into place "needed infrastructure to accommodate increases in demand" and questions its ability to meet staffing requirements by this time.

The VA argues that "[a]ccounting for the increased growth expected under the current enrollment policy and reopening enrollment in 2013 to new Priority 8 veterans will result in a total growth in enrollees of 22 percent and a total growth in users of 21 percent." According to the VA, growth under the current policy of banning enrollment of new Priority 8 veterans would result in an increase of 4 percent (enrollees) and 6 percent (patients).

The Independent Budget bases its estimate as to net cost ($600 million) to lift the enrollment ban on a projection of 1.9 million new users and a utilization rate of 20 percent. The VA's estimate is based on 1.4 million enrollees and a utilization rate of 54 percent. The Committee is concerned that the VA's estimates are filled with apparent contradictions. The VA argues that lifting the enrollment ban is not necessary since "almost 91 percent of Priority 8 enrollees report having some form of health insurance coverage other than VA." At a hearing on Priority 8 veterans held last year, a witness testified that as many as 2 million veterans may be without health insurance and not have access to VA care. The VA also argues that new enrollees would mainly utilize "ambulatory, diagnostic and pharmacy services." The VA states that "[a]pproximately 75 percent of current enrollees report that they do not intend to use VA as their primary source of health care in the future." The VA then bases its cost estimate assuming a utilization rate of 54 percent for new enrollees, a figure that seems unduly high considering VA's statements regarding reliance and utilization.

The Committee would like to see more specific details regarding its estimates as to costs over the first year ($3.1 billion), 5-year period ($16.9 billion), and ten-year period ($39.3 billion). The Committee does not put great faith in these estimates. For example, the 5-year cost of $16.9 billion seems to provide for slightly more than an annual increase based upon its first year estimate, even though the VA states elsewhere in its report that "once enrollment in Priority 8 is reopened, VA expects a significant surge in the first year" which would seem to necessitate a higher first-year cost and lower costs for future years.

The Committee wants to ensure that the VA has the resources it needs to lift the ban and ensure that veterans currently in the system do not see a diminution of service or access. The Committee believes that $750 million in additional funding is sufficient to meet the increased demand for services that would occur once the enrollment ban is lifted, but retains its flexibility to recommend additional resources if it is convinced that additional resources are needed. The Committee agrees with VA that it would face an increased demand for additional infrastructure when the enrollment ban is lifted, not only to care for new Priority 8 veterans, but all veterans seeking access, and has recommended substantial increases in both Major and Minor construction accounts in part to address these concerns. With a faltering economy, it is even more essential that we re-open access to VA health care to all veterans.

MEDICAL ADMINISTRATION

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
3,517,000,000	4,610,000,000	3,625,762,000	4,610,000,000	0

Description

The Medical Administration appropriation provides funds for the expenses of management and administration of the Department's health care system. Included under this heading are provisions for costs associated with operation of department medical centers, other facilities, and VHA headquarters, plus the costs of VISN offices and facility director offices, chief of staff operations, quality of care oversight, legal services, billing and coding activities, procurement, financial management, and human resources management.

Recommendation

For FY 2009, the Administration has requested $4.6 billion for the Medical Administration account, an increase of $1.1 billion, or 31 percent, above the amount provided in FY 2008.

The Committee recommends that the Administration's requested funding level be provided. The Committee notes the large requested increase for Medical Administration, and hopes that by providing this level of funding it will assist the VA in maintaining the quality of its health care system and responding to problems when they arise.

MEDICAL FACILITIES

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
4,100,000,000	4,661,000,000	4,576,143,000	4,971,000,000	310,000,000

Description

The Medical Facilities appropriation provides funds for the operation and maintenance of the Department's health care system's capital infrastructure. Included under this heading are provisions for costs associated with utilities, engineering, capital planning, leases, laundry, groundskeeping, garbage, housekeeping, facility repair, and property disposition and acquisition.

Recommendation

For FY 2009, the Administration has requested $4.7 billion for the Medical Facilities account, an increase of $561 million above the FY 2008 level. The Committee recommends $5 billion for this account, an increase of $310 million above the Administration's request and $871 million above the FY 2008 level.

The Administration has proposed cutting funding for Non-Recurring Maintenance by $300 million below the FY 2008 current estimate and $15 million below the level provided in FY 2007. The Committee recommendation restores this proposed cut. It is vital that resources be made available to meet the maintenance needs of VA medical facilities. The Committee recommendation also proposes increases for Community-Based Outpatient Clinics (CBOCs)

and for facility activations in order for the VA to provide greater access to medical services for veterans, especially those residing in rural and under-served areas.

The Administration's FY 2009 budget request states that the VA plans to open 51 CBOCs in FY 2009, and is estimating that it will open 64 new CBOCs in FY 2008. The Committee desires the VA to move forcefully to open needed CBOCs in Maine (Dover-Foxcroft), Wisconsin (Green Bay), Illinois (Moline and Madison County), and Florida (Gainesville).

The Committee recommendation would:

- Restore proposed cuts to Non-Recurring Maintenance—$300 million;
- Increase resources for CBOCs by 50 percent—$5 million;
- Increase funding for facility activations by 50 percent—$5 million.

MEDICAL AND PROSTHETIC RESEARCH

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
480,000,000	442,000,000	555,000,000	555,000,000	+113,000,000

Description

This account includes medical, rehabilitative and health services research. Medical research is an important aspect of the Department's programs, providing complete medical and hospital services for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic and sensory aids for the purpose of improving the care and rehabilitation of eligible disabled veterans, including amputees, paraplegics and the blind. The health service research program provides unique opportunities to improve the effectiveness and efficiency of the health care delivery system. In addition, budgetary resources from a number of areas including appropriations from the medical care accounts; reimbursements from the Department of Defense; and grants from the National Institutes of Health, private proprietary sources, and voluntary agencies provide support for the Department's researchers.

Recommendation

For FY 2009, the Administration has requested $442 million for the VA Medical and Prosthetic Research account, $38 million below the FY 2008 level. The Committee recommendation of $555 million for Medical and Prosthetic Research is $75 million above the FY 2008 level and $113 million above the Administration's request.

The Committee recommends $38 million to restore the Administration's proposed cut in this account. Especially troubling to the Committee are proposed cuts in eight of the 21 Designated Research Areas, including cuts in research on mental illness, acute and traumatic injury, central nervous system and associated disorders, diabetes, special populations, and military occupation and environmental exposures.

The Committee recommends $17 million to account for the effects of biomedical inflation on VA research. The Biomedical Research

and Development Price Index, developed by the Department of Commerce's Bureau of Economic Analysis for use by the National Institutes for Health (NIH) and updated on February 4, 2008, estimates that a 3.5 percent increase is needed to compensate for increases due to inflation and to maintain research purchasing power.

The Committee is concerned that VA estimates are unduly optimistic regarding expected revenues from other Federal sources, especially in light of the Administration's proposed flat-lined budget for the NIH. The VA estimates it received $668 million in Federal resources in 2007. Last year, in its FY 2008 budget submission, the VA estimated it would receive $769 million in FY 2008; it now estimates it will receive $708 million. For FY 2009, the VA estimates that it will receive $751 million, an increase of $43 million. The Committee doubts that the VA will meet its estimate of $751 million in Federal resources and believes that an increased appropriation is essential if the VA research program is to meet the challenges it faces.

The Committee recommendation provides $58 million for additional research projects, especially those concentrating on the unique needs of veterans returning from Iraq and Afghanistan. This increase would also ameliorate any possible effects of a shortfall in other Federal resources. In addition, the Committee believes that caps on investigator-initiated awards should be increased from the current $125,000 annually to the previous level of $150,000, in accordance with recommendations made by the Friends of VA Medical Care and Health Research (FOVA) and the Independent Budget.

The Committee recommendation would:

- Restore proposed FY 2009 cuts—$38 million;
- Provide for a 3.5 percent increase for estimated biomedical inflation—$17 million;
- Increase overall funding for research projects, particularly those addressing needs of servicemembers returning from Iraq and Afghanistan—$58 million.

GENERAL OPERATING EXPENSES

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
1,605,000,000	1,699,867,000	1,985,602,000	1,896,126,000	+196,259,000

Description

The General Operating Expenses appropriation provides for the administration of non-medical veterans' benefits through the Veterans Benefits Administration and departmental management and support.

The General Operating Expenses account funds activities of the Veterans Benefits Administration and General Administration.

VETERANS BENEFITS ADMINISTRATION

VBA consists of five programs: Disability Compensation, Pensions and Burial; Education; Housing; Vocational Rehabilitation and Employment; and, Insurance.

Compensation and Pension Service

VA provides service-connected compensation to veterans with disabilities incurred or aggravated during military service, dependency and indemnity compensation (DIC) to surviving spouses, children and low-income dependent parents of veterans, pension benefits to elderly and disabled low-income wartime veterans, death pension to the surviving spouses and children of wartime veterans and benefits to certain children of veterans who were disabled by spina bifida or other congenital conditions related to their parent's military service.

Education Service

VA provides education assistance to servicemembers, veterans, and certain eligible survivors and dependents in exchange for military service. VA education assistance, popularly known as the Montgomery GI Bill, is used by the Armed Forces as a recruiting and retention tool, as well as a readjustment benefit for servicemembers seeking to achieve educational and vocational goals in the civilian workforce.

Housing (Loan Guaranty Service)

VA assists veterans and servicemembers to purchase and retain homes in recognition of their service to the Nation. VA's partial guarantee on loans made by private lenders enables veterans and servicemembers to purchase homes with little or no down payment, thereby making home ownership affordable to many veterans.

Vocational Rehabilitation and Employment (VR&E)

VR&E provides employment services and assistance to enable veterans with service-connected disabilities to obtain suitable employment and, to the maximum extent possible, achieve independence in daily living.

Insurance

The Insurance Program provides servicemembers and their families with universally available life insurance, as well as traumatic injury protection insurance. It also provides for the conversion to a renewable term insurance policy after a servicemember's separation from service and provides life insurance to veterans who have lost the ability to purchase commercial insurance at standard (healthy) rates due to lost or impaired insurability resulting from military service.

GENERAL ADMINISTRATION

General Administration funds the Office of the Secretary, six Assistant Secretaries, the Board of Veterans' Appeals, the Office of the General Counsel, and the Office of Construction and Facilities Management.

Recommendation

For FY 2009, the Administration is requesting $1.7 billion for the General Operating Expenses (GOE) account, an increase of $95 million, or 5.9 percent, above the $1.6 billion provided in FY 2008.

This request includes $1.4 billion for VBA, an increase of $44.8 million over the FY 2008 level, and $328 million for General Administration, an increase of $50.1 million over FY 2008.

The Committee is recommending $1.9 billion, an increase of $291 million above FY 2008 and $196 million above the Administration's request.

The Committee recommendation would:

- Provide an additional 1,500 FTE for the Compensation, Burial, and Pension program to better address the claims backlog and other deficiencies—$117 million
- Provide an additional 130 FTE for the Education program—$10 million
- Provide an additional 150 FTE for the Vocational Rehabilitation and Counseling Program—$14 million
- Double the amount provided for the Compensation, Burial and Pension training program—$6 million
- Provide resources to explore innovative pilot programs and other solutions to address the claims backlog—$50 million

Claims Backlog: As of February 16, 2008, the inventory of compensation and pension claims pending at the VA was 663,319, an increase of 5,351 from the previous week and 36,890 above the 626,429 pending this time last year. (*VA Monday Morning Workload Report, February 16, 2008*).

The Committee is concerned that VA is not moving swiftly enough to hire the additional 3,100 FTE provided so far by the 110th Congress. On July 31, 2007, VA submitted a "White Paper on the VA Disability Claims Processing Workforce" to the Committees on Appropriation. The report listed a total of 3,100 new hires funded through the FY 2007 appropriation (400), the FY 2007 supplemental (800), and the FY 2008 House Appropriations recommended level (1,900). The VA projected an end-of-year staffing level for Compensation and Pension of 9,068 FTE (direct) and 10,998 FTE (direct) for FY 2008.

The VA's FY 2009 budget submission provides a 2007 level of 8,353 FTE (direct) and estimates an FY 2008 level of 10,304 FTE (direct). The VA's estimate for 2009 is 10,998 FTE (direct), the same level it projected in July for the end of 2008. The VA's budget request for FY 2009 estimates an additional 694 direct FTE (for a total of 10,998) over the FY 2008 current level (10,304). Therefore, the VA is estimating the same FTE levels for FY 2009 as projected for the end of FY 2008 in its July 2007 White Paper.

Although the Committee's recommendation includes a substantial increase in FTE above the Administration's request, the Committee believes that merely adding FTE is not the sole answer to addressing the claims backlog issue. We believe the VA must vigorously explore alternative methods of addressing once and for all this intolerable backlog.

The Veterans' Disability Benefits Commission noted that in 2006, two-thirds of compensation claims were from veterans previously determined to have a service-connected disability and that most of these veterans were from previous conflicts. The average age of veterans filing claims is 55. As the number of claims increases, the ability of the VBA to process these claims in a timely fashion under the current system is increasingly called into question. The Com-

mittee is concerned that since 2002, and the inception of the Claims Improvement Processing Model, the VBA has failed to meet its major strategic goals in the Compensation and Pension program. In addition to more rigorous training, addressed by the Committee in its recommendation, there simply must be greater accountability for failure to meet strategic goals.

In fact, according to the VA's FY 2007 Performance and Accountability Report, released on November 15, 2007, the VBA missed the vast majority of its compensation and pension rating-related and non-rating-related performance targets. The Committee believes there must be a closer coordination between performance goals and the VA's actual experience; for goals that are never met are useless in measuring any real progress or increasing accountability.

The Systematic Technical Accuracy Review (STAR) is the VBA's system-wide program for measuring compensation and pension claims processing accuracy. The Committee believes VBA should significantly increase the level of FTE devoted to STAR in order to increase accountability, reduce avoidable errors, and ensure more uniform decisions between Regional Office ratings.

The Committee recommends an additional $5.5 million for training expenses, doubling the amount proposed by the Administration. Training is essential for all employees, especially new hires, in order to make sure claims are processed speedily and correctly. The Committee also believes that VBA should reinstitute administration of the skills certification test with sustained input on development from all interested parties.

The Committee is also concerned that tools already provided to the VA are not being utilized fully. The VA has testified before the Subcommittee on Disability Assistance and Memorial Affairs that it is not fully utilizing the pre-stabilization rate mechanism as outlined in regulations. We believe the VA must fully utilize this tool in addressing the claims of returning servicemembers.

The Committee believes there must be a greater attempt by the VA to embrace possible technological improvements to its current practices, including innovative information technology and artificial intelligence applications that offer the hope of reducing the average time for a claims decision to be made. The Committee also strongly recommends that the VA take the necessary steps to reduce the amount of paper involved in the process as it moves toward the goal of a "paperless" claims process. The Committee awaits the final report from IBM, which VA contracted with, to evaluate its business lines and provide long-range strategies.

Although more properly under the Information Technology Systems account, the Committee wishes to note that the Administration's IT request includes funding for the Virtual VA program, but this is only to scan in VBA's paper records. While this is an essential task, it does little to create a true electronic claims processing system that would benefit veterans by applying technological solutions to the impediments faced by processes that are rooted in the previous century. The Committee recommends that VA reassess its plan and maximize available information technologies and artificial intelligence applications to modernize its claims processing system.

The Committee believes VA must embrace radical ideas to solve the claims backlog issue and is recommending that $50 million be

provided to explore various pilot programs and initiatives that could revolutionize the process by which veterans receive the benefits they have earned. The Committee believes that one such initiative could include the creation of a Veterans Advocates Training Institute to provide consistent and improved training of State service officers and others who assist veterans in filing claims.

Burial Claims: The Committee notes that the Administration's FY 2009 request assumes a decrease in FTE for burial claims of 17 below the FY 2008 current estimate, and 50 below the FY 2008 budget estimate. The FY 2009 estimate is also 25 FTE below the FY 2007 level. As the number of interments is expected to increase, and VA has missed many of its performance and accountability targets, the Committee believes that additional FTE should be detailed to this activity.

Vocational Rehabilitation and Employment: The Committee is concerned that VR&E counselors are overloaded and are managing an excessively large case load. Currently, each counselor has a case load of 130 cases where minimal contact is made with the veteran. While the VA maintains that this is a proper level of cases for providing services, the Committee is not convinced that such a caseload leads to the optimum level of service to veterans and is recommending an additional 150 FTE to properly staff the division and provide adequate services to veterans.

Education: The Committee is recommending an additional 130 FTE to handle education claims. With the enactment of the National Defense Authorization Act for FY 2008 (P.L. 110–181), which included the addition of portability of Chapter 1607 benefits, the Committee anticipates an increase in workload and recommends an additional 80 FTE to meet this expected increase. The Education program also recently started a call center in Muskogee, Oklahoma, and has pulled 50 FTE from other areas to staff this call center. These 50 FTE have not been replaced and the Education program would benefit from maintaining a stable level of personnel. The Committee believes the VA should also explore ways to increase outreach to improve participation of returning servicemembers and veterans in pursuing opportunities to achieve college educations with their respective benefits.

INFORMATION TECHNOLOGY SYSTEMS

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
1,966,465,000	2,442,066,000	2,164,938,000	2,442,066,000	0

Description

The Information Technology Systems account was established in the FY 2006 VA Appropriations bill, P.L. 109–114. The account previously encompassed the entire non-pay information technology portfolio for the Department of Veterans Affairs, including all automation efforts in all administrations. Starting in fiscal year 2007, and reflected for the first time in the budget request for fiscal year 2008, this account also includes pay and associated costs for information technology maintenance and operations staff.

In describing the new structure of the VA's IT budget submission, the VA states that:

> The proposed FY 2009 budget has been realigned from previous submissions to delineate veteran strategic issues into two major classifications—*veteran facing IT systems* and *internal facing IT systems. Veteran facing IT systems* include IT programs that directly impact current and future veterans' services and account for $1.295 billion or 75.6 percent of resources. *Internal facing IT systems* indirectly affect veterans' services through IT administrative and infrastructure support at $418 million or 24.4 percent of resources.
>
> Within each of the two classifications, IT programs and initiatives were further classified to reflect the two core processes of development and operations and maintenance. These changes complement the Department's Performance and Accountability Report structure, thereby enabling better communication of performance results and outcomes. As a result, all *veteran facing IT systems* fall under one of the following eight Performance Accountability Report categories: medical care, compensation, pension, education, vocational rehabilitation, housing, insurance, and burial. *Internal facing IT systems* are mapped to eight programs for corporate management, financial resources management, asset management, human capital management, IT infrastructure, cyber security, privacy, and E-Government (E-Gov). Additionally, infrastructure activities are aligned as a sub-cost for each Performance Accountability Report category. (Emphasis in original). (*FY 2009 VA Budget Submission, Volume 2, 4A–3*).

Recommendation

For FY 2009, the Administration has requested $2.442 billion for the Information Technology Systems account, an increase of $476 million, or 24 percent, over the amount provided in FY 2008.

The Committee recommends that the Administration's requested funding level be provided.

The Committee understands that as the VA moves to a centralized IT system that the IT budget is, by necessity, a "work in progress." The Committee believes that the VA should be nearing the point where it has a clear and consistent view of its IT funding requirements. The Government Accountability Office, in testimony before the Subcommittee on Oversight and Investigations regarding the VA's FY 2009 IT budget request, noted that the VA is "in the initial stages of implementing new management process that are critical to centralizing its control over the IT resources and budget". The GAO also testified that "it remains too early to assess [the new management processes] their overall impact because most of the actions taken have only recently become operational or have not yet been fully implemented. Thus, their effectiveness in ensuring accountability for the resources and budget has not yet been clearly established." (*Testimony before the Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs, February 13, 2008 (GAO–08–449T*)).

As the Committee noted under the General Operating Expenses account, the VA must act vigorously to realize a true electronic benefits system. Although Virtual VA is a step forward, merely scanning in paper documents does not begin to realize the advantages that a true electronic benefits system can yield to veterans seeking benefits.

The Committee notes with approval the VA's assurance that Medical Center Innovations will be funded in FY 2009, contrary to the Administration's FY 2009 budget submission. The Committee also looks to the VA to provide assurances that it has sufficient resources to provide the "gold standard" in data security.

NATIONAL CEMETERY ADMINISTRATION

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
195,000,000	180,959,000	251,975,000	210,250,000	+29,291,000

Description

The National Cemetery Administration was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery with available grave space the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to States in establishing, expanding, or improving State veterans' cemeteries; and to administer the Presidential Memorial Certificate Program. This appropriation provides for the operation and maintenance of 158 cemeterial installations in 39 states, the District of Columbia, and Puerto Rico.

Recommendation

For FY 2009, the Administration has requested $181 million for the National Cemetery Administration, $14 million, or 7 percent, below FY 2008 levels. The Committee recommends $210 million for FY 2009, $15 million above the FY 2008 level and $29 million above the Administration's request.

The Administration request proposes to cut funding for recurring maintenance and repair projects by $27 million below FY 2008 levels, and $5 million below the amount provided in FY 2007. The Committee recommendation restores this cut.

The Committee applauds the Administration's proposal to "establish a non-recurring maintenance (NRM) program focusing on the correction of deficiencies cited in the Facility Condition Assessments and Five Year Plan." The Administration proposes $2 million for this activity. The Committee recommends doubling this amount to $4 million.

The Committee recommendation would:

- Restore proposed cuts to the Maintenance and Repair (Recurring) budget—$27 million;
- Double the amount provided for Non-Recurring Maintenance—$2 million.

OFFICE OF INSPECTOR GENERAL

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
80,500,000	76,500,000	83,158,000	89,645,000	+13,145,000

Description

The Office of Inspector General was established by the Inspector General Act of 1978 and is responsible for the audit, investigation and inspection of all Department of Veterans Affairs programs and operations. The overall operational objective is to focus available resources on areas which would help improve services to veterans and their beneficiaries, assist managers of Department programs to operate economically in accomplishing program goals, and prevent and deter recurring and potential fraud, waste and inefficiencies.

Recommendation

The Administration has requested $76.5 million for the Office of Inspector General for FY 2009, a decrease of $4 million below the FY 2008 level of $80.5 million. The VA's request assumes a total FTE level of 465, 56 fewer than the total currently estimated for FY 2008 and five fewer FTE than in 2007.

The Committee recommends $89.6 million for FY 2009, an increase of $9.1 million, or 11 percent over FY 2008 levels and $13.1 million, or 17 percent, above the VA's FY 2009 request.

The Committee recommendation restores the proposed FTE cuts and adds additional FTE to match last year's Committee-recommended FTE level.

In testimony before the Subcommittee on Oversight and Investigations on February 13, 2008, Jon A. Wooditch, Deputy Inspector General, Office of Inspector General, U.S. Department of Veterans Affairs stated that "[t]he OIG seeks to help VA become the best-managed service delivery organization in Government. OIG audits, health care inspections, investigations, and Combined Assessment Program (CAP) reviews recommend improvements in VA programs and operations, and act to deter waste, fraud, abuse, and mismanagement. For 2007, OIG funding supported 443 FTE from appropriations. An additional 25 FTE was funded under a reimbursable agreement with VA to perform pre-award and post-award contract reviews. During 2007, the OIG exceeded its overall performance goals. For example, monetary benefits for the year were $820 million, for a return on investment of $12 for every dollar expended. Collectively, the OIG issued a total of 217 audit, health care inspection, and contract review reports, with over 500 recommendations for corrective action. We also completed 1,181 criminal investigations, which led to 2,061 arrests, indictments, convictions, and administrative sanctions. We also responded to over 19,000 contacts received by the OIG Hotline."

The Committee believes that vigorous oversight of the VA is essential to ensure that the Department provides quality health care and benefits to veterans in an efficient, fair and cost-effective manner. Since the beginning of this Congress, the Committee has embarked on an ambitious oversight agenda, and the OIG is an important partner in this ongoing initiative. The economic benefit re-

alized to taxpayers by investment in the OIG, as well as programmatic improvements resulting from the Inspector General's activities, have been clearly demonstrated. As the OIG is being expected to do more, it is vital that proposed cuts to FTE be restored and the overall FTE level be increased to meet expected workload increases.

The Committee recommendation would:

• Restore proposed cuts of 56 FTE—$7 million;

• Provide for an additional 49 FTE, for a total FTE level of 570—$6 million.

CONSTRUCTION, MAJOR PROJECTS

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
1,069,100,000	581,582,000	1,275,000,000	1,092,094,000	+510,512,000

Description

The Construction, Major Projects appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, assessments, and site acquisition where the estimated cost of a project is $10,000,000 or more.

Recommendation

For FY 2009, the Administration is requesting $582 million, a decrease of $488 million, or 46 percent, from the FY 2008 level of $1.1 billion. The Administration's request includes $472 million for VHA-related construction and $105 million for NCA-related construction.

The NCA portion of the request seeks funds for gravesite expansion and cemetery improvements at the Puerto Rico National Cemetery, Massachusetts National Cemetery, and the Calverton National Cemetery. The request also seeks funding for the Advance Planning Fund, NCA Land Acquisition Fund, and Sustainability and Energy Fund.

The VHA-related construction request, totaling $472 million, seeks funding for the following projects:

Denver, CO—New Medical Facility

• Total Estimated Cost—$769.2 million; Funding through FY 2008—$168.3 million; FY 2009 Request—$20 million

Orlando, FL—New Medical Facility

• Total Estimated Cost—$656.8 million; Funding through FY 2008—$74.1 million; FY 2009 Request—$120 million

San Juan, PR—Seismic Corrections Bldg. 1

• Total Estimated Cost—$225.9 million; Funding through FY 2008—$69.9 million; FY 2009 Request—$64.4 million

Lee County FL—Outpatient Clinic

• Total Estimated Cost—$131.8 million; Funding through FY 2008—$20.4 million; FY 2009 Request—$111.4 million

St. Louis (JB), MO—Medical Facility Improvements and Cemetery Expansion

• Total Estimated Cost—$134.5 million; Funding through FY 2008—$7 million; FY 2009 Request—$5 million

Bay Pines, FL—Inpatient/Outpatient Improvements

• Total Estimated Cost—$174.3 million; Funding through FY 2008—$0 million; FY 2009 Request—$17.4 million

Tampa, FL—Polytrauma Expansion and Bed Tower Upgrades

• Total Estimated Cost—$223.8 million; Funding through FY 2008—$0 million; FY 2009 Request—$21.1 million

Palo Alto, CA—Centers for Ambulatory Care and Polytrauma Rehabilitation Center

• Total Estimated Cost—$450.3 million; Funding through FY 2008—$0 million; FY 2009 Request—$38.3 million

The Committee recommends a funding level of $1.1 billion, $511 million above the Administration's request and $23 million above the level provided in FY 2008. The Administration has requested funding for the CARES priority projects 1–3 (Bay Pines, FL; Tampa, FL; and Palo Alto, CA). The Committee recommendation includes planning funding for CARES priority projects 4–20:

• Seattle, WA—Seismic NHCU Bldg. 100 (#4)
• Seattle, WA—Mental Health Building 101 Seismic (#5)
• Dallas, TX—Spinal cord Injury Center (#6)
• Louisville, KY—New Medical facility (#7)
• Roseburg, OR—Mental Health Bldg. 2 Seismic (#8)
• Los Angeles, CA—Seismic Corrections of 13 Buildings (#9)
• Bronx, NY—Spinal cord Injury Center (#10)
• Butler, PA—Outpatient Clinic (#11)
• American Lake, WA—Seismic corrections Bldg. 81 (#12)
• Dallas, TX—Clinical Expansion for Mental Health (#13)
• Walla Walla, WA—Multi-specialty Clinic (#14)
• San Francisco, CA—Seismic Corrections Buildings 1, 6, 8, and 12 (#15)
• Wichita, KA—Med/Surg Bed Modernization/Ambulatory Expansion (#16)
• Fayetteville, NC—Outpatient Addition (#17)
• Salisbury, NC—Clinical Addition (#18)
• Columbia, SC—Diagnostics and Specialty Care Clinics Renovation (#19)
• Birmingham, AL—Huntsville Outpatient Clinic (#20)

Although not on the CARES list, the Committee believes the needs of veterans in South Texas have gone unmet for far too long, and believes that the VA should undertake a major project that will meet the inpatient and outpatient needs of these veterans in a centrally located facility.

In addition, the Committee believes that the VA should enter into a sharing agreement with the Department of Defense to make inpatient care available to veterans at Eglin Air Force Base in Florida, as well as begin constructing a joint VA/DoD outpatient medical facility.

It is essential that the VA invest the resources needed to address its aging infrastructure and provide state-of-the-art modern medical facilities. This will require a sustained commitment to providing adequate funding levels for the VA's Major Construction program. This will also require a commitment from the VA to substantially increase its in-house ability to manage large and complex

construction projects. Assisting the VA in improving its abilities and expertise in this area was a driving force behind the creation of the office of Director of Construction and Facilities Management last Congress.

The Committee also desires to see the VA begin to take action to begin planning and development of new national cemeteries in Southern Colorado, Nevada (which does not have a national cemetery), and Eastern Nebraska (Sarpy County).

The recommended increase would also provide the remaining funding needed for the Pittsburgh, PA Campus Consolidation project, and additional resources, above the Administration's request, for the Orlando, Florida, Medical Facility project. The recommendation would provide additional funding for the VA's Advanced Planning Fund and the Sustainability and Energy Fund.

The Committee trusts that as major facilities come on-line in the years ahead, that sufficient funding for equipment, staffing, and activation are provided for fully and included early in the VA's budget process in order not to require shifting funds from other areas of the VA budget.

The Committee recommendation would:

• Provides planning funding for top-20 priority CARES projects not previously funded (or funded in FY 2009 request) and other projects—$187 million;

• Provides an additional $231 million for the Orlando, Florida project;

• Provides remaining $62 million needed for Pittsburgh, Pennsylvania campus consolidation project;

• Provides an additional $25 million for the Advance Planning Fund;

• Doubles the amount provided for the Sustainability and Energy fund for VHA—$5 million.

CONSTRUCTION, MINOR PROJECTS

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
630,535,000	329,418,000	621,000,000	673,718,000	+344,300,000

Description

The Construction, Minor Projects, appropriation provides for constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department, including planning, assessment of needs, architectural and engineering services, and site acquisition, where the estimated cost of a project is less than $10,000,000.

Recommendation

For FY 2009, the Administration has requested $329 million, a decrease of $301 million, or 48 percent below the level provided in FY 2008. The Committee recommends $674 million, $43 million above FY 2008 and $344 million above the Administration's request.

Based upon the Administration's 5-year Capital Plan list of "FY 2008 Prioritized VHA Minor Construction Projects,"[4] the average total estimated cost for the top 50 listed projects is $5.7 million. The Committee recommendation includes $287 million to provide for an additional 50 projects for FY 2009. The Committee notes that this amount funds the complete average cost of these projects: the VA may be able to undertake additional projects above the 50 provided for since total costs of each project are not required to be provided all at once. The Committee desires the VA to be more aggressive in tackling its backlog of minor construction projects.

The Committee recommendation also provides a 50 percent increase for minor construction for the National Cemetery Administration (NCA). The Administration proposes $25 million for this construction for FY 2009, an amount equal to the FY 2007 funding level and $50 million below the FY 2008 current estimate. The Committee recommendation would add an additional $12.5 million for NCA minor construction projects.

The Committee is recommending $45 million to provide funding to upgrade and modernize VA research facilities. The Subcommittee on Health, in a hearing on the VHA's FY 2008 budget request held on February 14, 2007, received testimony from the Friends of VA Medical Care and Health Research (FOVA). FOVA recommended "an annual appropriation of $45 million in the minor construction budget dedicated to renovating existing research facilities[.]" The Committee notes that the FY 2007 VA appropriations bill, as passed by the House of Representatives, included $12 million in the minor construction account "to be used solely for a program of upgrade and modernization of research facilities to ensure they maintain or attain state-of-the-art status." (H. Rept. 109–464, to accompany H.R. 5385, the Military Quality of Life and Veterans Affairs and Related Agencies Appropriations Bill, at 64). The Committee on Appropriations directed the VA to conduct a comprehensive review of its research facilities and to report to Congress by March 1, 2007. The VA has indicated that this review may take three years to complete. Funding for VA research facilities was not provided in FY 2008. The Committee's recommended level of $45 million mirrors the recommendation made by FOVA.

The Committee would also like the VA to take action in repairing and remodeling existing facilities in Livermore, California, to provide for a PTSD Rehabilitation clinic.

The Committee recommendation would:

- Provide full funding for an additional 50 Minor Construction projects—$287 million;
- Provide a 50 percent increase above the FY 2009 request for NCA minor construction projects—$13 million;
- Provide funding to begin to upgrade and modernize VA research facilities—$45 million.

[4] FY 2009 VA Budget Submission, Volume 4, 7–90 et seq.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
165,000,000	85,000,000	200,000,000	200,000,000	+115,000,000

Description

This program provides grants to assist States to construct State home facilities, for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project.

Recommendation

For FY 2009, the Administration requests $85 million for the Grants for Construction of State Extended Care Facilities account, $80 million below the level provided in FY 2008. The Committee is recommending $200 million, an increase of $35 million above FY 2008 and $115 million above the Administration's request.

The VA's "Priority List of Pending State Home Construction Grant Applications for FY 2008" lists a total of $553 million in Priority 1 applications. In FY 2007, these projects totaled $491 million. In FY 2006, there were 80 priority group 1 projects for a total of $420 million. Priority 1 projects are those projects that have State funding in place to start construction and are awaiting VA funding. State homes play an important role in VA's long-term care strategy by filling the gap of available beds for elderly and sick veterans who need them. As the VA is facing an aging veteran population, the Committee believes it is essential to provide the resources needed to begin to tackle the project backlog.

The Committee recommendation would:

• Provide additional resources to enable the VA to begin to reduce the State Home project backlog—$115 million.

GRANTS FOR CONSTRUCTION OF STATE VETERANS CEMETERIES

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
39,500,000	32,000,000	42,000,000	39,500,000	+7,500,000

Description

This program provides grants to assist States with the establishment, expansion, and improvement of State veterans' cemeteries which are operated and permanently maintained by the States. Grants under this program fund up to 100 percent of construction costs and the initial equipment expenses when the cemetery is established. The States remain responsible for providing the land and for paying all costs related to the operation and maintenance of the State cemeteries, including the costs for subsequent equipment purchases.

Recommendation

The Administration, for FY 2009, requests $32 million for the Grants for Construction of State Veterans Cemeteries program, a level $7.5 million, or 19 percent, below the FY 2008 level. The Committee recommends a funding level equal to the amount provided in FY 2008.

The Committee recommendation would:

- Restore proposed Administration cut—$7.5 million.

DEPARTMENT OF LABOR

VETERANS EMPLOYMENT AND TRAINING

DEPARTMENT OF LABOR—VETERANS EMPLOYMENT AND TRAINING SERVICE (VETS)

The Assistant Secretary for VETS serves as the principal advisor to the Secretary of Labor on all policies and procedures affecting veterans' employment matters. VETS furnishes employment and training services to servicemembers and veterans through a variety of programs, including providing grants to States, public entities and non-profit organizations, including faith-based organizations, to assist veterans seeking employment. VETS also investigates complaints filed under veterans' preference and re-employment laws. Specifically, VETS administers the following programs: DVOP/LVER state grant program; Transition Assistance Program; Veterans' Preference and Uniformed Services Employment and Re-employment Rights Act (USERRA); Homeless Veterans' Reintegration Program (HVRP); Veterans Workforce Investment Program (VWIP); Federal Contractor Program; and the National Veterans' Training Institute (NVTI). The Administration requested a total of $238.4 million in FY 2009 to support the staffing and grant-making ability of VETS. This is a $10 million, or 4 percent, increase over FY 2008. For FY 2009, the Committee recommends an increase of $60 million for VETS, for a total of $298 million. This recommended level would provide an additional $31 million for State Grants to bring up the level of DVOPs/LVERs from the current 2,100 to the original 2,500. This will help VETS better manage the One Stop Centers and provide better priority services to veterans. The recommended funding will also provide an additional $10 million to HVRP. Although accurate numbers are impossible to come by—no one keeps national records on homeless veterans—the VA estimates that nearly 200,000 veterans are homeless on any given night and nearly 400,000 experience homelessness over the course of a year. According to the National Survey of Homeless Assistance Providers and Clients (U.S. Interagency Council on Homelessness and the Urban Institute, 1999), veterans account for 23 percent of all homeless people in America. The Committee also recommends increasing the funding level for VWIP to $30 million. This program currently operates only in 11 states and should be expanded to more areas, especially those with a heavy veteran population. The funding for NVTI should be increased by $1 million to assist NVTI in providing the training necessary to be a successful DVOP/LVER. This training is required to be provided within three years of the appointment of the DVOP/LVER. Finally, the Committee urges the

Department of Labor to explore innovative job training efforts for returning servicemembers to assist them in integrating into civilian life.

OTHER AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
44,600,000	47,470,000	N/A	47,470,000	0

Description

The American Battle Monuments Commission is responsible for the administration, operation and maintenance of cemetery and war memorials to commemorate the achievements and sacrifices of the American Armed Forces where they have served since April 6, 1917. In performing these functions, the Commission maintains 24 permanent American military cemetery memorials and 31 monuments, memorials, markers and offices in 15 foreign countries, the Commonwealth of the Northern Mariana Islands, and the British dependency of Gibraltar. In addition, six memorials are located in the United States: the East Coast Memorial in New York; the West Coast Memorial, the Presidio in San Francisco; the Honolulu Memorial in the National Memorial Cemetery of the Pacific in Honolulu, Hawaii; and, the American Expeditionary Forces Memorial and the World War II and Korean War Veterans Memorials in Washington, D.C.

Recommendation

The American Battle Monument Commission is seeking a total of $64.6 million for FY 2009, consisting of $47.5 million for salaries and expenses, and $17.1 million for costs associated with foreign currency fluctuations.

The Committee recommends the requested level of $47.5 million be provided in FY 2009.

U.S. COURT OF APPEALS FOR VETERANS CLAIMS

FY 2008 Enacted	FY 2009 Request	Independent Budget	FY 2009 Recommendation	Recommendation vs. Request
22,717,000	23,975,000	N/A	23,975,000	0

Description

The Veterans' Judicial Review Act [P.L. 100–687] established the U.S. Court of Appeals for Veterans Claims. The Court reviews appeals from Department of Veterans Affairs claimants seeking review of a benefit denial. The Court has the authority to overturn findings of fact, regulations, and interpretations of law.

Recommendation

The Court's request for FY 2009 of $24 million includes $1.7 million for the Pro Bono Representation Program. This program is administered by the Legal Services Corporation. The Court includes

the Program's FY 2009 request as an appendix to its submission; although having "no comment on that request" applauds the "Program's continuing success in reducing the percentage of unrepresented appellants before the Court. Since 1997, the percentage of appellants who are unrepresented at the decision point of their appeals has dropped from 48% in FY 1997 to 19% or less in FY 2007."

The Committee recommends the requested level of $24 million be provided in FY 2009.

MERCHANT MARINERS

World War II Merchant Mariners suffered the highest casualty rate of any of the branches of service while they delivered troops, tanks, food, airplanes, fuel, and other needed supplies to every theater of the war. Despite their efforts during the war, Merchant Mariners were not covered by the original G.I. Bill of Rights. No legislation to benefit merchant seamen was passed by Congress until 1988 when the Seaman Acts of 1988 finally granted them a "watered down" G.I. Bill of Rights. To make up for lost benefits and opportunities, the House of Representatives passed H.R. 23, the Belated Thank You to the Merchant Mariners of World War II Act of 2007. This measure provides authorization for $120 million in FY 2008 and $108 million in FY 2009. The Committee recommends that this funding be made available to recognize the service and sacrifice of our Merchant Mariners.

SECTION 2—MANDATORY ACCOUNTS

FULL EQUITY FOR WORLD WAR II FILIPINO VETERANS WHO SERVED IN THE U.S. ARMY

Many World War II Filipino veterans, who served and fought alongside American servicemembers during World War II, do not receive veterans' benefits. Shortly after the war, Congress passed the Rescission Acts which stripped away many veterans' benefits for Filipino servicemembers who served in the U.S. Army. For the past 60 years, Congress has taken a piece-meal approach to restoring these benefits.

• The Committee plans to work with the leadership of the House of Representatives and our counterparts in the Senate to end this iniquity once and for all and provide VA benefits and services to these deserving veterans.

TOTAL FORCE GI BILL

The Montgomery GI Bill (MGIB), implemented over 20 years ago, was a landmark piece of legislation that provided education and training benefits to many veterans. The time has come to update, modernize, and provide greater flexibility to meet the needs of today's veterans. For GI Bill education benefits to remain a relevant recruitment, and readjustment benefit, we must ensure that VA's education and training programs reflect the manner in which individuals earn and learn in the 21st Century.

Due to advances in technology, recognition of the lifetime learning concept, dynamic workforce changes, and ever-increasing demands on military recruiting efforts, Congress should continue to

review current MGIB entitlements and make necessary changes to provide servicemembers, veterans and their families relevant education and training benefits that meet their educational and vocational goals for success.

The Committee plans, on a bipartisan basis, to explore a number of options to improve and modernize the GI Bill. The VA's Advisory Committee on Education and the Partnership for Veterans Education—a group made up of traditional veterans and military service organizations, as well as higher education advocates all have endorsed a proposal termed the "Total Force GI Bill." The proposal has two unmet features which include: providing parity of education benefit rates according to service rendered; and ensuring future correlation of active duty, veterans, and National Guard and Reserve benefits in an equitable and proportional manner, Chapters 1606 and 1607 in Title 10 and Chapter 30 in Title 38 need to be reorganized together under Title 38.

Congress recently expanded MGIB entitlements for our Nation's Guard and Reserve Forces. The National Defense Authorization Act for Fiscal Year 2008 (P.L. 110–181) includes language that would allow certain members of the Reserve Forces to use their REAP (Chapter 1607 of Title 10) education benefits during the 10-year period beginning on the date which they separated.

President Bush proposed, in his State of the Union Address, that Congress expand on MGIB entitlements to allow servicemembers and veterans to transfer their unused benefits to their spouses and children. While the President did not request funding for this proposal in his FY 2009 budget request, Congress will explore the idea of transferring education benefits to dependents along with other proposals.

Major legislative proposals that have been highlighted by veteran service organizations include: eliminating MGIB benefits from being considered as income for eligibility requirements for Federal grants or loans; expand accelerated benefits to all areas; increase the monthly benefit amount; eliminate the $1,200 enrollment fee for MGIB; allow servicemembers to use the GI Bill to repay loans once they are eligible for the GI Bill, they can pay $6,000 up to the amount they are qualified; protect servicemembers with education interruptions due to military service; and expand the period of use for educational entitlements.

MANDATORY FUNDING FOR VA HEALTH CARE

Facing years of insufficient VA health care budgets provided consistently after the start of the fiscal year, a coalition of veterans service organizations formed the Partnership for Veterans Health Care Budget Reform, to advocate for providing mandatory, or "assured" funding for VA health care. The Committee held a hearing in October 2007 on funding the VA of the future at which the Partnership, budget experts, and the VA testified. At this hearing, there was much discussion regarding how the VA would fare in direct competition with other mandatory programs, as well as the sufficiency and flexibility of a mandatory funding formula.

Veterans have fared better at the hands of Congress than they have with this Administration. From FY 2002–FY 2008, the Administration's health care budget requests represent slightly less

than half of the amount finally provided to the VA. The 110th Congress has provided unprecedented increases for veterans' programs, although we note that funding for the VA was not finally put in place until nearly three months after the start of the current fiscal year.

Many on the Committee believe that funding VA health care with mandatory dollars as compared to discretionary dollars, as advocated by the Partnership, would provide the VA with stable and adequate funding to meet the needs of veterans.

The Committee urges Congress to seriously consider the best manner in which to fund VA health care, and provide sufficient and timely funding for veterans. Providing a mandatory funding mechanism for VA health care will require cooperation in Congress, and cooperation between Congress, the Administration, and the VA, in order to insure that the funding mechanism decided upon meets the needs of the Department, and the veterans who rely on the VA for the health care they need.

SECTION 3—CHARTS

Department of Veterans Affairs Discretionary Accounts FY 2009
Department of Veterans Affairs Account Comparisons

Department of Veterans Affairs—FY 2009—Discretionary Accounts—February 28, 2008

(in thousands)

Account	FY 2008	FY 2009 President's Request	FY 2009 Request vs. FY 2008	FY 2009 Independent Budget	FY 2009 Committee Recommendation	FY 2009 Committee vs. FY 2008	FY 2009 Committee vs. FY 2009 Request
Medical Services	29,104,220	29,465,503	361,283	32,153,138	31,656,100	2,551,880	2,190,597
Medical Administration	3,517,000	4,610,000	1,093,000	3,625,762	4,610,000	1,093,000	0
Medical Facilities	4,100,000	4,661,000	561,000	4,576,143	4,971,000	871,000	310,000
Total, Medical Care	36,721,220	38,736,503	2,015,283	40,355,043	41,237,100	4,515,880	2,500,597
MCCF Collections	2,414,000	2,466,860	52,860	2,466,860	2,466,860	52,860	0
Total, Medical Care (with Collections)	39,135,220	41,203,363	2,068,143	42,821,903	43,703,960	4,568,740	2,500,597
Medical and Prosthetic Research	480,000	442,000	−38,000	555,000	555,000	75,000	113,000
Total, Veterans Health Administration (excluding collections)	37,201,220	39,178,503	1,977,283	40,910,043	41,792,100	4,590,880	2,613,597
General Operating Expenses	1,605,000	1,699,867	94,867	1,985,602	1,896,126	291,126	196,259
Information Technology Systems	1,966,465	2,442,066	475,601	2,164,938	2,442,066	475,601	0
National Cemetery Administration	195,000	180,959	−14,041	251,975	210,250	15,250	29,291
Office of Inspector General	80,500	76,500	−4,000	83,158	89,645	9,145	13,145
Construction, Major Projects	1,069,100	581,582	−487,518	1,275,000	1,092,094	22,994	510,512
Construction, Minor Projects	630,535	329,418	−301,117	621,000	673,718	43,183	344,300
Grants for Construction of State Extended Care Facilities	165,000	85,000	−80,000	200,000	200,000	35,000	115,000
Grants for Construction of State Veterans Cemeteries	39,500	32,000	−7,500	42,000	39,500	0	7,500
Total Departmental Administration	5,751,100	5,427,392	−323,708	6,623,673	6,643,399	892,299	1,216,007
Other Discretionary	155,572	158,237	2,665	160,084	158,237	2,665	0
Total Discretionary (Excludes Collections)	43,107,892	44,764,132	1,656,240	47,693,800	48,593,736	5,485,844	3,829,604

* Amounts attributable to medical collections have been subtracted from the Independent Budget recommendation for Medical Services and added to the MCCF Collections line.

Department of Veterans Affairs—FY 2009—Account Comparisons—February 28, 2008

(in thousands)

Account	FY 2008	Administration's Request	IB	HVAC	HVAC v. IB	HVAC vs. Administration	HVAC v. FY 2008
Medical Services	29,104,220	29,465,503	32,153,138	31,656,100	−497,038	2,190,597	2,551,880
Medical Administration	3,517,000	4,610,000	3,625,762	4,610,000	984,238	0	1,093,000
Medical Facilities	4,100,000	4,661,000	4,576,143	4,971,000	394,857	310,000	871,000
Total, Medical Care	36,721,220	38,736,503	40,355,043	41,237,100	882,057	2,500,597	4,515,880
MCCF Collections	2,414,000	2,466,860	2,466,860	2,466,860	0	0	52,860
Total, Medical Care (with Collections)	39,135,220	41,203,363	42,821,903	43,703,960	882,057	2,500,597	4,568,740
Medical and Prosthetic Research	480,000	442,000	555,000	555,000	0	113,000	75,000
Total VHA (Medical Care and Research excluding Collections)	37,201,220	39,178,503	40,910,043	41,792,100	1,764,114	5,114,194	9,212,480
General Operating Expenses	1,605,000	1,699,867	1,985,602	1,896,126	−89,476	196,259	291,126
Information Technology Systems	1,966,465	2,442,066	2,164,938	2,442,066	277,128	0	475,601
National Cemetery Administration	195,000	180,959	251,975	210,250	−41,725	29,291	15,250
Office of Inspector General	80,500	76,500	83,158	89,645	6,487	13,145	9,145
Construction, Major Projects	1,069,100	581,582	1,275,000	1,092,094	−182,906	510,512	22,994
Construction, Minor Projects	630,535	329,418	621,000	673,718	52,718	344,300	43,183
Grants for Construction of State Extended Care Facilities	165,000	85,000	200,000	200,000	0	115,000	35,000
Grants for Construction of State Veterans Cemeteries	39,500	32,000	42,000	39,500	−2,500	7,500	0
Total, Departmental Administration	5,751,100	5,427,392	6,623,673	6,643,399	19,726	1,216,007	892,299
Other Discretionary	155,572	158,237	160,084	158,237	−1,847	0	2,665
Total, VA Discretionary	43,107,892	44,764,132	47,693,800	48,593,736	899,936	6,330,201	10,107,444

*Amounts attributable to medical collections have been subtracted from the Independent Budget recommendation Medical Services and added to the MCCF Collections line.

REPUBLICAN LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, February 28, 2008.

Hon. JOHN SPRATT,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to House Rule X, clause 4(f)(1), I herewith submit to the Committee on the Budget the Views and Estimates of the Republican Members of the Committee on Veterans' Affairs regarding the Administration's FY 2009 budget request with regard to programs and matters within the jurisdiction of the Committee, along with Supplemental Views and Estimates.

In recommending record discretionary funding for veterans' health care and benefits, the Republican Budget Views and Estimates reflects our enduring priorities: to care for veterans who have service-connected disabilities, those with special needs, and the indigent; to ensure a seamless transition from military service to the care of the Department of Veterans Affairs (VA); and to provide veterans every opportunity to live full, healthy lives.

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

Sincerely,

Steve Buyer, Ranking Republican Member; Cliff Stearns, Deputy Ranking Republican Member; Jerry Moran, Committee Member; Henry E. Brown, Jr., Committee Member; Jeff Miller, Ranking Republican Member, Subcommittee on Health; John Boozman, Ranking Republican Member, Subcommittee on Economic Opportunity; Ginny Brown-Waite, Ranking Republican Member, Subcommittee on Oversight & Investigations; Michael R. Turner, Committee Member; Brian P. Bilbray, Committee Member; Doug Lamborn, Ranking Republican Member, Subcommittee on Disability Assistance and Memorial Affairs; Gus M. Bilirakis, Committee Member; Vern Buchanan, Committee Member.

REPUBLICAN VIEWS AND ESTIMATES FOR FISCAL YEAR (FY) 2009

February 28, 2008

OVERVIEW

For veteran's healthcare and program costs in FY 2009, the Republican Members of the Committee on Veterans' Affairs recommend $3.831 billion above the Administration's request for discretionary spending in FY 2009. In addition, we recommend $2 billion for a legislative initiative to modernize GI Bill education and training benefits for servicemembers of the Reserves and National Guard.

UNITED STATES DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

MANDATORY FUNDING

The Veterans Benefits Administration (VBA) administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 57 regional offices. These programs include disability compensation, non service-connected pension, education, vocational rehabilitation, burial, insurance, and home loan guaranty.

The Republican Members support the Administration's FY 2009 budget request of $46.4 billion in mandatory funding for veterans' programs, a 3.5 percent increase over the enacted level for FY 2008, except for the additional $2 billion we recommend to modernize the GI Bill.

DISCRETIONARY FUNDING

With the exception of the recommendations noted below, the Republican Members support the Administration's FY 2009 request of $1.371 billion in discretionary funding for the management of the benefits programs—disability compensation, pension, education, vocational rehabilitation and employment, housing, burial, and life insurance.

Disability Compensation and Pension Service—The Administration requests $1.113 billion in budget authority to fund the discretionary portion of the disability compensation, pension, and burial programs. This includes administrative expenses for 12,120 Full Time Equivalent Employees (FTEE), an overall increase of 703 FTEE over the FY 2008 level. This increase includes an additional 694 Direct FTEE over the FY 2008 level.

For FY 2009, VBA projects receipt of 872,002 claims, an increase of 17,098 claims over FY 2008 levels. Though the accumulation of the claims backlog has slowed, the Republican Members remain

concerned that VBA still has an inventory of over 400,000 claims. Of this inventory, 103,410 claims (or 25.8 percent), have been pending over 180 days.

VBA intends to address this large workload in three ways:

First, VBA plans to enhance its use of information technology to help with claims processing. VBA plans to increase collaboration with the Department of Defense to obtain medical and discharge information electronically. VBA will also begin funding a paperless claims processing initiative (known as Virtual VA), which will reduce reliance on burdensome paper claims files. Additionally, VBA will utilize rules-based technology to help claims adjudicators make rating decisions in a more accurate and timely manner. VA has spent more than $600 million over the past decade in an attempt to automate the compensation and pension (C&P) claims processing system. This complicated, paper-driven process is more than twenty-five years old.

The Republican Members applaud this initiative, which reflects our long-held position favoring increased use of information technology, and recommend an additional $10 million to fund this initiative. This increase is reflected in our recommended increase in the Virtual VA account of the Office of Information and Technology.

Second, VBA expects to reduce the backlog of claims by continuing to consolidate all original pension claims processing to three pension maintenance centers. This will take the burden of adjudicating pension claims off regional offices.

Third, VBA expects to reduce the backlog by continuing to train and prepare the 2,900 direct FTEE that VBA plans to hire for C&P service by the end of FY 2009. This includes funding for 1,830 direct FTEE for C&P service that was appropriated with the contingent emergency funding in the Consolidated Omnibus Appropriations Act of 2008.

All three of these are part of VBA's overall strategy to reduce the average processing time for C&P claims to 145 days. This would represent a thirty eight day (or 26 percent) improvement in processing timeliness from FY 2007, and a twenty seven day (or 18 percent) reduction in the amount of time required to process claims in FY 2008. The Republican Members believe that in order to realistically reach this strategic goal the C&P service will need additional FTEE and recommend an additional $31.2 million to fund an additional 300 FTEE for the C&P service.

Since it takes new raters an average of up to two years before most C&P employees become fully productive, increased training of new hires is vital to reducing the backlog. Therefore, the Republican Members recommend an additional $8 million for Training and Performance Support Systems, and an additional $2 million for skills certification. The Republican Members also recommend an additional $1.88 million to fund 20 additional FTEE for VBA's National Training Academy in Baltimore, MD.

The Republican Members recognize that additional direct compensation FTEE will not improve quality, accuracy, and timeliness in claims processing without corresponding increases in training resources.

Intergovernmental Partnerships—The Republican Members recommend $15 million for a pilot program to explore the feasibility of intergovernmental partnerships in the development of compensation and pension claims between VA and municipal, county and state veterans departments and service officers, as well as veterans' and military service organizations. This pilot program would also use information technology to assist in the development and transmittal of veterans claims to VA regional offices. We recommend the pilot occur in three states: New York, Missouri, and Wyoming, or other states with varied veteran demographics. This expanded pilot would build on findings from the 2002 intergovernmental pilot conducted between the VA regional office in Buffalo and the New York State Division of Veterans Affairs.

Veterans Choice in Filing Pilot Program—The Republican Members also recommend $5 million for a two-year pilot program where veterans who live in the jurisdiction of VA regional offices in New York, NY; Newark, NJ; Atlanta, GA; and Detroit, MI would be able to submit their disability claims to any VA regional office for adjudication. This pilot program would give veterans a choice about where they would like to have their claim adjudicated.

Systematic Technical Accuracy Review (STAR) Reviews—STAR reviews are one of many ways that VBA reviews the quality of their ratings decisions. Despite the recent increase in the number of STAR reviews, the Republican Members believe that too much emphasis is placed on the number of claims decided by VBA instead of the quality of decisions made. The Republican Members would rather the adjudication of a disability claim take longer and be right than not take as long and be wrong. The Republican Members recommend $4 million to increase the number of claims reviewed by STAR reviewers and increase the amount of STAR staff training at regional offices.

Education Service—The Republican Members were pleased with the results of the pilot call center project during FY 2007 and understand VA intends to implement a permanent education call center in Muscogee, OK during FY 2008. They believe this project is vital to continuing the progress made in reducing the processing times for education claims. VBA estimates a workload increase of about 13,000 education claims, but the Administration requests only 23 additional direct support FTEE. As of February 11, 2008, the backlog of education claims was nearly 66,000, and average processing times for original and supplemental claims were 24 and 11 days respectively, with targets of 19 and 10 days. While this is an improvement over the previous year, it is insufficient to meet the needs of veterans. Passage of the FY 2008 National Defense Authorization Act included several provisions such as post-discharge use of chapter 1607 education benefits for members of the Guard and Reserves that will increase the workload of the Education Service.

It is difficult to determine the exact magnitude of the increased workload due to those provisions and expanding participation in nearly all other education programs administered by VA. However,

the continuing loss of experienced staff from retirements, increased workloads, staffing the call center and the pending backlog of claims convince the Republican Members that an additional 160 FTEE are needed for the Education Service with a projected discretionary cost of $12.32 million.

Vocational Rehabilitation and Employment Service—With the continuing Global War on Terror producing large numbers of severely wounded service Members and the challenges entailed in rehabilitating those with multiple trauma including significant numbers of traumatic brain injury, the Republican Members are disappointed that the Administration did not request additional staff for the VR&E program. We applaud the Department's continuing efforts to realign functions and duties to allow counseling and employment staff to concentrate on increasing rehabilitation rates. However, we believe current average caseload, which now exceeds 130 per counselor nationally, should be not more than 100 per counselor to provide appropriate levels of service including oversight of cares served through contract counselors. Therefore, we recommend $13.5 million to fund an additional 150 professional level FTEE. The Republican Members also recommend an additional $18.02 million to contract for continued rehabilitation services for veterans.

Loan Guaranty Service—The Republican Members recommend an additional 40 FTEE at a cost of $3.656 million to improve the percentage of loans transmitted through VA's Foreclosure Avoidance through Closing (FAC) system within the Loan Guaranty Service.

VA-USOC Military Paralympic Program—This coming summer, America's Olympic and Paralympic teams will compete in the Beijing Olympics. In 2005, at the urging of then Chairman Buyer, VA signed a Memorandum of Understanding (MOU) with the US Olympic Committee (USOC) to begin a cooperative effort to increase disabled veteran participation in sports at all levels, including elite events such as the Paralympics.

Over the three years since the MOU, the USOC has held a series of military sports summits for recently-injured veterans of the War on Terror, and VA has assisted by providing medical and recreational therapy staff and disabled veterans undergoing rehabilitation. As a result of this collaboration, as well as interest by the disabled veteran's community in general, it is possible that as many as eight disabled veterans will compete in Beijing.

Competition at elite levels of athletic events requires significant dedication to training, especially for service-disabled athletes. Therefore, we believe it is appropriate for VA to defray expenses for service-disabled athletes participating at elite levels in the program. We estimate the cost at $2 million per year. The Republican Members also recommend an additional $5 million to improve opportunities for these veterans to participate in sporting or other special events. To facilitate these opportunities the Republican Members recommend an additional $1.05 million to fund and additional 10 FTEE for the National Programs and Special Events.

BOARD OF VETERANS' APPEALS

The Administration requests $64.744 million to support 487 FTEE for the Board of Veterans' Appeals (BVA), an increase of $2.475 million and 21 FTEE over FY 2008 level. The Republican Members recommend an additional $14.865 million to support an additional 113 FTEE for a total BVA staffing of 600 FTEE. The BVA provides independent reviews of VA regional office decisions and makes the final administrative decision on behalf of the Secretary of Veterans Affairs. While BVA has made improvements, it continues to experience difficulties meeting the production levels. We believe that additional staff is necessary if BVA is to provide timely and accurate decisions to veterans and their families. The Republican Members recommend $79.609 million for the BVA program account.

NATIONAL CEMETERY ADMINISTRATION

The Administration requests $425 million in discretionary funding for the National Cemetery Administration (NCA). This includes $181 million for operations and maintenance of VA's national cemeteries and 1,603 FTEE, a decrease of $14 million and increase of 51 FTEE over the FY 2008 level. This also includes $25 million in minor construction to address cemetery infrastructure improvements. The administration also requested $6 million to create an advance planning account that will give NCA flexibility in purchasing land for future cemeteries.

Cemetery Operations and Maintenance—The Republican Members recommend an additional $19 million to the Administration's request of $181 million for a total of $200 million for NCA operations and maintenance, and an additional $144 million for minor construction.

NCA Major Construction and Gravesite Expansion—The Republican Members recommend an additional $100 million to accelerate VA's five-year strategic plan to fund National Cemetery gravesite expansion. VA will inter an estimated 111,000 veterans in 2009, with similar projections for the near future, most from our "Greatest Generation." The Republican Members believe accelerated expansions are an appropriate response to assure veterans a final resting place in a national shrine. Expansions funded in FY 2009 would include National Cemeteries in Annville, PA, Fort Mitchell, AL, Dayton, OH, Kent, WA, Triangle, VA, Houston, TX, Elwood, IL, St. Louis, MO, Phoenix, AZ, and Riverside, CA. The Republican Members also recommend an additional $100 million to fund the construction of additional columbarium space for veteran interments in populated areas.

National Shrine Commitment—The Republican Members also recommend an additional $300 million to complete the NCA's National Shrine Commitment. The funding from the commitment would be used on infrastructure projects such as irrigation improvements, renovation of historic structures, and road resurfacing. This additional funding would be part of the NCA's major construction account. The total funding for the NCA major construction account recommended by the Repub-

lican Members is $610 million which is $500 million above the administration's request.

Grants for the Construction of State Cemeteries—The Republican Members also recommend an additional $10 million for grants for the construction of state cemeteries for a total of $42 million. This program gives funding to states to build national cemeteries and requires that the state then pay all operation and maintenance costs once the cemetery is built. This program continues to have a waiting list and additional funding would provide better access to veterans cemeteries for veterans and their families.

VETERANS HEALTH ADMINISTRATION

For FY 2009, the Administration requests $41.2 billion in appropriations for discretionary spending on veterans' medical care, an increase of $2 billion or 5.4 percent over the FY 2008 appropriated level.

Medical Services—The Administration requests $34.1 billion for medical services. In the FY 2009 request, VA merged the medical services and medical administration appropriation accounts. VA argues that merging these two accounts will improve the budget execution and allow VA to respond rapidly to unanticipated changes in the health care environment throughout the year.

The Republican Members recommend $35.2 billion for medical services which is $1.137 billion above the Administration's request. This increase is recommended as follows:

Operation Iraqi Freedom and Operation Enduring Freedom (OIF/OEF)—We recommend a $50 million increase to account for the enactment of Public Law 110–181 that extends the period during which combat veterans can receive care in priority category 6 from two to five years from their date of discharge, and provides for multiple requirements for wounded warrior assistance programs. The Administration requests $1.267 billion to meet the needs of veterans from OIF/OEF, an increase of $216 million, or 21 percent from expected costs for FY 2008. The Republican recommendation would bring funding to $1.317 billion for OIF/OEF veterans;

Traumatic Brain Injury (TBI)—We recommend a $50 million increase to support the care of our wounded warriors with TBI and the needs of their family caregivers. VA should establish a centralized policy and procedures to ensure that best practices for both short and long-term TBI rehabilitation are rapidly disseminated and adopted throughout the VA system.

Rural Health Care—We recommend a $200 million increase to improve the access and quality of care for enrolled veterans residing in rural areas. This includes additional funding for the Office of Rural Health and improving access to care by utilizing existing non-VA rural health infrastructure;

Dental Care—We recommend a $100 million increase to provide dental care for the increasing number of returning OIF/OEF servicemembers accessing VA for dental care. Many OIF/OEF active duty, Guard, and Reserve servicemembers are returning with serious dental problems and are not receiving corrective dental care prior to separation from active duty. VA is

then obligated to treat these separated servicemembers, often through costly contract care. Although we include this additional funding, we also anticipate enacting legislation that would require VA to seek reimbursement from DoD for the post-deployment dental care VA is providing;

Health Professional Educational Assistance Program—We recommend a $50 million increase to provide scholarships to employees pursing degrees or training in health care disciplines for which recruitment and retention of qualified personnel is difficult. We expect this additional funding to include support for the recruitment and retention of staff to provide mental health care in rural settings;

Mental Health Care—We recommend a $213 million increase for VA to continue to implement the Mental Health Strategic Plan and to enhance efforts to identify and respond to mental health problems of returning OIF/OEF service members, including members of the National Guard and Reserve;

Emergency Care—We recommend a $50 million increase to reimburse certain veterans enrolled in VA health care without a service-connected disability for the cost of emergency treatment received in a non-VA facility until such time as such veterans are transferred to a VA facility;

Medical Patient Workload—We recommend a $100 million increase to provide timely and accessible high-quality health care to core constituency veterans—the service-connected disabled, injured and indigent;

Prosthetic and Sensory Aids—We recommend a $50 million increase to cover the increased costs of providing, repairing and replacing prosthetics and sensory aids;

Long-term care—We recommend a $200 million increase to support long-term care services;

Medical Care Collections Fund—We recommend a $74 million increase in medical services, as we remain concerned that VA cannot meet its estimated collections goal.

Medical Facilities—We recommend a $400 million increase above the Administration's request of $4.661 billion for necessary costs associated with operating and maintaining VA's health care system infrastructure.

Medical and Prosthetic Research—The Administration requests $442 million in appropriations for medical and prosthetic research, a decrease of $38 million below the FY 2008 appropriated level. We place a high premium on conducting research into injuries and illnesses related to military service that benefit the clinical treatment needs of veterans. While the Department intends to place additional reliance on outside federal grants to realize a net gain in research funding, we recommend an $83 million increase above the Administration's request for a total of $525 million for this program account.

Legislative Proposals—The Administration includes seven new legislative proposals as well as legislative policy proposals from last year. The Republican Members support the seven new health legislative proposals that would: exempt co-payments from all hospice care provided through VA from co-payments; allow VA to pay for specialized residential care and rehabilitation for OEF/OIF vet-

erans in medical foster homes; update HIV testing policy; provide permanent authority for IRS income data matching for VA eligibility determinations; authorize VA to release certain health information to secure third-party reimbursement for care provided by VA; allow "in-lieu-of" reimbursement for certain continuing medical education; and extend the application time for post discharge dental benefits from 90 to 180 days. (The extension of dental benefits has already been enacted in Public Law 110–181.)

The Republican Members continue to reject the three policy proposals that would: allow VA to establish a tiered annual enrollment fee for priority groups 7 and 8 veterans based on family income; increase pharmacy co-payments for priority groups 7 and 8 veteran from $8 to $15 dollars; and eliminate the practice of offsetting or reducing VA first-party co-payment debts with collection recoveries from third-party health plans. These proposals do not reduce the Administration's request for discretionary medical care appropriations. The additional revenue would be classified as mandatory receipts to the Treasury and would not be retained in VA for veterans' health care programs.

VHA Major Construction Projects—The Administration requests $471.5 million for VHA major construction projects. We recommend a $752 million increase above the Administration's request. This increase includes funding to cover increased costs of construction and increased funding for the advanced planning fund for developing the design of major construction projects including public-private ventures to support the future demand for health care services. This would bring the total to $1.224 billion for this program account or $752 million above the Administration's request.

VHA Minor Construction Projects—The Administration requests $273.418 million for VHA minor construction projects and the Republican Members recommend a $200 million increase over the Administration's request, for a total of $473.418 for this account.

Grants for Construction of State Extended Care Facilities—The Administration requests $85 million in appropriations for grants for the construction of state extended care facilities, the same amount as the FY 2008 appropriated level. The partnership between the federal government and the states is a long-standing and honored tradition of cost sharing. We recommend a $90 million increase above the Administration's request for a total of $175 million for this account.

OFFICE OF INFORMATION AND TECHNOLOGY

The Republican Members concur with the Administration's request for $2.442 billion for the Office of Information and Technology (OI&T). This should be the last year for appropriations for VETSNET application development. Any further funding should be for code-conversion and operations and maintenance.

Additionally, the Committee recognizes the value of programs designed to reduce the backlog of claims, and provide improved services to veterans. Therefore, we recommend an additional funding amount of $10 million for Virtual VA.

The Republican Members also recommend an additional $100 million for 915 FTEE to provide for information technology services at all VA locations nationwide, and an additional $200 million to

be used to consolidate the multiple infrastructures presently in existence at the VA. Without a significant injection of funds to consolidate, the VA will spend at least 10 years to slowly combine these multiple infrastructures into one. The Republican Members also believe in encouraging IT innovation at the outlying VA facilities, and therefore recommend an additional $16 million for field innovation in order to continue a program started in FY 2008 by the Office of Information and Technology.

The Republican Members recommend reducing funding to The Education Expert System (TEES) in the amount of $5.259 million until the VA can articulate a measurable performance outcome for the program for FY 2009.

The total recommended amount for the Office of Information and Technology is $2.762 billion, which is $320 million above the Administration's request.

Office of the Inspector General

The VA Office of Inspector General (OIG) is responsible for the audit, investigation, and inspection of all VA programs and operations. For FY 2009, the Administration request $76.5 million and 440 FTEE to support the activities of the OIG. This compares with the FY 2008 request of $72.6 million for administrative expenses and 445 FTEE. However, this FY 2009 funding level would result in a reduction of 48 FTEE from current staffing levels. In order to maintain the current level of audits, inspections, and investigations completed, as well as the monetary benefits identified, Congress would need to provide funding of $84.9 million (a $8.4 million increase over the Administration request). Major audits, reviews and investigations would have to be cancelled should this reduction in staffing occur. During FY 2007, OIG identified over $670.2 million in monetary benefits, for a return of $11 for every dollar expended on OIG oversight. The Republican Members recommend adding $8.9 million in FY 2009, in order to provide for a total of 540 FTEE at a cost of $93.8 million.

Additionally, the Republican Members recognize the importance of forward looking initiatives and investigations provided by the OIG. Therefore, the Republican Members also recommend an additional increase in funding to the OIG by $17.3 million for the following initiatives: $10.3 million and 60 FTEE for DoD/VA Transitional Health Care; $3.5 million and 20 FTEE for information technology security; and $3.5 million and 20 FTEE for acquisition reform. The total funding for the OIG account recommended by the Republican Members is $111.1 million which is $34.6 million above the Administration's request.

General Operating Expenses

The Republican Members recommend an additional $1.03 million be made available to fund an additional 10 FTEE to improve timeliness and customer service at the VA Office of Congressional and Legislative Affairs. The Republican Members also recommend an additional 19 FTEE at a cost of $2.09 million for the Center on Veterans Employment to improve implementation of the service disabled veteran-owned small business provisions in P.L. 109–461.

The Republican Members further recommend an additional 10 FTEE for the Office of Small and Disadvantaged Business Utilization to improve small business procurement opportunities within VA at a cost of $1.1 million. These increases combined with other general operating expenses from VBA bring the Republican Member recommendation for general operating expenses to $1.841 billion, which is $142 million above the Administration's request.

UNITED STATES DEPARTMENT OF LABOR—VETERANS' EMPLOYMENT AND TRAINING SERVICE

Homeless Veterans Reintegration Program (HVRP)—The Republican Members are pleased with the increase in HVRP funding that will allow VETS to contract with an additional 7 grantees. The program has been cited by GAO as the most cost-effective employment program for the homeless, placing 65 percent of homeless veterans with an average cost per placement of about $2,400. We recommend an additional $1 million to bring the total number of potential new grantees to 10.

National Veterans Training Institute—In Public Law 109–461, Congress mandated several changes in the state grant program that will require greater training capacity at the National Veterans Training Institute in Denver, CO. The Committee recommends an additional $2 million to fund increased NVTI operations.

USERRA Training and Enforcement—The Veterans Employment and Training Service has primary responsibility for enforcing veterans' employment and reemployment rights under USERRA. Case loads are climbing and additional resources are required to ensure timely resolution of USERRA-related cases. Therefore, we recommend an additional $1 million to fund six additional professional investigators.

State Grants for DVOPS and LVERs & the Transitional Assistance Program—The Republican Members are concerned that the small increases over the past few years have resulted in a gradual reduction in state veterans' employment staff while demands related to the Transition Assistance Program (TAP) continue to increase. The economic downturn will also result in more veterans seeking employment. Therefore, we recommend an additional $1.5 million.

PROPOSED LEGISLATION

GI Bill—During the 109th Congress, the Economic Opportunity Subcommittee conducted a series of hearings and site visits to determine the need to modernize the Montgomery GI Bill (MGIB) for both active duty and members of the Selected Reserve. MGIB benefit levels for active duty members have not nearly kept pace with the increasing cost of higher education, and extensive utilization of the Reserve Components in the Global War on Terror justifies increases in the basic levels of their benefits. Therefore, we propose an additional $2 billion in mandatory spending to improve education benefits. This includes indexing the basic payment at 100 percent of the Department of Education average four year public school cost.

Disability Benefits Reform Bill—The Republican Members propose legislation that will implement disability compensation reform for VA and the Department of Defense. The bill is based on some of the recommendations of the President's Commission on Care of America's Returning Wounded Warriors, also known as the Dole-Shalala Commission and the Veterans Disability Benefits Commission. Our proposal would end dual disability systems run by the Department of Defense (DOD) and Department of Veterans Affairs (VA). Currently, servicemembers who are medically separated receive a physical evaluation and disability rating from their respective branch of service and then typically go to the VA for another physical and disability rating based on service-related conditions. Our proposal would use a single examination and rating, and take DOD out of the disability rating business altogether. Those deemed unfit for service due to injury would receive an annuity from DOD based on rank and years of service. VA would conduct a study to determine appropriate amounts of compensation under a new, modern disability compensation rating schedule. The new schedule would reflect average loss of earning capacity and loss of quality of life due to disability.

Comprehensive Heath and Benefit Improvements—The Republican Members recognize that improvements need to be made in a variety of VA programs so that they meet the emerging needs of both newly returning veterans from recent conflicts and our aging veterans from previous wars. Therefore, the Republican Members plan to introduce comprehensive legislation that will address a variety issues facing the VA, including a proposal to provide dental insurance to eligible veterans and expanding contract care for rural veterans. Other proposals will include, increased funding for adaptive housing and auto grants, and make adjustments to the Home Loan Guarantee program to bring it in line with current market conditions. In addition, the legislation will address the current claims backlog by increasing training for veteran's service officers, establishing a paperless and rules-based adjudication system, and establishing a pilot program to give veterans a choice of where they file their claims. Finally, the proposed legislation will increase the burial plot allowance for veterans.

SUPPLEMENTAL VIEWS OF THE HONORABLE STEVE BUYER

VIEWS AND ESTIMATES FOR FY 2009

February 28, 2008

The Administration's requested FY 2009 budget for veterans' programs includes legislative proposals to change the Department of Veterans Affairs (VA) fee structure for health care. These proposals for certain fees and co-payments are more fully described in the Republican Views and Estimates for FY 2009. According to the legislative proposals, the revenue generated by these fees and co-payments would be mandatory receipts to be deposited in the U.S. Treasury, rather than retained by the VA for the benefit of veterans.

The Administration proposes including fees and co-payments related to enrollment of category 7 and 8 veterans in VA medical care. Tiered enrollment fees would range from $250 per year for a veteran with an income of $50,000 to $750 per year for a veteran with an income of $100,000 or greater. Copayments for pharmaceuticals would rise from the current $8 to a new level of $15 per 30-day supply. VA would also be authorized to discontinue the current practice of offsetting or reducing a patient's first party co-payment debt from funds received from third-party insurance for non service-connected treatment. I would only support these initiatives to generate $378.7 million in the first year and $5.204 billion over 10 years, if the revenues generated were retained by the VA for its veterans' health care programs.

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