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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 1980

MARCH 15, 1979

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Report of the Committee on Veteran's Affairs on Budget Matters Under Its Jurisdiction

The Committee on Veterans' Affairs is submitting this report on estimates of budget matters under its jurisdiction pursuant to section 301(c) of the Congressional Budget and Impoundment Control Act of 1974. This report is based on the best information that is now available to the Committee. It is hoped that the report will be helpful to the Committee on the Budget in preparing its budget targets for the first concurrent resolution.

Observations on the Fiscal Year 1979 and Fiscal Year 1980 Budgets

The President's 1980 budget for the Veterans Administration provides for benefits and services to the country's 30 million veterans, the 59 million members of their families, and the 4 million survivors of deceased veterans.

Budget authority of $21 billion and outlays of $20.5 billion are estimated for 1980. These estimates represent increases of $506 million in budget authority and $135.3 million in budget outlays over estimated requirements for 1979. Budget authority for 1980 consists of an appropriation request of $20.2 billion for existing programs, $549.6 million of permanent authority, and $196 million in proposed legislation.

Employment for 1980 will decrease from the level of the previous year. The employment levels for 1978, 1979 and 1980 are as follows:

1978 actual	226, 877
1979 Presidential request	231, 290
Congressional action	233, 136
OMB imposed ceiling	226, 648
1980 VA request	235, 111
Presidential request	225, 236

Personnel reductions are substantial in most program areas, both in the current fiscal year as well as in fiscal year 1980. Specific reductions will be noted later in this report.

Outlays for fiscal year 1980 would decrease from fiscal year 1979 if the President's proposed legislation is not enacted. If all are enacted, there would be an increase in outlays of only 0.7 percent. Budget authority under the President's legislative proposals would increase by 2.5 percent. If these proposals are not enacted, budget authority would increase by 1.5 percent. This compares to an estimated increase in the Consumer Price Index of almost 8 percent. Thus, the VA budget request does not keep pace with the projected inflation for the year.

Benefit programs are decreasing by 1.6 percent in outlays and increasing in budget authority by 2.5 percent. The reduction in readjustment benefits is the largest, with more than 16 percent reduction ($448 million) in outlays and over 6.8 percent ($167 million) reduction in budget authority.

Medical programs will increase slightly (1.3 percent in budget authority and 3.2 percent in outlays). This is primarily due to inflation. The treatment of veterans in existing hospitals and outpatient clinics is being phased downward. More than 1,650 positions will be lost during the next fiscal year. Contract hospitals, VA domiciliaries and outpatient visits are also being cut. There is also a decrease in the grants to the Republic of the Philippines program.

Medical research is, in effect, being cut back due to a straight line budget in the next fiscal year.

In the construction accounts, there is a decrease in budget authority both in major and minor projects, totalling about $61.5 million (13.6 percent).

Of the total $23.7 billion Federal outlay for education, veterans' readjustment education programs are projected at 8.1 percent for fiscal year 1980. In fiscal year 1979, the VA portion was 10.3 percent and in fiscal year 1978 it was 15.9 percent.

In the area of Federal training and employment programs, the total obligations for fiscal year 1980 are estimated to be $11.5 billion, with VA supporting $96.3 million for on-the-job training, and $96.2 million for vocational rehabilitation, a VA sub-total of $192.5 million, or 1.7 percent.

In the health area, Federal spending is expected to total $66.5 billion, with 8.6 percent attributable to the VA.

Department of Veterans Benefits

A. Income Security

1. In 1980, 2.6 million veterans and their survivors will receive monthly compensation payments totalling $6.8 billion. Legislation has been proposed by the Administration to provide a 7.8 percent compensation rate increase for veterans, DIC spouses, and children effective October 1, 1979. The cost of this legislation is estimated by VA to be $498.4 million in fiscal year 1980.

2. Approximately 1.0 million veterans and 1.3 million survivors who qualify for monthly pensions, based on financial need, will be paid $4.2 billion in 1980. The $476.3 million increase is primarily the result of the automatic cost-of-living increases due in July 1979 and July 1980.

3. The families of 7.8 million servicemen and veterans are protected by various life insurance programs with a total coverage of $96.5 billion, a decrease of $500 million.

4. A decrease of 3,126 veterans and survivors is anticipated in the compensation caseload. However, the VA underestimated the caseload for 1979 by 6,144 beneficiaries. With the enactment of Public Law 95–479 and Public Law 95–588, it is obvious the projected caseloads are grossly underestimated and massive overtime will be required to keep workloads current.

B. Readjustment Benefits

1. Payments for education and training are estimated to be $2.2 billion in fiscal year 1980, covering assistance to 1.1 million trainees (veterans, servicemen and survivors). This represents a decrease of almost $500 million from fiscal year 1979, and a decline in enrollment of over 206,600.

2. A decrease of 520 education loans is expected in fiscal year 1980, bringing the number down to 17,900; however, the number of defaults is expected to increase by 554, bringing that total up to 7,116. The total amount of defaults in fiscal year 1980 is expected to be $7.7 million, up $1.2 million from fiscal year 1979. The number and amounts could be substantially higher.

Department of Medicine and Surgery (FY–79)

The Committee is very concerned with personnel reductions imposed by the Office of Management and Budget throughout the Veterans Administration in the current fiscal year, notwithstanding Congressional action to increase staffing levels, especially in medical care. The fiscal year 1979 Appropriations Act included an additional $32,300,000 for 1,500 FTEE for inpatient care; $18 million for 700 FTEE to meet anticipated increases in outpatient caseload, and $4,375,000 (175 FTEE) for new program starts—a total increase of 2,375 personnel for medical care.

Notwithstanding these substantial personnel increases the agency was not allowed to spend any of the additional $54,675,000 for increased personnel. Instead, VA was informed by the Office of Management and Budget that the funds would be released; however, it could only be used for cost-of-living salary adjustments that became effective last October; for wage board increases; special pay for physicians and dentists, and postal rate increases.

Notwithstanding a Congressional mandate that 3,132 beds not be closed during fiscal year 1979, the agency closed these beds and reduced personnel by 1,500 effective October 1, 1978. In addition, in order to meet the ceiling imposed by the Office of Management and Budget, the Administrator has approved a Department of Medicine and Surgery decision to reduce medical care personnel in existing facilities by an additional 3,581 average FTEE. This means that there will be a total reduction of personnel in medical care of 5,081 average FTEE during the current year. In order to attain this reduction, some 7,000 positions will be lost.

To further acerbate the personnel problem, the Veterans' Administration was directed by the Office of Management and Budget, on October 1, 1978, to participate in a Federal FTEE ceiling control test which substantially changes the management of personnel resources within the agency. This annual FTEE ceiling limitation will be in effect through fiscal year 1981.

As a result of these two personnel management actions, the latest monthly employment freeze report submitted to the committee by the Agency shows that 6,000 full-time permanent positions remain vacant in the medical care program and 1,197 other positions; more than 2,800 of these have been vacant for more than 60 days. Included among the 6,000 existing vacancies are: 436 physicians, 907 nurses, 508 practical nurses, 786 nursing assistants, and 184 lab technicians.

VA hospital directors, chiefs of staff and chiefs of nursing Service appeared before the Committee on March 1, and presented impressive testimony pointing out that they are, and will continue, experiencing extreme difficulty in providing quality and quantity care and treatment for our Nation's veterans unless the following

actions are taken: First, that a decision be made without delay to exclude the Veterans' Administration from any further participation in the FTEE ceiling crontol test. Second, the administration should allow the agency to use all funds appropriated for medical care personnel increases, including 1,500 for inpatient treatment and an additional 700 for increased outpatient workloads and 175 to fully activate the new hospital at Loma Linda, California.

The full impact of these reductions will not be realized until April or May, at which time thousands of veterans, including some service-connected veterans, will not be able to obtain treatment in existing VA medical facilities because of lack of staff, or funds, or both.

Department of Medicine and Surgery (FY–80)

Funding for veterans' medical care programs will be $5.6 billion in fiscal year 1980. This will provide inpatient hospital, nursing home or domiciliary treatment and services for 1.3 million veterans and outpatient/ambulatory care totalling 17.8 million visits.

Additional operating beds are expected to be reduced in VA hospitals, and domiciliaries during the next fiscal year.

In addition to the decrease in the current fiscal year, the President's fiscal year 1980 budget request calls for further reductions of 1,650 FTEE in existing VA medical facilities. This reduction is planned so that increased staffing for new medical programs can be implemented without increasing the total medical care employment. Later in this report there will be further reference to specific areas of concern of the Committee.

Average daily patient census (ADPC) is decreasing by 1,634 in VA facilities.

Support of on-going institutional research programs is decreasing by almost $1 million.

There is no additional funding requested for Initiation of New Institutional Programs, Cooperative Studies, or Career Development.

Post-Graduate and In-Service Training is reduced by $1 million (8.5 percent).

Veterans Administration Programs by Functional Distribution

The programs under the Committee's jurisdiction are administered by the Veterans Administration and are broken down into several subfunctional classifications. There follows a list of the functions and programs included in the Veterans Administration budget for fiscal year 1980, including a comparison of total budget authority and outlays recommended by the Administration and that proposed by the Committee on Veterans' Affairs.

BUDGET AUTHORITY

[Millions of dollars]

Appropriation/fund account	1978	1979	1980	Change	Committee recommendation	Committee increase
Federal funds:						
General operating expenses	581.8	643.8	592.8	−51.1		
Benefit programs:						
Compensation and pensions	9,636.4	10,706.7	11,201.8	+495.1		
Readjustment benefits	2,617.8	2,445.7	2,278.5	−167.2		
Veterans' insurance and indemnities	3.7	5.8	5.4	−.4		
Grants for construction of State cemeteries			5.0	+5.0		
Education loan fund	17.2					
Total benefit programs	12,275.1	13,158.2	13,490.7	+332.6	13,490.7	
Medical programs:						
Medical care	4,924.6	5,408.9	5,594.7	+185.8	5,743.7	+149.0
Medical and prosthetic research	111.1	122.8	122.8		132.8	+10.0
Medical administration and miscellaneous operating expenses	43.3	48.3	48.0	−.3		
Grants for construction of State extended care facilities	15.0	10.0	5.0	−5.0		−5.0
Grants to the Republic of the Philippines	1.7	1.7	1.7			
Assistance for health manpower training institutions	53.4	104.9		−104.9		
Supply fund	20.0					
Total medical programs	5,169.1	5,696.7	5,772.3	+75.6	5,926.3	+154.0
Construction programs:						
Construction, major projects	393.7	365.6	317.3	−48.3		
Construction, minor projects	95.2	86.3	73.1	−13.3		
Total construction programs	488.9	451.9	390.4	−61.5		
Total appropriations, adjusted	18,515.0	19,950.6	20,246.2	+295.6	20,400.2	+154.0
Proposed legislation:						
Compensation and pensions			498.4	+498.4	588.1	+89.7
Readjustment benefits			−.6	−.6	40.0	+40.6
Medical care			−301.1	−301.1	112.5	+413.6
General operating expenses			−1.1	−1.1		+1.1
Vocational rehabilitation revolving fund			.4	+.4		
Assistance for health manpower training institutions					50.0	+50.0
Medical administration and miscellaneous operating expenses					4.0	+4.0
Grants for construction of State extended care facilities					15.0	+15.0
Total proposed legislation			196.0	+196.0	810.0	+614.0
Proprietary receipts from the public	−3.1	−2.9	−2.9			
Total Federal funds	18,511.9	19,947.7	20,439.3	+491.6	21,207.3	+768.0
Trust funds:						
Post-Vietnam era veterans education account	31.7	57.7	81.0	+23.3		
General post fund	6.3	6.4	6.7	+.3		
National service life insurance	939.7	965.8	968.4	+2.7		
U.S. Government life insurance	36.2	36.5	34.4	−2.1		
Total trust funds (gross)	1,013.9	1,066.3	1,090.5	+24.2		
Proprietary receipts from the public	−513.0	−519.5	−521.2	−1.7		
Total trust funds (net)	501.0	546.8	569.3	+22.5		
Intragovernmental transactions	−2.5	−8.7	−16.7	−8.0		
Total Veterans' Administration	19,010.3	20,485.7	20,991.8	+506.1	21.759.8	+768.0

BUDGET OUTLAYS

[Millions of dollars]

Appropriation/fund account	1978	1979	1980	Change	Committee recommendations	Committee increases
Federal funds:						
General operating expenses	558.1	644.4	604.8	—39.6		
Benefit programs:						
Compensation and pensions	9,572.8	10,637.5	11,182.7	+545.2		
Readjustment benefits	3,361.7	2,741.1	2,293.5	—447.6		
Veterans' insurance and indemnities	3.5	6.0	5.4	—.6		
Grants for construction of State cemeteries			2.0	+2.0		
Loan guaranty revolving fund	80.2	156.7	—29.6	—186.3		
Direct loan revolving fund	—39.0	—33.3	—165.5	—132.2		
Service-disabled veterans insurance fund	2.1	.2		—.2		
Veterans reopened insurance fund	—28.6	—24.4	—23.4	+1.0		
Education loan fund	34.6	12.0	11.0	—1.0		
Vocational rehabilitation revolving fund	(1)	(1)	(1)			
Servicemen's group life insurance fund	—.5	.5		—.5		
Total benefit programs	12,986.9	13,496.3	13,276.1	—220.2	13,276.1	
Medical programs:						
Medical care	4,809.3	5,402.9	5,593.2	+190.3	5,742.2	+149.0
Medical and prosthetic research	111.7	124.2	122.8	—1.4	132.8	+10.0
Medical administration and miscellaneous operating expenses	41.6	48.3	48.1	—.3		
Grants for construction of State extended care facilities	6.9	9.5	10.0	+.5		—10.0
Grants to the Republic of the Philippines	1.8	1.9	1.7	—.2		
Assistance for health manpower training institutions	39.5	47.0	49.5	+2.5		
Canteen service revolving fund	—2.8	—2.0	—1.0	+1.0		
Special therapeutic and rehabilitation activities fund	—.2	—.2	—.2			
Supply fund	(1)	10.0		—10.0		
Consolidated working fund	—.2					
Total medical programs	5,007.8	5,641.7	5,824.1	+182.4	5,973.1	+149.0
Construction programs:						
Construction, major projects	161.9	170.7	215.7	+45.0		
Construction, minor projects	81.3	113.7	102.4	—11.3		
Total construction programs	243.3	284.4	318.1	+33.7		
Total appropriations and funds	18,796.0	20,066.8	20,023.1	—43.7	20,172.1	+149.0
Proposed legislation:						
Compensation and pensions			456.9	+456.9	542.0	+85.1
Readjustment benefits			—.6	—.6	40.0	+40.6
Medical care			—301.1	—301.1	112.5	+413.6
General operating expenses			—1.1	—1.1		+1.1
Vocational rehabilitation revolving fund			.3	+.3		
Assistance for health manpower training institutions					50.0	+50.0
Medical administration and miscellaneous operating expenses					4.0	+4.0
Grants for construction of State extended care facilities					15.0	+15.0
Total proposed legislation			154.4	+154.4	763.8	+609.4
Proprietary receipts from the public	—3.1	—2.9	—2.9			
Total Federal funds	18,792.8	20,063.9	20,174.6	+110.7	20,993.0	+758.4
Trust funds:						
Post-Vietnam era veterans education account	(1)	5.1	17.5	+12.4		
General post fund	5.0	5.7	6.0	+.3		
National service life insurance	667.8	740.0	770.7	+30.7		
U.S. Government life insurance	67.0	69.8	66.5	—3.3		
Veterans special life insurance	—55.0	—41.0	—46.8	—5.8		
Total trust funds (gross)	684.8	779.5	813.8	+34.3		
Proprietary receipts from the public	—513.0	—519.5	—521.2	—1.7		
Total trust funds (net)	171.8	260.0	292.6	+32.6		
Intragovernmental transactions	—2.5	—8.7	—16.7	—8.0		
Total Veterans' Administration	18,962.2	20,315.2	20,450.4	+135.3	21,208.8	+758.4

[1] Less than $50,000.

Veterans Benefits and Services as Part of the Total Federal Budget

The following table indicates total Federal outlays, veterans benefits and services outlays (function 700), and the percent for veterans benefits and services for fiscal year 1971 through 1980, including the President's proposed legislation for fiscal year 1979 and 1980.

TOTAL AND VETERANS BENEFITS AND SERVICES OUTLAYS—1971-80

[In millions of dollars]

Fiscal year	Total Federal outlays	Veterans benefits and services	Veterans as a percent of Federal outlays
1971	211,425	9,766	4.6
1972	232,021	10,730	4.6
1973	247,074	12,013	4.9
1974	269,620	13,386	5.0
1975	326,185	16,597	5.1
1976	366,439	18.432	5.1
1977	402,725	18,038	4.2
1978 [1]	450,836	18,974	4.0
1979 [1]	493,368	20,329	4.5
1980	531,566	20,461	3.8

[1] Estimate.

As the above table indicates, there was a gradual increase in the percentage of the total Federal outlays spent on veterans benefits and services until fiscal year 1975. Since then there has been a steady decrease with the estimate for fiscal year 1980 falling below 4 percent.

Health

Federal spending for health programs is expected to total $65.5 billion in 1980. This total has been broken down by the Office of Management and Budget into several categories. The following table shows the total outlays, the amount of each category provided by the Veterans Administration, and the percentage attributable to the Veterans Administration.

FEDERAL OUTLAYS FOR MEDICAL AND HEALTH RELATED ACTIVITIES—1980

[Dollar amounts in millions]

	Total Federal outlays	Veterans' Administration	
		Amount	Percent
Health care services	$59,359	$5,278	8.9
Health research	4,427	127	2.9
Training health care work force	1,569	344	21.9
Protecting consumers and workers	1,193	1	.1
Total	66,547	5,750	8.6

As the preceding table indicates, a substantial portion of the training of the health care work force presently lies within the Veterans Administration which provides for almost 30 percent of all Federal outlays in this area. Parenthetically, it might be noted that the Department of Defense provides for almost 18 percent of the training. Thus, if the outlays for these two major agencies were combined, almost 50 percent of all training activities are provided in conjunction with national defense, either providing care for present servicemen,

their dependents, retirees, their dependents, veterans, and, under certain circumstances, their dependents.

Income security

Federal income security programs provide essential income protection for millions of Americans.

Total Federal income security benefits are estimated to equal $179.1 billion in 1980, about 34 percent of the total budget outlays including social security and unemployment compensation.

Considering income security for the aged, there are two categories of benefits, cash benefits and in-kind benefits. The total cash benefit outlays for the aged is estimated to be $96,392 million of which veterans pensions are $2,396 million, or 2.5 percent. If the in-kind benefit outlays are included, the total income security for the aged are estimated to be $131,427 million, with the veterans pensions function representing 1.8 percent.

Education

Federal support of education-related programs is estimated to be $23.7 billion in 1980. In 1980, 1.0 million GI bill beneficiaries (including Post-Korean veterans, service persons, Post-Vietnam era veterans, dependents and war veterans) are expected to enroll in education courses at an average cost of $2,126. Of the total $23,715 million Federal outlays for education, veterans readjustment education programs are anticipated to be $1;926 million, or 8.1 percent.

Federal Training and Employment Programs

Federal training and employment programs aim to increase the skills and employment opportunities of individuals already in the work force and of persons who desire to join the work force but lack vocational preparation or face other employment barriers. Outlays for programs providing rehabilitation and related services to the disabled are estimated to be approximately $978 million in 1980 and will aid approximately 1.8 million persons. Of these numbers, approximately 28,300 will be participating in the VA vocational rehabilitation program (1.6 percent) at a cost of an estimated $96.2 million (9.8 percent).

In looking at the total Federal funds for training, employment and labor programs the total outlays for fiscal year 1980 are estimated to be $11.5 billion, with the Veterans Administration being broken down into $96.3 million for on-the-job training, and $96.2 million for vocational rehabilitation, a VA subtotal of $192.5 million, or 1.7 percent of the total Federal effort.

Authorizations

The authorizations for the Veterans Administration programs are contained in title 38, U.S. Code. No annual authorization by the legislative committee and the Congress is required for most programs, although title 38 does provide for certain multiple-year authorizations for specific purposes as follows:

	Section of title 38	Annual authorization	Expiration date
Medical administration and miscellaneous operating expenses:			
Exchange of medical information	5055(c)	$4,000,000	Sept. 30, 1979
Grants for construction of State extended-care facilities:			
Grants to States to construct nursing home and domiciliary facilities and to remodel, modify, or alter existing hospital, nursing home, and domiciliary facilities in State homes, for furnishing care to veterans.	5033	15,000,000	Do.
Medical care (outside continental United States):			
Authorizes non-service-connected contract hospital care and outpatient services in the territories, commonwealth, or possessions of the United States, with certain proviso, including a report by the President to Congress by Feb. 1, 1980, assessing health needs of veterans in Puerto Rico and the Virgin Islands.	601(4)(c)		Dec. 31, 1981
Assistance for health manpower training institutions:			
Grants to new State medical schools	5072	25,000,000	Sept. 30, 1979
Grants to affiliated medical schools and other health manpower training institutions and expansions of VA education and training capacity.	5082	50,000,000	Do.
Grants to Republic of the Philippines:			
Hospital and nursing home care of commonwealth Army veterans and New Philippine Scouts.	632(b)	2,000,000	Sept. 30, 1981
Grants to Veterans Memorial Medical Center for education and training of hospital health service personnel.	632(d)	50,000	Do.
Grants to Veterans Memorial Medical Center for replacing and upgrading equipment and rehabilitating physical plant and facilities.	632(d)	50,000	Do.
Medical operating appropriation:			
Authority to enter into special pay agreements with title 38 physicians and dentists of the VA.	4118		Do.
Post-Vietnam-era veterans education account:			
Authorizes deposit of service persons contributions and matching assistance payments.	1601		Dec. 31, 1981
General operating expenses:			
Maintain the VA regional office in Republic of the Philippines	230(b)		Sept. 30, 1981
Grants to States for development and expansion of veterans cemeteries:			
Provide grants to the States for the establishment, expansion and improvement of veterans cemeteries.	1008	5,000,000	Sept. 30, 1984

Veterans Administration Budget During 10-Year Period

The following two tables depict the growth in both budget authority and outlays over the 10-year period:

BUDGET AUTHORITY, FISCAL YEARS 1971–80

[Thousands of dollars]

Appropriation/fund account	1971	11972	1973	1974	1975	1976	1977	1978	Estimate 1979	Estimate 1980
Federal funds:										
General operating expenses	$258, 118	$291, 113	$319, 513	$349, 809	$432, 028	$483, 300	$525, 633	$581, 850	$643, 841	$592, 790
Benefit programs:										
Compensation and pensions	5, 890, 379	6, 248, 000	6, 433, 000	6, 743, 800	7, 539, 400	8, 249, 200	8, 982, 500	9, 636, 400	10, 706, 700	11, 201, 800
Readjustment benefits	1, 656, 700	1, 888, 700	2, 707, 400	3, 353, 000	4, 476, 229	6, 014, 475	3, 983, 900	2, 617, 778	2, 445, 700	2, 278, 535
Veterans' insurance and indemnities	5, 100	6, 500	4, 400	----------	8, 750	6, 600	7, 000	3, 712	5, 750	5, 400
Payment of participation sales insufficiencies	1, 372	1, 291	499	261	----------	----------	----------	----------	----------	----------
Loan guaranty revolving fund	4, 756	4, 638	4, 501	4, 139	1, 828	----------	----------	----------	----------	----------
Education loan fund	----------	----------	----------	----------	74, 509	----------	----------	17, 200	----------	----------
Vocational rehabilitation revolving fund	----------	----------	----------	----------	97	100	----------	----------	----------	----------
Grants for construction of State cemeteries	----------	----------	----------	----------	----------	----------	----------	----------	----------	5, 000
Total benefit programs	7, 558, 307	8, 149, 129	9, 149, 800	10, 101, 200	12, 100, 813	14, 270, 375	12, 973, 400	12, 275, 090	13, 158, 150	13, 490, 735
Medical programs:										
Medical care	1, 941, 623	2, 299, 326	2, 606, 080	2, 859, 076	3, 317, 520	3, 854, 456	4, 373, 807	4, 924, 649	5, 408, 912	5, 594, 739
Medical care and prosthetic research	62, 684	69, 907	77, 988	76, 142	91, 377	97, 309	104, 533	111, 053	122, 847	122, 847
Medical administration and miscellaneous operating expenses	20, 161	22, 531	28, 737	33, 950	37, 508	38, 528	39, 941	43, 316	48, 324	48, 024
Grants for construction of State extended-care facilities	7, 500	8, 000	6, 000	----------	9, 700	10, 000	10, 000	15, 000	10, 000	5, 000
Grants to the Republic of the Philippines	2, 000	2, 100	2, 000	2, 000	2, 050	2, 100	2, 100	1, 700	1, 700	1, 700
Assistance for health manpower training institutions	----------	----------	20, 000	25, 000	10, 000	30, 000	45, 045	53, 411	104, 905	----------
Supply fund	----------	----------	----------	----------	----------	29, 001	----------	20, 000	----------	----------
Total medical programs	2, 033, 968	2, 401, 864	2, 740, 805	2, 996, 168	3, 468, 155	4, 061, 394	4, 575, 426	5, 169, 129	5, 696, 688	5, 772, 310

Construction programs:										
Construction of hospital and domiciliary facilities	59,000	93,622								
Construction, major projects			125,993	68,343	251,127	297,464	405,681	393,689	365,560	317,292
Construction, minor projects			55,000	42,218	51,894	106,426	92,791	95,234	86,345	73,072
Total construction programs	59,000	93,622	180,993	110,561	303,021	403,890	498,472	488,923	451,905	390,364
Total appropriations (adjusted)	9,909,393	10,935,727	12,391,111	13,557,738	16,304,017	19,218,959	18,572,931	18,514,992	19,950,584	20,246,199
Contract authority (permanent, indefinite): Supply fund	6,898	30,865	2,475	10,576	20,000					
Deduct: Proprietary receipts from the public	—2,274	—2,159	—1,996	—2,081	—2,145	—1,549	—679	—3,138	—2,900	—2,900
Total Federal funds	9,914,017	10,964,434	12,391,591	13,566,233	16,321,872	19,217,410	18,572,252	18,511,854	19,947,684	20,243,299
Trust funds:										
Post-Vietnam era veterans education account							3,321	31,736	57,686	80,977
General post fund	2,943	3,394	3,700	3,854	4,001	4,808	5,497	6,305	6,400	6,700
National service life insurance	743,561	772,790	798,035	808,432	835,070	851,629	912,821	939,727	965,750	968,423
U.S. Government life insurance	40,738	40,293	39,066	38,444	37,679	37,687	37,402	36,153	36,452	34,375
Total trust funds (gross)	787,243	816,477	840,801	850,730	876,751	894,123	959,041	1,013,921	1,066,288	1,090,475
Deduct: Proprietary receipts from the public	—479,189	—486,744	—494,660	—475,337	—471,778	—458,042	—486,982	—513,000	—519,528	—521,200
Total trust funds (net)	308,054	329,734	346,141	375,393	404,973	436,081	472,059	500,921	546,760	569,275
Deduct: Intragovernmental transactions	—3,086	—2,484	—2,428	—2,183	—2,101	—2,140	—2,148	—2,700	—8,730	—16,700
Total Veterans' Administration (without proposed legislation)	10,218,984	11,291,684	12,735,303	13,939,443	16,724,744	19,651,351	19,042,164	19,010,075	20,485,714	20,795,874
Proposed legislation:										
Compensation and pensions										498,400
Readjustment benefits										—614
Medical care										—301,112
General operating expenses										—1,073
Vocational rehabilitation revolving fund										350
Total proposed legislation										195,951
Total Veterans' Administration (with proposed legislation)	10,218,984	11,291,684	12,735,303	13,939,443	16,724,744	19,651,351	19,042,164	19,010,075	20,485,714	20,991,825

BUDGET AUTHORITY, FISCAL YEAR 1971–80

[Thousands of dollars]

Appropriation/fund account	1971	1972	1973	1974	1975	1976	1977	1978	Estimate 1979	Estimate 1980
Federal funds:										
General operating expenses	$257,361	$283,851	$314,496	$336,976	$444,566	$475,699	$510,265	$558,082	$644,415	$604,790
Benefit programs:										
Compensation and pensions	5,799,957	6,143,544	6,544,234	6,633,219	7,580,708	8,178,323	8,999,596	9,572,817	10,637,500	11,182,656
Readjustment benefits	1,619,534	1,917,509	2,751,481	3,248,899	4,591,079	5,526,562	3,700,004	3,361,716	2,741,100	2,293,535
Veterans' insurance and indemnities	12,261	14,040	10,248	3,468	9,055	6,146	7,922	3,459	5,995	5,400
Loan guaranty revolving fund	—86,827	—54,057	—148,783	64,602	71,555	—21,794	660	80,236	156,667	—29,625
Direct loan revolving fund	—81,511	—245,838	—241,122	—99,388	—41,447	—43,027	—138,723	—38,990	—33,263	—165,473
Service disabled veterans insurance fund	—2,268	—4,807	—1,560	5,150	—1,161	999	—1,509	2,119	228	
Soldiers' and sailors' civil relief	8	6	—1	2						
Veterans' reopened insurance fund	—32,157	—31,399	—32,652	—31,748	—32,387	—34,372	—27,227	—28,624	—24,400	—23,400
Education loan fund					1,402	4,950	13,320	34,593	12,000	11,000
Vocational rehabilitation revolving fund	9	4	152	37	86	—90	64	—1	10	10
Servicemen's group life insurance fund		—11,363	11,363	—2,623	2,624			—464	464	
Grants for construction of State cemeteries										2,000
Total benefit programs	7,229,005	7,727,638	8,893,361	9,821,619	12,181,513	13,617,697	12,554,107	12,986,861	13,496,301	13,276,103
Medical programs:										
Medical care	1,870,571	2,228,900	2,512,316	2,789,001	3,405,059	3,694,959	4,290,617	4,809,318	5,402,861	5,593,152
Medical and prosthetic research	60,900	66,463	74,054	77,696	93,196	93,559	104,460	111,747	124,207	122,847
Medical administration and miscellaneous operating expenses	19,636	20,973	24,885	29,847	36,187	35,655	38,668	41,645	48,326	48,063
Grants for construction of State extended care facilities	2,928	1,831	2,580	3,653	3,441	9,313	7,828	6,900	9,539	10,021
Grants to the Republic of the Philippines	1,571	1,999	1,766	1,999	1,975	1,796	2,045	1,770	1,937	1,700
Assistance for health manpower training institutions					5,937	22,680	31,109	39,533	47,000	49,502
Canteen service revolving fund	—230	—1,367	—1,672	—3,441	—304	—48	1,114	—2,788	—2,000	—1,018
Rental, maintenance and repair of quarters	2	—4	17	—8						
Special therapeutic and rehabilitation activities fund							—76	—161	—150	—150
Supply fund	5,446	—1,146	—1,403	—7,585	—17,929	74,521	7,820	43	10,000	
Consolidated working fund	153	—144	3	—134	—573	—738	297	—250		
Total medical programs	1,960,975	2,317,504	2,612,546	2,891,028	3,526,989	3,931,697	4,483,882	5,007,757	5,641,720	5,824,117

Construction programs:										
Construction of hospital and domiciliary facilities	80,222	105,106	71,121	34,927	12,728	5,832				
Construction, major projects			14,014	41,170	67,913	138,705	168,402	161,930	170,657	215,694
Construction, minor projects			10,674	27,621	38,251	43,101	65,438	81,332	113,725	102,392
Construction, Corregidor-Battan Memorial	1		38							
Total construction programs	80,222	105,106	95,846	103,718	118,893	187,638	233,841	243,262	284,382	318,086
Total appropriations and funds	9,527,563	10,434,100	11,916,248	13,153,342	16,271,961	18,212,731	17,782,094	18,795,962	20,066,818	20,023,096
Deduct: Proprietary receipts from the public	—2,274	—2,159	—1,996	—2,081	—2,145	—1,549	—679	—3,100	—2,900	—2,900
Total Federal funds	9,525,289	10,431,941	11,914,252	13,151,261	16,269,816	18,211,182	17,781,415	18,792,862	20,063,918	20,020,196
Trust funds:										
Post-Vietnam era veterans education account								10	5,100	17,500
General post fund	2,487	2,576	3,153	3,611	3,873	4,519	4,375	5,032	5,700	6,000
National service life insurance	661,140	720,074	518,896	622,883	730,760	633,013	697,602	667,762	740,000	770,680
U.S. Government life insurance	82,053	81,213	66,253	77,727	85,695	71,297	71,105	66,973	69,762	66,454
Veterans' special life insurance	—33,086	—36,108	—37,313	—41,090	—41,257	—44,994	—46,016	—55,015	—41,041	—46,820
Total trust funds (gross)	712,595	767,755	550,988	663,132	779,071	663,835	727,067	684,762	779,521	813,814
Deduct: Proprietary receipts from the public	—479,189	—486,744	—494,660	—475,337	—471,778	—458,042	—486,982	—513,000	—519,500	—521,218
Total trust funds (net)	233,406	281,011	56,329	187,795	307,293	205,793	240,085	171,762	260,021	292,596
Deduct: Intragovernmental transactions	—3,086	—2,484	—2,428	—2,183	—2,101	—2,140	—2,148	—2,500	—8,700	—16,729
Total Veterans' Administration (without proposed legislation)	9,755,608	10,710,469	11,968,152	13,336,873	16,575,008	18,414,835	18,019,353	18,962,124	20,315,239	20,296,063
Proposed legislation:										
Compensation and pensions										456,900
Readjustment benefits										—614
Medical care										—301,112
General operating expenses										—1,073
Vocational Rehabilitation revolving fund										279
Total proposed legislation										154,380
Total Veterans' Administration (with proposed legislation)	9,755,608	10,710,469	11,968,152	13,336,873	16,575,008	18,414,835	18,019,353	18,962,124	20,315,239	20,450,443

The following items are included in the President's legislative program for the first session of the 96th Congress and have been provided for in his fiscal year 1980 Budget:

PROPOSED LEGISLATION

[In thousands of dollars]

	Fiscal year 1980	
	Budget authority	Outlays
Compensation and pensions:		
To provide 7.8% compensation rate increase for veterans and their surviving spouses and children (effective October 1, 1979)	498,400	456,900
Readjustment benefits:		
To eliminate benefits for flight training programs (effective October 1, 1979)	—43,249	—43,249
To eliminate benefits for correspondence training programs (effective October 1, 1979)	—14,600	—14,600
To extend delimiting period for certain Vietnam era veterans (effective October 1, 1979)	54,000	54,000
To enhance vocational rehabilitation programs (effective October 1, 1979)	3,235	3,235
Total, readjustment benefits	—614	—614
Medical care:		
To effect reimbursement from insurance carriers, employers, and other non-Federal sources for the cost of medical care and treatment to veterans with nonservice-connected disabilities (effective October 1, 1979)	—218,000	—218,000
To authorize the administrator to provide professional mental and psychological readjustment services to Vietnam era veterans (effective October 1, 1979)	9,945	9,945
To authorize the administrator to negotiate fee-for-service contracts with community agencies for the treatment of drug and alcohol dependent patients (effective October 1, 1979)	2,439	2,439
To consider individuals who were killed or died in service as veterans for purposes of benefits provided under Title 38 U.S.C. Section 613–CHAMPVA (effective October 1, 1979)	1,509	1,509
To limit the payment for reimbursement of travel expenses of beneficiaries provided medical care for non-service-connected disabilities (effective October 1, 1979)	—39,134	—39,134
To limit over-the-counter outpatient drugs, medicines and supplies to certain veterans suffering from a nonservice-connected disease or disability (effective October 1, 1979)	—18,344	—18,344
To eliminate 1 year after discharge presumptive service connection for dental treatment (effective October 1, 1979)	—39,527	—39,527
Total medical care	—301,112	—301,112
General operating expenses:		
To reduce administrative expenses related to proposed elimination of flight and correspondence training programs (effective October 1, 1979)	—1,073	—1,073
Vocational rehabilitation revolving fund:		
To increase maximum loan from $200 to $400 (effective October 1, 1979)	350	279
Total, VA proposed legislation	195,951	154,380

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE AUTHORIZING LEGISLATION PRIOR TO THE ENACTMENT OF APPROPRIATIONS FOR FISCAL YEAR 1980

[In millions of dollars]

Major issue or program	Estimate		
	1980	1981	1982
None.			

As noted earlier in this report, several medical programs will expire on September 30, 1979 unless authority is extended to continue such programs. The programs due to expire are not included in the President's legislative proposals for fiscal year 1980.

The Committee is expected to extend the authority to continue some of the programs at the current authorization level and these will be discussed under Section IV of this report.

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1980

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
701—To provide compensation rate increase for veterans and their surviving spouses and children (effective Oct. 7, 1979):			
President's request:			
Budget authority	498.4	----------	----------
Outlays	456.9	----------	----------
Committee recommendation:			
Budget authority	577.0	581.6	588.9
Outlays	530.9	581.2	588.3

Compensation benefits are provided to veterans with service-connected disabilities and their survivors. An estimated 2.6 million beneficiaries are expected to receive $7.3 billion in compensation benefits in 1980.

The Administration is proposing a 7.8 percent compensation rate increase for disabled veterans, DIC spouses, and children, effective October 1, 1979. The Veterans Administration has estimated this would result in an increase of $498.4 million in budget authority and $456.9 million in outlays during the next fiscal year. The estimate submitted to the Committee by the Congressional Budget Office (CBO) for the same rate increase was $530.8 million in budget authority and $488.3 million in outlays. The Committee feels the VA estimate is more realistic than the CBO estimate.

According to the January CBO economic forecast, an 8.3 percent rate increase would be required in this program to cover the inflation anticipated during fiscal year 1979. A rate increase at this level is expected to cost approximately $577 million in budget authority and $531 million in outlays. The Committee feels the CBO cost estimate is much too high.

The Committee is expected to recommend to the House an increase of 8.3 percent.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To extend delimiting date for certain Vietnam era veterans under on-job-training programs (effective Oct. 1, 1979):			
President's request:			
Budget authority	54.0	----------	----------
Outlays	54.0	----------	----------
Committee recommendation:			
Budget authority	0	0	0
Outlays	0	0	0

The Administration has indicated legislation would be submitted to extend the delimiting period for 2 years for Vietnam era veterans in on-the-job training and educationally disadvantaged Vietnam era veterans in vocational technical or high school training at an additional cost of $54 million for some 32,000 trainees. Should the Committee receive a proposed bill, hearings will be scheduled.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To enhance vocational rehabilitation programs (effective Oct. 1, 1979):			
President's request:			
Budget authority	3.2		
Outlays	3.2		
Committee recommendation:			
Budget authority	40.0		
Outlays	40.0		

The Administration's proposed legislative program is supposed to include a bill that would enhance the vocational rehabilitation programs for service-connected disabled veterans by (1) authorizing the VA to pay grants to employers for on-the-job training programs; (2) establish same rate of subsistence allowance for on-the-job training as institutional training; (3) authorize the VA to pay room and board for veterans enrolled in specialized rehabilitation facilities and other proposals which are the product of the study mandated by Public Law 95-202 at a cost of $3.3 million for 500 trainees.

The Committee agrees with the Administration that the Chapter 31 Vocational Rehabilitation programs should be "enhanced", and is most anxious to review the legislative proposal which is to be submitted. Upon receipt of a bill, the Subcommittee on Education, Training and Employment plans early hearings to discuss the proposed program changes with VA officials.

The Administration has requested $3.3 million in fiscal year 1980 to "enhance" the vocational rehabilitation programs administered by the Veterans Administration for service-connected disabled veterans. The Committee feels the Administration's budget request is far too low. The Committee has budgeted $40 million for implementation of a measure that is expected to be considered by the Subcommittee. It would appear the Administration's proposal, at least from a budget standpoint, would not enhance the program to the degree the Committee feels is necessary. Department of Labor data and statistics, and information available from the Veterans Administration show that disabled veterans continue to experience extreme difficulty in obtaining employment even when completely rehabilitated and fully educationally qualified.

This measure, that would enhance the employment possibilities for service-connected disabled veterans, and especially the younger disabled Vietnam era veterans, will be a very high priority of the Committee this session of Congress.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To increase maximum loan from vocational rehabilitation revolving fund from $200 to $400 (effective Oct. 1, 1979):			
President's request:			
Budget authority	.4		
Outlays	.3		
Committee recommendation:			
Budget authority	.4		
Outlays	.3		

Hearings will be scheduled should a proposed bill be submitted.

[In millions of dollars]

Legislative proposal	Estimate		
	1980	1981	1982
703—To authorize the Administrator to provide professional mental and psychological readjustment services to certain Vietnam veterans:			
President's request:			
Budget authority	9.9	----------	----------
Outlays	9.9	----------	----------
Committee recommendation:			
Budget authority	12.2	19.3	8.1
Outlays	12.2	19.3	8.1

The legislative proposal is the same as that proposed last year. H.R. 1608, introduced by the Chairman of the Subcommittee on Medical Facilities and Benefits, the gentlemen from Virginia, Mr. Satterfield, contains a provision that is similar to the Administration proposal. The major difference is H.R. 1608 provides that Vietnam era veterans would be eligible two years from date of discharge or two years from date of enactment, whereas, the Administration proposal would limit eligibility to veterans one year from date of discharge or from date of enactment.

The Committee is expected to report H.R. 1608 at an early date.

[In millions of dollars]

Legislative proposal	Estimate		
	1980	1981	1982
703—To authorize the Administrator to negotiate fee-for-service contracts with community agencies for the treatment of drug and alcohol dependent patients:			
President's request:			
Budget authority	2.4	----------	----------
Outlays	2.4	----------	----------
Committee recommendation:			
Budget authority	3.7	13.7	11.2
Outlays	3.7	13.7	11.2

This proposal is identical to that submitted by the Administration last year. The Administration's proposal would provide for a three-year pilot program under which the Administrator may contract for the treatment of veterans suffering from alcohol and drug dependence or abuse disabilities in halfway houses, therapeutic communities, or psychiatric residential treatment centers. H.R. 1608, introduced by the Chairman of the Subcommittee on Medical Facilities and Benefits, would establish a 5-year pilot program. Under the House measure, the pilot program would be established to demonstrate any medical advantages and cost effectiveness that may result from the use of such contract care. In addition, the House measure would provide for VA cooperation with the Secretary of Labor and the Chairman of the Civil Service Commission to assist rehabilitated veterans in finding public and private employment opportunities.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
703—To consider individuals who were killed or died in service as veterans for purposes of benefits provided under CHAMPVA:			
President's request:			
Budget authority	1.5		
Outlays	1.5		
Committee recommendation:			
Budget authority	1.5		
Outlays	1.5		

Should a proposed bill be submitted, hearings are expected to be scheduled.

III. PRESIDENT'S BUDGET REQUESTS FOR SAVINGS THROUGH CHANGES IN EXISTING LAWS WHICH MANDATE SPENDING IN FISCAL YEAR 1980 WITHOUT FURTHER ACTION BY CONGRESS; OTHER LEGISLATIVE SAVINGS PROPOSALS

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To eliminate benefits for flight training programs (effective Oct. 1, 1979):			
President's request:			
Budget authority	—43.3		
Outlays	—43.3		
Committee recommendation:			
Budget authority	0		
Outlays	0		

The Administration submitted this same proposal last year and the year before. It is the Administration's view that this program has fulfilled its intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training needed for basic employment.

The Committee is not expected to favorably consider this measure in that the Subcommittee on Education, Training and Employment has never made a recommendation to the Committee. The Subcommittee is expected to hear the Administration's views in open hearings.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To eliminate benefits for correspondence training programs (effective Oct. 1, 1979):			
President's request:			
Budget authority	—14.6		
Outlays	—14.6		
Committee recommendation:			
Budget authority	0		
Outlays	0		

This proposal was submitted by the Administration during both sessions of the 95th Congress. The Committee is not expected to favorably consider the measure; however, hearings will be held if the proposal is officially transmitted to the Congress.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
702—To reduce administrative expenses related to proposed elimination of flight and correspondence training programs (effective Oct. 1, 1979):			
President's request:			
Budget authority	—1.1		
Outlays	—1.1		
Committee recommendation:			
Budget authority	0		
Outlays	0		

The Committee is not expected to favorably consider the Administration's proposal for the reasons outlined above.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
703—To effect reimbursement from insurance carriers, employers, and other non-Federal sources for the cost of medical care and treatment to veterans with non-service-connected disabilities (effective Oct. 1, 1979):			
President's request:			
Budget authority	—218.0		
Outlays	—218.0		
Committee recommendation:			
Budget authority	0		
Outlays	0		

Under existing law, a veteran of any war or of service after January 31, 1955, who is under age 65, is eligible for necessary hospital care for a nonservice-connected disability if he or she is unable to defray the expenses of private hospital care. Veterans who are age 65 or older are entitled to such care without regard to their ability to bear the cost of private care.

Although the Administration has not yet submitted its proposal, it is assumed its recommendations will be the same as that submitted in years past. It would require that veterans receiving care for non-service-connected disabilities be charged for such care to the extent that they have insurance or other similar third-party payment contracts with respect to such care. The proposal would also prohibit the exclusion of such coverage from future insurance policies or contracts.

Similar proposals have been submitted to every Congress since the 90th without action by either House. In its justification of the proposed legislation last year VA officials stated that "the United States should not bear the cost of hospitalization or outpatient medical care of veterans for non-service-connected disabilities when to do so would provide a windfall in the nature of a Federal subsidy for third parties, such as insurance companies."

The Subcommitte on Medical Facilities and Benefits held hearings on an identical proposal submitted by the Administration in 1975. No evidence was presented at these hearings to warrant such a statement.

The cost-savings in the Administration's proposed plan submitted last year was estimated to be $120 million. It is noted that the Administration has estimated that the proposal to be submitted this year would "save" $218 million in fiscal year 1980. It would appear this

estimate is totally without foundation. Should Congress enact this legislation during this session, clearly that would not be substantial savings in the next fiscal year for two reasons. First, insurance policies currently in effect could not be modified until such contracts were up for renewal. Secondly, on March 6, 1978, during a hearing before the Senate Committee on Veterans' Affairs, the Chief Medical Director stated that an acceptable cost-accounting procedure, which is required before implementation, would require at least one year to develop.

Due to the substantive difficulties which remain unresolved, the Committee is not expected to act favorably on the Administration's proposal.

[In millions of dollars]

Legislative proposal	Estimate		
	1980	1981	1982
703—To limit the payment for reimbursement of travel expenses of beneficiaries provided medical care for non-service-connected disabilities (effective Oct. 1, 1979):			
President's request:			
Budget authority	—39.1		
Outlays	—39.1		
Committee recommendation:			
Budget authority	0		
Outlays	0		

The current authority to provide hospital and medical care specifies that the beneficiary will be reimbursed for the necessary expenses of travel in connection with receiving medical care. Eligibility for reimbursement for non-service-connected conditions is based on a statement on the application form that the beneficiary is unable to defray the expenses of travel. Under policy now in effect, veterans with non-service-connected disabilities are reimbursed only if they certify, subject to criminal sanction for false statements, that they are unable to defray the expenses of travel. Reimbursement for all veterans, service-connected as well as non-service-connected, is limited to the cost of travel by public transportation (except where public transportation is not reasonably accessible to the veteran's home or would be medically inadvisable, in which case the veteran may be reimbursed for the cost of travel by privately owned vehicle).

Although it has yet to be submitted, the Administration's proposal is expected to be the same as that proposed last year. It would further restrict travel reimbursement for veterans with non-service-connected disabilities so that reimbursement would be authorized only when special vehicular modes of transportation are required for medical reasons and conditioned upon prior authorization by the Veterans Administration. These modes of transportation would include ambulance service, air ambulance service, hired car, and transportation where it is necessary for the beneficiary to be accompanied by an attendant.

The Committee believes the "cost-savings" estimate of $39.1 million is unrealistic. Similar legislation was submitted last year, after legislation similar in intent and effect was enacted in 1976 in section 101 of Public Law 94–581. The Committee has agreed with the Senate Committee on Veterans' Affairs that enactment of the proposed legislation is not warranted and would work a serious hardship on those veterans with the least available income and other

health care options. The Committee, therefore, is not expected to act favorably on the Administration's proposal.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
703—To eliminate 1 year after discharge presumptive service-connection for dental treatment (effective Oct. 1, 1979):			
President's request:			
Budget authority	−39.5		
Outlays	−39.5		
Committee recommendation:			
Budget authority	0		
Outlays	0		

Under current law, any veteran discharged from service with a dental condition or disability who applies for treatment of such condition or disability within one year from date of discharge or release from service, may receive outpatient dental services and treatment from the Veterans Administration. Such services shall be furnished on a one-time completion basis, unless the services rendered on a one-time completion basis are found unacceptable within the limitations of good professional standards, in which event such additional services may be afforded as are required to complete professionally acceptable treatment.

According to reports received by the Committee, many veterans are discharged from service with dental problems. It would appear that in many instances the military service knowing that the individual is eligible for treatment by the VA, elects not to treat the condition of such individual prior to his or her discharge. In those cases, the Veterans Administration is required to treat the individual following discharge which provides a "cost-savings" to the service involved.

The Committee is not expected to favorably consider the Administration's proposal.

[In millions of dollars]

Legislative proposal	Estimate 1980	1981	1982
703—To limit over-the-counter outpatient drugs, medicines, and supplies to certain veterans suffering from a non-service-connected disease or disability (effective Oct. 1, 1979).			
President's request:			
Budget authority	−18.3		
Outlays	−18.3		
Committee recommendation:			
Budget authority	0		
Outlays	0		

Currently a non-service-connected disabled veteran may receive over-the-counter drugs, medicines and supplies on an outpatient basis where such drugs, medicines and supplies are reasonably necessary in preparation for, or to obviate the need of, hospital admission, or where necessary to complete treatment incident to hospital care. The Administration's proposal would eliminate such services except for the following veterans: (1) those in receipt of pension benefits under Chapter 15; (2) those 65 years of age or older; (3) those permanently housebound; (4) those in need of aid and attendance; and (5) those receiving home health services under section 612 of Chapter 17.

The Committee is not expected to favorably consider the Administration's proposal.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEARS 1980, 1981, AND 1982

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
701—To extend eligibility for automobile equipment to certain service-connected disabled veterans	6.4	3.5	1.0

Under current law, service-connected veterans who have not actually suffered an amputation, but who have incurred serious injury resulting in loss of use of an extremity, qualify for the automobile grant and necessary adaptive equipment. This legislation would include veterans whose knees or hips are ankylosed at favorable angles and who are required by the motor vehicle licensing laws of their states to obtain certain adaptive equipment. It is estimated that about 1,800 service-connected veterans would be affected.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
701—To permit the exchange of 5-year level premium term policies of National Service Life Insurance to special endowment at age 96 plans	0.5	0	0

This legislation proposed a new plan of insurance for veterans who have carried term policies since World War II and who now find that premiums are so high they may be forced to terminate their insurance. The proposed bill would assure a level premium at a certain age and the policy would build cash and loan values.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
701—To permit third parties including accredited representatives of veterans service organizations to make application for VA insurance on behalf of service-connected, mentally incompetent veterans	0	0	0

On May 4, 1977, an Opinion was issued by the General Counsel of the Veterans Administration terminating the authority for accredited representatives to make application for VA Service Disabled Life Insurance. The limitation imposed by the Opinion could result in the failure to make appropriate application, thus adversely affecting the families of some seriously disabled, service-connected veterans.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
701—To extend to 120 days the period between notice of, and the effective date for, the reduction or discontinuance of compensation, dependency and indemnity compensation, or pension	2.0	2.0	2.0

Currently, when the benefits of a veteran are reduced or discontinued by virtue of a change in law, administrative issue or physical condition, such reduction or discontinuance shall take effect on the last day of the month following 60 days after the veteran has been so notified. The purpose of this delay is to grant the veteran some time in which to adjust to the reduction in income. In addition, it provides a period of time in which the veteran, before the actual loss of benefits takes place, can attempt to refute the adverse VA finding.

During the last three years, the processing time for reopened claims has been more than 60 days in 46 percent of all cases and more than 90 days in 30 percent of all cases. In the past the 60-day period seemed to provide adequate time for the veteran to gather evidence to rebut an adverse VA decision, submit such evidence and receive reconsideration by a local rating board authority. Due to the current processing time required by the VA, an extension of the 60-day period seems justified.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
701—To establish a national cemetery in the Southeast	2.2		

The Veterans Administration has estimated that $4,038 will be required for the Master Plans, and Phase I Development of this cemetery. The amount requested in fiscal year 1979 was $353,000. The fiscal year 1980 budget includes $3,350 to develop 50 acres for interments and for Administration and Service buildings. Yet, it remains highly questionable whether the agency will even select a site in this fiscal year due to the agency's inability to make a decision. It would appear thousands of dollars have been wasted in conducting environmental surveys at a Ft. Gilliam site near Atlanta.

As of this date, the preliminary Environmental Impact Statement has not been conducted by the agency. Time will be required in which to circulate such statement and interested Federal, State and local governmental bodies, environmental groups and private sector interest groups will be allowed time in which to respond to the preliminary statement. Following such comments, the agency will be required to evaluate these comments and issue a Final Environmental Impact Statement, and eventually proceed with the site selection.

On May 24, 1977, the Committee was told by VA officials during oversight hearings on the National Cemetery System that a site selection board within the Veterans Administration "has been appointed and as soon as there is a reasonable certainty that the Congress will appropriate the initial funding, the Board will start work on identifying and evaluating candidate sites, including visits to the actual sites that appear to meet our requirements." Funds were appropriated.

On March 14, 1978, again during oversight hearings on the cemetery system, VA spokesmen said:

> "The Administrator has not yet selected a site in either of these two regions (Region IV and V) . . . We expect the Administrator will be in a position to make a site selection hopefully within the next 6 months."

Little, if any, progress has been made since that testimony almost 12 months ago.

The Committee is extremely concerned with the inability of the Administrator to make a decision on the location of a national cemetery in the southeastern region, and is therefore, prepared to hold hearings and report a measure this session of the Congress.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
702—To amend sec. 1780 of title 38, United State Code, pertaining to class attendance requirements for individuals pursuing courses not leading to a standard college degree	0	0	0
702—To reduce from three months to 12 weeks the period of active duty which a member of the Reserves must serve before being entitled to reemployment rights under title 38, United States Code	0	----------	----------
702—To amend title 38, United States Code, to provide limitations on the payment of educational assistance allowances to incarcerated veterans	(1)	(1)	(1)
702—To authorize the Administrator of Veterans' Affairs to waive the so-called 50-percent employment requirement with respect to the approval of certain occupational training courses for educational assistance under the GI bill	0	0	0
702—To exclude students receiving educational assistance from grants from Federal agencies other than the Veterans' Administration in computing the so-called 85–15 rule for purposes of the approval of courses for payment of educational assistance under the GI bill	0	0	0

[1] Cost savings.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
703—Veterans' Health Care Amendments of 1979	50.1	60.4	61.7

Among other things, the bill would: Provide readjustment counseling for Vietnam era veterans; establish a pilot program for treatment of alcohol and drug dependence; establish a pilot program of preventive health care for service-connected disabled veterans; provide outpatient dental services for service-connected veterans rated totally and permanently disabled, and would provide outpatient dental services to any former Prisoner of War held six months or longer.

In addition, the bill would effectively restore contract care for veterans eligible under section 612(g) of title 38, United States Code, and for veterans in Alaska and Hawaii.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
703—To establish within the Department of Medicine and Surgery of the Veterans' Administration the position of Assistant Chief Medical Director for Geriatrics, Gerontology and Extended Care, and to designate 20 Veterans' Administration hospitals affiliated with medical schools as demonstration centers of geriatric and gerontological research, education and clinical operations	15	20	25

This bill would provide specific statutory authority for the Veterans' Administration to sharply escalate its capacity to meet the rapidly increasing demand being placed on it by aging veterans for geriatric

medical care. It would provide the clear and unmistakable legislative mandate to accomplish this and thus eliminate the existing vagaries and low level of operations which currently characterize such efforts.

This bill would fill an existing vacuum by providing a coherent Federal policy and program to meet the urgent and compelling demand for geriatric medical care among veterans. The Administration's current effort to provide geriatric medical care to veterans amounts to an expenditure of some $4 million. This is considered to be inadequate.

Last year nearly a quarter of a million veteran senior citizens approached the VA for geriatric medical care. By 1980, the veteran senior citizen population will reach 3 million. By 1985, it will reach 5 million. And by 1990, it will soar to 7 million with the trend continuing upward.

With its extensive, in place system of research, hospital care, domiciliary care, nursing home care, and clinical operations, and with its stable and increasingly elderly patient population, it is the obligation and natural function of the Veterans' Administration to provide the caliber and quality of care provided for in this bill.

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
703—Would extend for 5 years the authority for the Administrator to make grants to States for the construction, alteration, and modernization of State extended care facilities	15	15	15

[In millions of dollars]

Identify initiative	Estimate		
	1980	1981	1982
703—Would extend for 5 years the authority of the Administrator to continue VA's exchange of medical information programs	4	4	4
703—To provide permanent authority for the Administrator to make grants to affiliated medical schools and schools of allied health	50	50	50
703—To provide that the Administrator shall pay for private hospitalization when a VA physician determines a medical emergency exists which poses a threat to the life or health of a veteran applying for medical services or hospitalization	2	2	2
703—To provide medical services to veterans of World War I on the same basis as currently provided for veterans of the Spanish American War or the Indian Wars	26.0	22.5	19.1
703—That individuals under age 65 who are eligible for medicare benefits, who but for such eligibility would be eligible for CHAMPVA benefits, be allowed to elect the greater of the 2 benefits	2	2	2

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1980

[In millions of dollars]

Major issue or program	Estimate		
	1980	1981	1982
703—Medical care:			
President's request:			
Budget authority	5,595	----------	----------
Outlays	5,593	----------	----------
Committee recommendation:			
Budget authority	5,744	----------	----------
Outlays	5,742	----------	----------

Medical Care

A(1) Personnel Reductions (fiscal year 1979):

5528 (FTEE) ---------- 109. 0

In fiscal year 1979, Congress increased the President's VA medical care budget request for additional staffing as follows:

$32,300,000 for 1,500 additional staff years to keep open 3,132 hospital beds scheduled to be closed by the Administration;

$18,000,000 for 700 additional staff years to meet anticipated increases in outpatient caseload above those projected in the 1979 budget; and

$4,375,000 for 175 additional staff years for staffing of new medical facilities.

The President asked for 195,695 in his original request. With the additional 2,375 added by the Congress, funds were appropriated for 198,070 DM&S personnel. Hospital Directors were led to believe that the increased funds appropriated by Congress would allow the stations to maintain a constant ceiling level to provide for the care and treatment of veterans in their catchment area.

Notwithstanding positive action by the Congress, the Office of Management and Budget directed the Administrator to proceed to close the 3,132 beds recommended by the President and to reduce staff in existing hospitals by 1,500. This became effective October 1, 1978. In addition, the Office of Management and Budget directed the Administrator of Veterans' Affairs not to discuss the fiscal year 1979 allocation for medical care and no information was released on funding and staffing for the current fiscal year until late January when the President submitted his budget request to the Congress for fiscal year 1980. This information was withheld from the Veterans' Affairs Committee even though several requests were made for fiscal year 1979 data by the Chairman of the Full Committee.

The fiscal year 1980 budget request disclosed that even though the President had asked for a medical care employment level of 195,695 for fiscal year 1979, and notwithstanding the additional funds added by the Congress to provide an additional 2,375 personnel, the Office of Management and Budget had imposed a "new ceiling" of 191,579, a personnel reduction of 6,491 from that established by the Congress.

Based on hospital surveys conducted by the Committee during the past several weeks, there follows below a listing, by State, of the total reduction in beds, personnel, and funds at existing VA hospitals for the current fiscal year. These reductions total 5,081 annual average Full Time Employment Equivalent (FTEE). Of this number, 1,500 (FTEE) became effective October 1, 1978, at the time the Administration closed 3,132 hospital beds. It is important to note that the remaining 3,581 (FTEE) reduction did not occur until around February 1, 1979. Therefore, since the hospital directors were not advised of these additional cuts until well into the second quarter of the fiscal year, in order to attain the 3,581 annual average FTEE reduction, more than 5,476 people must be terminated to accomplish this average FTEE established by the Administrator. The total loss is computed as follows:

$$\frac{3{,}581 \text{ (FTEE)} \times 26 \text{ (pay periods per year)}}{17 \text{ (pay periods remaining in fiscal year 1979)}}$$

Therefore, in order to reduce an annual average 3,581 FTEE, beginning February 1, 1979, hospital directors will be required to reduce a total of 5,476. Thus, the total loss is 5,476 plus the 1,500 (effective October 1, 1978), or 6,976 positions.

In responding to a letter from the Chairman of the full Committee, the Director of the VA hospital in San Francisco, the former Deputy Chief Medical Director of the Department of Medicine and Surgery, Dr. Laurance V. Foye, Jr., has indicated his facility will lose many more than the number established by Central Office and the medical district.

The question asked was as follows:

> "Describe in detail, including numbers of staff and total funds, the reduction in resources allocated for your facility in fiscal year 1979 to date (October 1, 1978 through February 12, 1979). Please indicate what effect the reductions will have on the delivery of health services, both quality and quantity, to veterans in your catchment area."

Dr. Foye answered as follows:

> "Lost 17 positions on October 1, 1978 associated with bed reduction of 28. Lost 30 positions (FTEE) on January 30, 1979. Because of lateness of second cut will have to lose at least 77 positions this year. Also lost $421,000. Closed 28 beds. Quality and quantity of care inevitably suffer under such circumstances."

The following reductions have been confirmed by the medical district directors:

REDUCTION IN BEDS, PERSONNEL, AND FUNDS IN FISCAL YEAR 1979

	Beds	FTEE	Funds
Alabama	36	78.0	$799,700
Birmingham	0	19.0	128,887
Montgomery	0	8.0	54,269
Tuscaloosa	0	17.0	115,320
Tuskegee	36	34.0	501,224
Alaska: Juneau	0	1.0	7,281
Arizona	0	35.4	248,674
Phoenix	0	17.2	120,796
Prescott	0	6.7	47,114
Tucson	0	11.5	80,764
Arkansas	54	64.0	649,462
Fayetteville	0	5.0	8,166
Little Rock	54	59.0	641,296
California	600	678.1	6,408,721
Fresno	10	19.0	163,268
Livermore	0	10.0	38,706
Long Beach	300	164.5	1,433,642
Loma Linda	0	0	0
Los Angeles (Brentwood)	20	44.5	414,290
Los Angeles O.C	0	10.0	84,110
Los Angeles (Wadsworth)	40	99.7	918,577
Martinez	41	45.0	543,992
Palo Alto	56	82.0	831,471
San Diego	45	76.7	735,124
San Francisco	28	43.0	421,540
Sepulveda	60	83.7	824,001
Colorado	54	63.0	672,362
Denver	26	32.0	341,918
Fort Lyon	28	26.0	288,963
Grand Junction	0	5.0	41,481

REDUCTION IN BEDS, PERSONNEL, AND FUNDS IN FISCAL YEAR 1979—Continued

	Beds	FTEE	Funds
Connecticut	40	69.8	635,639
Newington	0	17.2	68,842
West Haven	40	52.6	566,797
Delaware: Wilmington	0	15.0	84,753
District of Columbia: Washington	0	32.0	143,342
Florida	33	113.0	1,016,477
Bay Pines	0	20.0	153,227
Gainesville	0	17.0	137,994
Lake City	0	9.0	75,705
Miami	33	42.0	476,769
Tampa	0	25.0	172,782
Georgia	129	93.8	1,046,975
Atlanta	32	31.3	327,272
Augusta	70	42.7	499,160
Dublin	27	19.8	220,543
Hawaii: Honolulu	0	1.0	3,871
Idaho: Boise	0	17.5	127,419
Illinois	171	335.0	3,164,573
Chicago (LS)	21	42.0	427,105
Chicago (WS)	19	48.0	441,913
Danville	53	42.0	466,005
Hines	40	112.0	1,003,305
Marion	4	11.0	98,632
North Chicago	34	80.0	727,613
Indiana	111	94.0	1,005,925
Fort Wayne	0	6.0	27,564
Indianapolis	34	34.0	332,953
Marion	77	54.0	645,408
Iowa	78	137.0	1,291,534
Des Moines	21	50.0	406,261
Iowa City	22	34.0	344,474
Knoxville	35	53.0	540,799
Kansas	51	110.2	1,048,186
Leavenworth	29	46.6	500,932
Topeka	0	39.2	228,999
Wichita	22	24.4	318,255
Kentucky	21	43.0	398,636
Lexington	0	24.0	200,187
Louisville	21	19.0	198,449
Louisiana	55	66.0	662,002
Alexandria	0	9.0	14,699
New Orleans	28	31.0	333,189
Shreveport	27	26.0	314,114
Maine: Togus	60	50.0	765,249
Maryland	36	85.0	692,751
Baltimore	10	24.0	194,181
Fort Howard	0	19.0	85,101
Perry Point	26	42.0	413,469
Massachusetts	34	128.0	1,018,021
Bedford	34	40.0	504,961
Boston	0	28.0	163,260
Boston O.C	0	7.0	40,810
Brockton	0	24.0	139,920
Northampton	0	15.0	87,450
West Roxbury	0	14.0	81,620

REDUCTION IN BEDS, PERSONNEL, AND FUNDS IN FISCAL YEAR 1979—Continued

	Beds	FTEE	Funds
Michigan	175	180.8	1,838,781
Allen Park	37	52.0	333,481
Ann Arbor	38	38.0	414,503
Battle Creek	70	68.0	763,558
Iron Mountain	0	3.8	0
Saginaw	30	19.0	327,239
Minnesota	64	108.9	1,043,992
Minneapolis	64	63.7	663,992
St. Cloud	0	45.2	380,000
Mississippi	0	44.0	298,476
Biloxi	0	25.0	169,589
Jackson	0	19.0	128,887
Missouri	65	142.8	1,313,754
Columbia	30	37.0	385,239
Kansas City	10	30.8	259,799
Poplar Bluff	0	9.0	55,000
St. Louis	25	66.0	613,716
Montana	0	10.0	63,380
Miles City	0	4.0	26,734
Ft. Harrison	0	6.0	36,646
Nebraska	58	66.0	796,225
Grand Island	10	11.0	136,340
Lincoln	21	24.0	288,132
Omaha	27	31.0	371,753
Nevada	0	11.9	58,558
Reno	0	10.0	42,577
Las Vegas O.C	0	1.9	15,981
New Hampshire: Manchester	0	11.0	64,130
New Jersey	138	163.0	2,030,773
East Orange	68	85.0	1,024,255
Lyons	70	78.0	1,006,518
New Mexico: Albuquerque	0	14.3	100,429
New York	317	527	5,279,746
Albany	0	24.9	178,520
Batavia	0	7.7	55,203
Bath	0	13.4	96,070
Bronx	98	99.8	1,268,301
Brooklyn	60	81.7	861,402
Brooklyn O.C	0	6.7	26,816
Buffalo	0	29.7	212,933
Canandaigua	0	23.0	164,898
Castle Point	0	17.2	68,842
Montrose	52	60.5	701,295
New York	66	83.8	919,245
Northport	10	47.3	278,381
Syracuse	31	31.3	447,840
North Carolina	33	73.8	709,839
Asheville	0	19.2	161,150
Durham	0	20.2	190,400
Fayetteville	0	11.6	103,246
Salisbury	33	22.8	255,043
North Dakota: Fargo	0	3.8	31,962
Ohio	128	121.0	1,273,765
Chillicothe	25	24.0	272,699
Cincinnati	0	10.0	0
Cleveland	70	56.0	681,921
Columbus	0	1.0	0
Dayton	33	30.0	319,145

REDUCTION IN BEDS, PERSONNEL, AND FUNDS IN FISCAL YEAR 1979—Continued

	Beds	FTEE	Funds
Oklahoma	30	42.9	442,275
Muskogee	0	7.7	31,748
Oklahoma City	30	35.2	410,527
Oregon	9	58.0	487,710
Portland	0	33.0	243,917
Roseburg	9	16.5	181,904
White City	0	8.5	61,889
Pennsylvania	87	251.5	1,836,227
Altoona	31	18.9	204,707
Butler	25	22.6	229,758
Coatesville	0	41.0	231,660
Erie	0	9.6	81,921
Lebanon	0	29.0	163,857
Philadelphia	0	32.0	180,808
Pittsburgh (HD)	0	34.5	92,968
Pittsburgh (UD)	31	41.9	526,243
Wilkes-Barre	0	22.0	124,305
Philippines: Manila	0	2.0	7,741
Puerto Rico: San Juan	0	41.2	164,898
Rhode Island: Providence	0	17.0	99,110
South Carolina	0	42.2	354,955
Charleston	0	19.2	161,496
Columbia	0	23.0	193,459
South Dakota	0	44.3	264,315
Fort Meade	0	19.0	86,325
Hot Springs	0	9.0	40,891
Sioux Falls	0	16.3	137,099
Tennessee	90	115.2	1,130,945
Memphis	0	25.0	210,281
Mountain Home	0	20.2	146,829
Murfreesboro	90	55.0	645,984
Nashville	0	15.0	127,851
Texas	143	224.4	2,220,977
Amarillo	0	3.8	26,687
Big Spring	18	14.7	236,374
Bonham	0	3.9	16,080
Dallas	0	28.8	118,747
El Paso O.C	0	0.9	6,320
Houston	60	66.5	804,974
Kerrville	0	6.7	27,625
Lubbock O.C	0	0.9	6,320
Marlin	0	3.8	15,668
San Antonio	30	41.8	438,152
Temple	35	36.2	456,822
Waco	0	16.3	67,208
Utah: Salt Lake City	32	35.0	395,302
Vermont: White River Junction	0	10.0	58,300
Virginia	0	108.9	915,947
Hampton	0	27.7	233,003
Richmond	0	40.1	337,456
Salem	0	41.1	345,488
Washington	31	103	971,604
Seattle	0	25.0	182,028
Spokane	0	11.5	83,733
Tacoma	0	21.0	152,903
Vancouver	0	18.0	131,060
Walla Walla	31	27.5	421,880

REDUCTION IN BEDS, PERSONNEL, AND FUNDS IN FISCAL YEAR 1979—Continued

	Beds	FTEE	Funds
West Virginia	72	95.6	1,279,004
Beckley	0	7.6	64,282
Clarksburg	0	11.5	207,566
Huntington	0	11.5	96,413
Martinsburg	72	65.0	910,743
Wisconsin	97	86.2	951,024
Madison	47	32.6	460,243
Tomah	0	9.6	0
Wood	50	44.0	490,781
Wyoming	0	15.0	75,543
Cheyenne	0	6.0	35,895
Sheridan	0	9.0	39,648
Total	3,123	5,081.0	48,451,240

(2) Personnel reductions (1980):

1,650 FTEE $33.3

The restoration of these staff years and funds in the fiscal year 1980 budget will prevent the managed reduction of employment in existing medical facilities in order to provide staff for activation of new facilities and new programs. It would also prevent the reduction of 443 FTEE in existing facilities which can only be the result of further bed reductions in fiscal year 1980.

234 FTEE $6.7

This funding would prevent any further reduction in the domiciliary program until the Committee can conduct oversight hearings in reference to drastic reductions that have occurred in this program during the past several years. The Committee desires to know more of the agency's plans to care for this group of needy veterans, the source of the funding that will be required for such care and the agency's future plans, if any, in this regard.

The Committee on the Budget should note that the increase proposed by the Committee for medical care does not include any additional funds for inflation. The administration has requested a 3.4 percent increase in 1980 outlays for veterans' medical care; yet, according to a Congressional Budget estimate, this is approximately 4 percent below the increase in the CPI anticipated by CBO and about 6 percent below the expected increase in the medical CPI. The medical CPI was 19.1 in 1975, and has been well above 10 percent for several years.

It should also be noted that the President's containment legislation would permit a 9.7 annual inflation increase. This compares with a 3.4-percent increase he has proposed for the medical program for veterans.

The CBO report states that approximately $300 million over the amount requested by the President in 1980 would be required to maintain current program levels. The Committee concurs with that estimate.

[In millions of dollars]

Major issue or program	Estimate 1980	1981	1982
703—Medical and Prosthetic Research:			
President's request:			
Budget authority	122.8		
Outlays	122.8		
Committee recommendation:			
Budget authority	132.8		
Outlays	132.8		

VA's medical and prosthetic program has essentially stood still for the past several years. In fiscal year 1979, Congress increased the President's budget request by $10.2 million to assure that the agency could retain on-going research programs scheduled to be terminated. All of the increased funding was used for the purposes intended by Congress.

For fiscal year 1980, the Administration is recommending no increase, notwithstanding an inflation factor of eight to ten percent according to January estimates by the Congressional Budget Office. The Administration's request means substantial decreases in real dollars for this program so essential to quality medical care for veterans.

The Committee is requesting a $10 million increase to help, to a minimum degree, offset substantial real dollar decreases due to inflation. The $10 million increase will not be enough to provide for improvements in research activities.

At a hearing before the Senate Committee on Veterans' Affairs, Dr. Rosalyn Yalow, one of the VA's two recipients of the 1977 Nobel Prize for Medicine, expressed her concern over the declining support for research as follows:

On biomedical research on March 6, 1978,

> "If the VA is to function as a first class model system for health care delivery, research cannot be neglected. . . Every year there appears to be a greater rate of decrease of investment in research. If this trend is not reversed, the day will come again when the VA hospital system might continue to exist, but it would have returned to the days of custodial care for an aging veteran population rather than being a system for delivering medical care second to none."

The Committee intends to see that this does not happen. Of the $10 million being requested, the Committee feels that at least $7.85 million be allocated for an additional 400 staff years for the program.

[In millions of dollars]

Major issue or program	Estimate 1980	1981	1982
703—Grants for State extended care facilities:			
President's request:			
Budget authority	5.0		
Outlays	10.0		
Committee recommendation:			
Budget authority	15.0		
Outlays	15.0	5.0	

The Committee is recommending a $10 million increase in the President's budget request for this program. This increase would provide full funding for grants to the various States for construction, alteration, and modernization of State extended care facilities.

Last year Congress provided $10 million for this program for 1979. According to VA, there is currently pending $11 million "approved" applications from States that cannot be funded. This program actually saves Federal dollars in that Federal outlays for veterans treated in State facilities are far less than would be required if such veterans were being treated in VA facilities.

SEPARATE VIEWS OF REPRESENTATIVE GEORGE E. DANIELSON OF CALIFORNIA

In very substantial part, I agree with and support the Report to the Committee on the Budget from the Committee on Veterans Affairs. There are two points in which I feel compelled to make my separate views known, one in which I am in complete disagreement on a matter of fundamental importance, and the second in which I point out the inefficiency, delay and expense which flows from the failure of the Committee on Veterans Affairs to exercise fully its jurisdiction and to insist upon prior authorization of appropriations.

1. Authorizations

On page 9 of the report, in the first paragraph of the section captioned "Authorizations", the committee report states:

> The authorizations for the Veterans Administration programs are contained in title 38, United States Code. No annual authorization by the legislative committee and the Congress is required for most programs, although title 38 does provide for certain multiple-year authorizations for specific purposes as follows:

The quoted statement is wholly incorrect. It results from a misconception of the law and of the Rules of the House of Representatives with respect to authorizations and appropriations.

The right, the jurisdiction, and the duty of a legislative committee of the House of Representatives, of which the Veterans Affairs Committee is one, to authorize appropriations before appropriations can be considered on the floor of the House, is based upon the Rules of the House of Representatives, and not upon statute law.

The Rules of the House of Representatives govern proceedings in the House of Representatives. They derive their authority from article I, section 5, paragraph 2 of the Constitution. The power of each House of Representatives to make its own rules may not be impaired or controlled by a law passed by a prior Congress (see annotations under section 5, paragraph 2, article I of the Constitution as reported in the Rules and Manual of the House of Representatives.

Rule XXI, section 2 of the Rules of the House of Representatives reads in part as follows:

> 2. No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law. . .

As is true of all other provisions of the Rules of the House of Representatives, the above provision is binding upon the House of Representatives as a procedural matter unless it is waived. The above provision can be waived and some times is waived by either:

(*a*) an express waiver contained in a resolution of the Rules Committee for the governing of action in the Committee of the Whole House, and the adoption of that resolution by the House of Representatives; or

(*b*) waiver resulting from failure of a Member to raise a point of order against the consideration of an appropriation which has not theretofor been authorized.

In the case of the Committee on Veterans Affairs, the committee has generally failed to exercise its jurisdiction over authorizations of appropriations for the Veterans Administration. This has been the conscious choice of many Members of the Committee on Veterans Affairs. That statement is made upon the personal knowledge of the writer who has personally raised the issue before the committee on several occasions and has been informed that many members of the committee do not care to exercise their authorizing jurisdiction.

As stated above, jurisdiction of authorization is based upon the Constitution of the United States and the rules of procedure which govern proceedings in the House of Representatives. It is not dependent upon statute and cannot be impaired by prior rules of the House of Representatives or prior laws passed by the Congress.

This is the first time that the writer has noted the incorrect statement concerning authorizations, quoted above, in a report of the Committee on Veterans Affairs, and the writer considers it his duty and obligation to point out the error of that statement.

2. Appropriation to establish national cemetery

On page 23 of the report in budget item No. 701, "to establish a national cemetery in the Southeast—$2,200,000", there is discussion of present activities for the establishment of a national cemetery in the southeastern part of the United States.

The discussion there is not long and the attention of Members is invited to it. The discussion clearly illustrates the inefficiency and financial waste and delay which is inherent in leaving the decision on cemetery site selection to the Veterans Administration. For several years, efforts have been made to select a suitable national cemetery site in the Southeast. A vast amount of money and of time and administrative effort has already been expended for this purpose—yet nothing has been done. The committee report, which was prepared by someone though the writer does not know by whom, contains this statement:

> Yet, it remains highly questionable whether the agency will even select a site in this fiscal year due to the agency's inability to make a decision. It would appear thousands of dollars have been wasted in conducting environmental surveys at a Ft. Gilliam site near Atlanta.

I fully agree with the statement, as I did in 1975 during the first year of the 94th Congress when I was chairman of the Subcommittee on Cemeteries and Burial Benefits. There is no need for further delay in site selection; delay which also is translated into additional expense. In 1975 the Subcommittee on Cemeteries and Burial Benefits visited and inspected a magnificent and centrally located site for a national cemetery which would serve the entire southeastern region of the United States. That site is located at old Fort Mitchell in Alabama,

on the western bank of the Chatahoochee River, directly across from Fort Benning in Georgia. A full report of preliminary investigation is set forth in the memorandum which the writer prepared for the files of the Veterans Affairs Committee on November 18, 1975, following an inspection of the site on Saturday, November 15, 1975. That memorandum is still a part of the files of the Committee on Veterans Affairs and should be considered by the entire committee. The Fort Mitchell site is the property of Russell County, Ala., which received it as a gift from the former owner with the restriction that it could be used only for parks or related purposes. The government of Russell County, Ala., has offered to cede the land to the Federal Government for use as a national cemetery. There are no residences, commercial premises, or other works of improvement on the land, which would require demolition. The site is centrally located within 10 miles of Fort Benning and Columbus, Ga., and Phenix City, Ala.; within 100 miles of Albany, Ga. and Montgomery, Ala., and near such military installations as Albany Naval Air Station, Craig Air Force Base, Maxwell Air Force Base, Fort Pherson, Dobbins Air Force Base, and Lawson Airfield. If the Committee on Veterans Affairs exercised its jurisdiction and duty to authorize expenditures, it would be a simple matter to authorize an appropriation to establish a national cemetery at Fort Mitchell.

The time has long since come for the Congress fully to meet its responsibilities and to make the decisions which the Congress alone should make on major Government policies—and among these are authorizations for expenditures by the Veterans' Administration, and the final decisions on matters of site selection for veterans installations and national cemeteries. This responsibility can be exercised with a high degree of cooperation between the congressional committee and the Veterans' Administration which should make suggestions and recommendations to the legislative committee. The suggestions and recommendations of the Veterans' Administration should receive fair and full consideration and should carry a great deal of weight with the committee, but the decisions should be made by the Congress and not by the Veterans' Administration. Such decisions should be made by elected representatives of the people since only they are accountable and responsible to the people.

GEORGE E. DANIELSON.

DISSENTING VIEWS OF JACK BRINKLEY

An opportunity is afforded in this budget resolution to deal with the reality that our Reserve Forces and National Guard Forces are integral, vital organs of our national defense establishment. It follows that after sufficient service has been rendered in those categories the term "veteran" should encompass them so as to entitle them to certain educational and housing benefits.

Presently there is a shortfall in the strength of both the Reserves and National Guard. What better way to avoid a return to conscription than proper basic motivation through two basic incentives which I have offered.

First, permit the accumulation of educational benefits on a pro rata basis with active duty personnel. This is presently a 2–1 matching system in the service person's favor. As the author of that system when the GI bill was phased out, I advocate improving the formula to a 3–1 system. It is a self-help, voluntary system. The Government now matches the individual's dollar, deleted from his or her pay, with two from the U.S. Treasury. I think it would be far more attractive to make it 3–1.

Second, permit the accrual of housing benefits after 3 years of service. The law presently impacts only upon retirees, other veterans and active duty personnel who have served a certain length of time. The Reserves and Guards would be phased into the system through a broader definition of "veteran" and the initial cost of this housing extension would be only $200,000.

This twofold approach should attract far greater numbers of our youth and will take a lot of pressure off any need to reconsider the draft. Funding should be approved.

JACK BRINKLEY.


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