

**STATEMENT OF
FRANCES M. MURPHY, M.D., M.P.H.
DEPUTY UNDER SECRETARY FOR HEALTH
DEPARTMENT OF VETERANS' AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
SEPTEMBER 20, 2001**

Mr. Chairman and Members of the Committee:

I am pleased to be here this afternoon to comment on H.R. 2716, the "Homeless Veterans Assistance Act of 2001." If enacted, this bill would consolidate into a single chapter the Secretary's authority to provide health care, housing, employment training, and other benefits and services to homeless veterans. This legislation would also enhance existing VA programs for homeless veterans as well as programs for homeless veterans that are administered by other departments in concert with VA. It would further provide for new joint Federal initiatives targeted at preventing homelessness among the most vulnerable veterans.

On the whole, VA supports H.R. 2716. However, with respect to some provisions, we recommend modifications consistent with the goals of the legislation or else seek further clarification of the proposals from Committee staff.

Today, I would like to briefly go over the main provisions of the bill and provide VA's views on these provisions.

Section 3

The bill would add new chapter 20 to title 38 to establish a chapter dedicated exclusively to benefits for homeless veterans. New sections 2011 and 2012 would codify the Department's existing Homeless Providers Grants and Per Diem Program ("Program") currently authorized in Public Law 102-590 (1992) and amend the Program in several respects. The Program was established by statute in 1992 to assist in the establishment of new programs (or components thereof) by community-based providers of needed services, such as outreach, rehabilitative and vocational counseling and training services, and transitional housing assistance, to homeless veterans in specific communities. Under the Program, VA has been able to spur development of increased levels of assistance for homeless veterans living throughout the country at the local level. Indeed, grantees' programs often fill existing gaps in the continuum of VA care and services, thus serving as an effective complement to VA's own efforts. Thus, under this Program, VA has been successful at leveraging substantial amounts of new resources to increase the overall supply of transitional housing and other effective assistance for homeless veterans throughout the country.

Section 3 would eliminate the existing cap on the number of service centers that may be funded under the Program. Service centers are defined under the

Program as projects which provide, or assist in providing, certain supportive services (such as health care, hygiene facilities, benefits and employment counseling, meals, transportation assistance, and job training and job placement services) to homeless veterans for a minimum of 40 hours per week for a minimum of five days per week as well as on an as-needed, unscheduled basis. Second, section 3 would mandate the recovery of all unused grant amounts from recipients who fail to establish a program or cease to furnish services under a grant-funded program. Third, the proposal would require the Secretary to pay per diem payments under the Program at the same per diem rates applicable for domiciliary care furnished veterans in State Veterans Homes.

We support each of those proposed amendments, as they would significantly simplify and improve administration of VA's Grant and Per Diem Program. However, we suggest that the recovery provision be patterned more closely after the recapture provisions applicable to VA's State Home Grant Program. That provision allows for different recoveries depending on the time when the property funded by the grant ceases to be operated by a state or a state home principally for the purposes of furnishing care to veterans. We would suggest recovery levels under section 3 depend on when a grant recipient ceases to use the grant-funded property for the benefit of homeless veterans. It should also include language that would allow the United States to recapture used and unused grant funds from grantees where the grant funds have been used for purposes other than those stated in their grant agreements.

We further suggest that the rate of per diem payments permitted under the Grants and Per Diem Program be 85% of the domiciliary care per diem rate paid to State Homes to equate more closely with grantees' actual costs of providing services. Services provided under the State Home Domiciliary Programs and the Grant and Per Diem Program vary significantly in scope and intensity, and most grant recipients do not have operating budgets that would justify payment at the per diem rate applicable to State Homes. However, we would also recommend that we be able to make per diem payments under the Program at less than the 85% rate where payment at the 85% rate would in fact exceed the grantee's actual costs. This would give VA flexibility to ensure that per diem funded programs have sufficient resources, while ensuring that VA is not paying more than the grantees' actual costs.

Of note, new section 2011 would continue to require that the real property of grant recipients (used in carrying out their grants) meet fire and safety requirements established by the Secretary and not those applicable to buildings of the Federal Government. We recommend that this provision be modified to require grantee recipients to meet fire and safety requirements established by the Life Safety Code, National Fire Protection Association Standard 101, or any successor standard. The National Fire Protection Association (NFPA) standards are widely accepted as the national standards for fire protection and safety. Such a modification should not impose undue financial burdens on grant

recipients because VA, under the Program, can provide up to 65% of the cost of purchasing, constructing and/or renovating a building.

Section 3 of the bill would also transfer to the new Chapter 20 VA's existing authority to provide outreach services, care and services, and therapeutic transitional housing assistance in conjunction with work therapy for veterans suffering from serious mental illness, including veterans who are homeless, to the new chapter 20, in addition to VA's authority to operate comprehensive service centers for homeless veterans. Similarly transferred would be existing provisions in title 38 related to housing assistance for homeless veterans and multifamily transitional housing assistance for formerly homeless veterans.

This proposal would also transfer section 4111 of title 38, related to the Homeless Veterans Reintegration Projects Program (HVRP). Under the HVRP, the Secretary of Labor is required to conduct programs to expedite the reintegration of homeless veterans into the labor force. Through the award of grants, grantees provide homeless veterans with a variety of supportive services, such as job training, job readiness skills, and job placement.

Section 4

Section 4 would amend section 8 of the Housing Act to require HUD to set aside section 8 housing vouchers for homeless veterans. This effectively codifies the existing HUD-VA Supported Housing (HUD-VASH) Program, which the two

Departments have operated informally since 1992. Specifically, section 4 would require HUD to reserve 500 rental assistance vouchers in fiscal year 2003 for homeless veterans who have chronic mental illnesses or chronic substance use disorders. Under the provision, the number of homeless veterans in the HUD-VASH Program would more than double by fiscal year 2006. We would be required to provide additional clinical case managers each year for veterans in the HUD-VASH Program.

We fully support section 4. The HUD-VASH Program has been a resounding success. Today, there are approximately 1,750 housing vouchers being used by homeless veterans under the HUD-VASH Program, and these vouchers provide \$8.85 million in rental assistance for homeless veterans annually.

Section 5

Section 5 would add a new section 2035 to title 38 to require the Secretary to seek to enter into contracts with community agencies to provide representative payee services for homeless veterans who are not competent to manage their own personal funds. The proposal would require such representative payees to work in concert with VHA to ensure that all Government funds are used for appropriate purposes (e.g., nutrition and shelter) and also require the Secretary to submit a report in March 2003 on his efforts in this direction and on any cost-savings achieved as a result of such efforts.

This section is problematic. To the extent this provision is intended to cover VA benefits of any type, it would seem to conflict with an existing and very detailed program for the disbursement of benefits to VA-appointed fiduciaries under 38 U.S.C. s. 5502 et seq. and 38 CFR part 13. Under part 13, VA provides for the appointment, supervision and regulation of fiduciaries for incompetent veterans. We have assumed that use of the term “not competent” in the section is intended to mean those whom VA would determine are not able to manage their own funds under VA’s fiduciary program in part 13. If that is the case, we cannot support this provision. We recommend that the Committee clarify the meaning of the term “not competent” for purposes of this section.

To the extent the provision would apply to a veteran’s funds not derived from VA benefits, we assume the Committee intends that VA condition participation in VA’s programs for homeless veterans on a veteran’s acceptance of representative payee services.

Section 6

Section 6 would require the Secretary of Veterans Affairs and the Secretary of Housing and Urban Development to jointly establish a methodology to monitor veterans who have been furnished any service under a VA or HUD program that provides assistance to homeless veterans and to identify any unmet demand by such veterans. The proposal would further require the collection of detailed information concerning each of these veterans.

We do not support section 6 because the scope and magnitude of the proposed study is, in our view, beyond the ability of either Department to carry out. VA provides health care services to approximately 90,000 homeless veterans each year, and HUD has indicated that 167,000 homeless veterans were served in HUD-funded programs in FY 2000. To monitor and evaluate all services provided to all of these veterans, as contemplated by section 6, would be a complex, massive, and costly administrative undertaking. We would prefer to work with the Committees to identify more feasible means of achieving the goal of this section.

Section 7

Section 7 would modify VA's current enhanced-use leasing authority with respect to how we select a lessee in enhanced-use leases. While we understand the objective of the proposal is to reduce delays by providing for an expeditious selection of a lessee for an enhanced-use leasing project for homeless veterans, we believe the current authority already provides this flexibility. Currently, the enhanced-use authority provides the Secretary with broad discretion in selecting an enhanced-use lessee by mandating only that VA follow a process that assures that there is "integrity" in the selection. The existing authority does not require that the competition requirements and procedures set forth in Competition in Contracting Act of 1984 ("CICA") apply to enhanced-use leases,

but only that any selection be based on a process that assures that there is a consistency in application and fairness in selection of the lessee.

The current lessee selection provision in the enhanced-use leasing authority enables VA, in the public interest, to establish selection policies for different types of enhanced-use leases. For example, it is VA's current policy that in order to secure the benefits of competition and to eliminate any sound basis for criticism on grounds of favoritism, VA should use a competitive negotiation process to obtain enhanced-use leases. However, the same policy allows for a direct enhanced-use lease in certain instances involving agreements with VA affiliates, states, local governments, not-for-profits, etc. This policy could be expanded to address the situation identified in the legislative proposal.

We object to legislatively mandating the exception to the current selection standard because it could create an unnecessary ambiguity regarding the interpretation of current authority (which, as noted above, can already accommodate the desired policy). Such a construction may result in an inability for such projects to obtain financing due to uncertainty regarding their selection.

Section 8

Section 8 would authorize the Secretary to establish up to ten more domiciliary programs under VA's Domiciliary Care for Homeless Veterans (DCHV). It would also authorize appropriations of \$5 million for each of fiscal years 2003 and 2004

for purposes of establishing any such additional programs. While we support the program, we believe this provision is unnecessary because we already have sufficient authority to establish additional domiciliary programs as needed. Moreover, the needs of such new programs must compete for resources with the needs of other priorities.

Section 9

Section 9 would require the Secretary of Veterans Affairs and the Secretary of Labor to carry out a demonstration project to determine the costs and benefits of providing referral, vocational guidance, and counseling services to certain veterans regarding the benefits and services available to them through VA and the State. The demonstration project would have to be conducted at a minimum of six locations, including one penal institution under the jurisdiction of the Bureau of Prisons. Veterans eligible for these services would include those whose release or discharge from a penal institution or long-term mental health institution is “imminent,” i.e., the 60-day period that ends on the date of such release or discharge, who are at risk for homelessness absent receipt of such referral and counseling services. Counseling services would have to include counseling related to job training and placement, housing, healthcare and such other benefits to assist in transition from institutional living.

We support this proposal, which would be a homelessness-prevention initiative. The Department of Justice estimated that there were 234,000 incarcerated

veterans in 1999. Approximately 8% were in Federal prisons, 62% in State prisons and 30% were in local jails. A Special Report on Veterans in Prison or Jail prepared by the Bureau of Justice Statistics indicated that in 1998 veterans accounted for 12% of all inmates. Based on surveys conducted in 1996 and 1997, 45.4% of veterans in state prisons had used drugs in the month prior to their offense, 30.6% were alcohol dependent, and 19.3% of veterans reported a mental illness. Among jail inmates, 25% of veterans were identified as mentally ill. Approximately 12.4% of veterans in state prisons and 23% of veterans in local jails indicated that they had been homeless for some period of time during the year prior to their offense.

It is estimated that approximately one-third of VA's Vet Centers provide counseling and referrals to veterans in prisons and jails. In addition, staff in VA's homeless-veterans programs, mental health and community care service lines have begun to conduct outreach to veterans in prisons and jails in selected locations, across the country, including Los Angeles, CA; Chicago, IL; and Columbia, SC; New York, NY; and other areas in New York State. The primary focus of these outreach efforts is to provide incarcerated veterans with pre-release counseling and, upon their release, to link them to VA health care, mental health and substance abuse treatment and to assist them with transitional housing and with participation in VA's Compensated Work Therapy (CWT) Program. In the first seven months of a jail outreach program initiated by staff of VA's New York Harbor Health Care System, 242 incarcerated veterans were

contacted prior to release and 21 of these veterans were placed in a domiciliary program and/or a CWT Program. In Los Angeles, staff from VA's Greater Los Angeles Health Care System contacted over 1,500 incarcerated veterans during a 2-month period in 2001. These veterans were offered assistance with discharge planning, placement and referral.

Section 10

Section 10 would require VA to carry out a grant program for non-profit entities providing independent housing units in group houses for veterans recovering from alcohol or other substance use disorders. The maximum amount that could be awarded for the establishment of a group house under this program would be \$5,000 per individual grant.

This proposal is somewhat similar to a loan program authorized by Public Law 102-54 that proved unworkable. The earlier program was a loan program, with re-payment requirements; whereas, this would be strictly a grant program.

We do not believe this grant program is necessary. Existing authority in 38 U.S.C. 1771 already permits us to obtain treatment and rehabilitative services in half-way houses and community-based treatment facilities. In effect, this program would authorize us to obtain these same services through an elaborate and difficult to administer grant program. We anticipate the program would cost

as much to operate as the benefits that would be provided. As such, it would not be cost-effective.

Mr. Chairman, I would now like to address other pending legislation related to VA benefits for homeless veterans. As you know, this summer VA presented the Committee with the Department's official views on H.R. 936, a bill entitled the Heather French Henry Homeless Veterans Assistance Act. In July 2001, we provided testimony before the Senate on an identical version of that bill, S. 739 (as introduced). Our positions on those bills' identical provisions remain unchanged. For your convenience, we have reiterated our official views on H.R. 936 and S. 739 (as introduced) below. However, we would like to point out that on August 2, 2001, the Senate Veterans' Affairs Committee ordered reported an amended version of S. 739. S. 739 (as ordered reported) generally eliminated the provisions to which the Department had voiced objection. Accordingly, we would favor this bill over the House version.

H.R. 936

H.R. 936, entitled the Heather French Henry Homeless Veterans Assistance Act, is an ambitious and comprehensive piece of legislation that seeks to improve the services and benefits furnished to homeless veterans. We strongly support the objectives of the bill and generally support many of its provisions. However, we are unable to support some of the provisions largely because they duplicate long-standing activities and programs conducted by the Department for homeless

veterans or more recent initiatives begun in Fiscal Year 2000. Today I will briefly comment on each of the sections of the bill.

Section 2

Section 2 articulates Congress' findings regarding the magnitude and scope of homelessness among veterans, the inadequacy of current programs to provide them needed services, the levels of funding needed to provide beds to homeless veterans, and the commitment of the Congress to end homelessness among the Nation's veterans. Other findings articulate statistical information obtained from VA's report on activities conducted under the Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) program for veterans. Section 2 also defines various terms used in the bill.

It is important to note that in light of more recent information from our CHALENG program the number of homeless veterans, as well as the number of additional beds needed for homeless veterans, are likely to be somewhat lower than the numbers cited in section 2.

Section 3

Section 3 would declare a national goal of ending homelessness among veterans within a decade and encourage all governmental components, quasi-governmental departments, agencies, and private and public sector entities to work cooperatively in reaching this goal. We strongly support section 3.

Section 4

Section 4 would establish a 15-member Advisory Committee on Homeless Veterans within the Department of Veterans Affairs, articulate the functions and responsibility of the committee, and establish the pay, allowances and terms for members. It would also establish various reporting requirements. We share the view that an advisory committee would be beneficial, but a statutorily-created Committee is not needed. The Secretary has already announced his intention to establish an Advisory Committee on Homeless Veterans with many of the same functions and objectives.

Section 5

Section 5 would amend the McKinney-Vento Homeless Assistance Act to require that the Interagency Council on Homeless (ICH) meet at the call of its Chairperson or a majority of its members and that the ICH meet at least annually. We support this provision.

Section 6

Section 6 is concerned with evaluation of our programs for homeless veterans and calls for reporting to Congress on those programs. It would require the Secretary to support the continuation of at least one Department center for evaluation to monitor the structure, process, and outcome of VA's programs for homeless veterans. It would further require the Secretary to annually provide

Congress with a detailed report on the health care needs of homeless veterans including information on our Health Care for Homeless Veterans Program (HCHV) and Homeless Providers Grant and Per Diem Program. Section 6 would also require that we carry out our CHALENG assessment program on an annual basis and report to Congress on the findings and conclusions of the CHALENG report.

We support the objective of the requirement for maintenance of an evaluation center, as called for in section 6, but we believe the objective can be achieved without legislation by expanding the mission of our Northeast Program Evaluation Center (NEPEC). We currently rely on NEPEC to monitor and evaluate the services provided to homeless veterans. Its current efforts are comprehensive with respect to the health care related services that are available and furnished to homeless veterans. However, we capture limited information on outreach activities and monetary benefits administered by the Veterans Benefits Administration (VBA) in connection with homeless veterans. Recognizing that our current efforts in this area are fragmented and incomplete, we plan to take steps to improve and strengthen the reporting of all programs and benefits to fully and effectively monitor and evaluate all of the Department's programs for homeless veterans.

We do not support the requirements of section 6 that would statutorily require additional reporting and assessment activities. We are essentially already

performing these assessment activities and reporting on them. Through the NEPEC, we provide ongoing monitoring and evaluation of our health care programs for homeless veterans. NEPEC provides detailed reports on structure, process, and outcomes for all specially funded homeless veterans programs as well as evaluation support for a wide range of other mental health programs that are not exclusively targeted to homeless veterans but are utilized by homeless veterans such as the Compensated Work Therapy (CWT) Program, and the Compensated Work Therapy/Transitional Residence (CWT/TR) Program. In addition, the CHALENG program achieves the objectives of the proposed requirements.

Section 7

Section 7 would require the Secretary to designate care and services provided to certain specified veterans as “complex care” for purposes of the Veterans Equitable Resource Allocation system (VERA). Veterans receiving the following types of care would be covered: (1) veterans enrolled in the Mental Health Intensive Community Case Management program; (2) continuous care in homeless chronically mentally ill veterans programs; (3) continuous care within specialized programs provided to veterans who have been diagnosed with both serious chronic mental illness and substance abuse disorders; (4) continuous therapy combined with sheltered housing provided to veterans in specialized treatment for substance use disorders; and (5) specialized therapies provided to veterans with post-traumatic stress disorders (PTSD), including specialized

outpatient PTSD programs; PTSD clinical teams; women veterans stress disorder treatment teams; and substance abuse disorder PTSD teams. Finally, section 7 would require that we ensure that funds for any new program for homeless veterans carried out through a Department health care facility are designated as special purpose program funds (not VERA funds) for the first three years of the program's operation.

We do not support section 7 of the bill. The complex reimbursement rate under the VERA system is currently reserved for reimbursing VISNs for providing the most complex and expensive care, and should not be based on diagnosis or type of disorder being treated. Section 7 directs complex reimbursement based on broad and general diagnosis and does not consider whether the care is costly. For example, VA now treats some 2,800 veterans in its Mental Health Intensive Community Case Management (MHICM) Program. If a veteran in that program receives at least 41 visits per year, the VERA model will reimburse at the complex rate because that veteran is receiving costly care. Many others in the program have far fewer visits and are far less costly to treat. Section 7 of this bill would require complex reimbursement for all of 2,800 veterans in the program regardless of how many visits they have.

The proposal could add more than 200,000 additional veterans into the category of patients for whom Veterans Integrated Service Networks (VISNs) receive complex reimbursement. This would require VHA to either set aside a greater

percentage of the medical care appropriation for the care of veterans identified in this section, or significantly reduce the complex reimbursement rate per veteran treated. Neither option is acceptable. The first reduces funding for the standard care of veterans, and the second dilutes the reimbursement for complex care so that there is little incentive to provide services to these veterans. In addition, this approach provides a perverse incentive for clinicians to provide more treatment than is needed in order to qualify for the complex reimbursement rate. The effect of this provision would be to reduce the availability to veterans, including many who are homeless, of care not identified in the complex reimbursement category.

Section 8

Section 8 would require that per diem payments paid to grantees of our Homeless Providers Grant and Per Diem Program be calculated at the same rate that currently applies to VA per diem payments to State homes providing domiciliary care to veterans. Under current law, the homeless provider per diem rates are based on each grant recipient's costs. In short, we pay per diem that amounts to not more than 50% of the recipient's total costs up to a cap. To calculate the per diem rate for each grantee, we must document each recipient's costs. This is an extremely labor intensive and complex process.

We support simplification of program management in the manner proposed.

However, since domiciliary care and care under the Homeless Providers Grant

and Per Diem Program vary in types of services and intensity, we support a per diem rate of 85 percent of the domiciliary care per diem rate. That would equate more closely with the actual cost of services provided under the Homeless Providers Grant and Per Diem Program.

Section 9

Section 9 would require that we carry out a new grant program for VA health care facilities and grantees of VA's Homeless Grant and Per Diem Payment Program. The new program would encourage the development of programs targeted at meeting special needs of homeless veterans, including those who are women, who are age 50 or older, who are substance abusers, who suffer from PTSD, a terminal illness, or a chronic mental illness; or who have care of minor dependents or other family members. The measure would also require a report that includes a detailed comparison of the results of the new grant program with those obtained for similar veterans in VA programs or in programs operated by grantees of VA's Homeless Providers Grant and Per Diem Program.

We appreciate the intent of this provision, but we do not support the section because it appears to be unnecessary. We currently operate and/or support successful programs that are specifically targeted at meeting the special needs of these particularly vulnerable groups of homeless veterans. We undertook several special program initiatives in 2000 that were specifically targeted at the special needs of homeless veterans, including women veterans. A study of the

effectiveness of the initiative related to homeless programs for women veterans is underway. Finally, we have been successful in establishing and cultivating relations with non-profits in the community to ensure a continuum of services for homeless veterans. We are concerned that this proposal may have a disruptive effect on those relationships by requiring our community partners to compete with VA facilities for these limited grant funds.

Section 10

Section 10 would require that appropriate officials of our Mental Health Service and Readjustment Counseling Service initiate a coordinated plan for joint outreach on behalf of veterans at risk of homelessness, expressly including those who are being discharged from institutions such as inpatient psychiatric care units, substance abuse treatment programs, and penal institutions. The section sets out a detailed list of items and factors to be included or provided for in the plan.

We support this provision in concept but suggest that it may be duplicative of our current outreach authority and statutory requirement to coordinate with other governmental and non-governmental agencies and organizations. However, we recognize the need for continuing to expand and improve our coordination efforts on behalf of homeless veterans and those at risk for homelessness and the concomitant need to report adequately on these efforts. We will work towards these ends.

As to the issue of coordination between VHA and Vet Centers, our Health Care for Homeless Veterans (HCHV) Programs staff, who primarily serve under mental health service lines at VA medical centers, currently collaborate with Vet Centers staff regarding the needs of homeless veterans. (Vet Centers estimate that approximately 10% of veterans served in Vet Centers are homeless.)

Referrals are regularly made between VA's specialized homeless programs and Vet Centers for appropriate services for veterans who are homeless or at risk for homelessness. In addition, Vet Centers staff are invited to attend and participate in CHALENG meetings. Further, HCHV staff and Vet Centers staff already collaborate with non-VA community-based service providers and with other government sponsored programs.

Section 11

Section 11 would require that we conduct two treatment trials in integrated mental health services delivery. The bill defines "integrated mental health services delivery" as "a coordinated and standardized approach to evaluation for enrollment, treatment, and follow-up with patients who have both mental health disorders (to include substance use disorders) and medical conditions between mental health and primary health care professionals." One of the treatment trials would have to use a model incorporating mental health primary care teams and the other would have to use a model using patient assignment to a mental health primary care team that is linked with the patient's medical primary care team.

We would also have to compare treatment outcomes obtained from the two treatment trials with those for similar chronically mentally ill veterans who receive treatment through traditionally consultative relationships. The VA Inspector General would have to review the medical records of participants and controls for both trials to ensure that the results are accurate.

We share an interest in this area of clinical research and have decided to carry out the project contemplated by section 11 using mechanisms and special programs already in place, *i.e.* VA's Health Services Research and Development Service and the Department's MIRECCs program. In pursuing this endeavor, we welcome the opportunity to work with Committee staff to ensure the language of the request for research proposals satisfies the objectives of section 11.

However, this particular research study (including the final analysis and report to Congress) would likely require more than the amount of time permitted under section 11. Additionally, VA program officials and evaluators will be expected to manage and report on the results of a project of this size without immediate and direct oversight from the Office of the Inspector General (OIG). If there is a need for human subject protection review, the Office of Research and Compliance Assurance (ORCA) should conduct it and OIG involvement should consist only of their current oversight of the activities of ORCA.

Section 12

Section 12 would effectively extend eligibility for outpatient dental services, treatment, and appliances to certain veterans when such services, treatment, and appliances are needed to successfully gain or regain employment, to alleviate pain, or to treat moderate, severe, or severe and complicated gingival and periodontal pathology. The new authority would extend benefits to enrolled veterans who are receiving care in an array of VA settings, and community programs supported by VA.

Although we recognize that these veterans need dental care and services, we do not support this provision because it would result in a disparity in access to needed outpatient dental care and services among equally deserving veterans. As an alternative, we will heighten and expand our current efforts to obtain dental care and services for homeless veterans through *pro bono* providers, dental schools and related teaching programs, and service providers receiving grants under VA's Homeless Providers Grant and Per Diem Program.

Section 13

Section 13 contains several varied provisions. The first would require the Secretary to develop standards to ensure that mental health services are available to veterans in a manner similar to that in which primary care is made available to veterans by requiring every VA primary care health care facility to have mental health treatment capacity. We certainly believe in equitable

availability of mental health services and we have included such services in our basic benefits package. We are also already working to assure that all sites of care can either directly provide, contract for, or refer patients to other VA facilities for mental health care.

Another provision in section 13 would require that we expend not less than \$55 million from Medical Care funds for our Homeless Providers Grant and Per Diem Program. The amounts to be expended would also have to be increased for any fiscal year by the overall percentage increase in the Medical Care account for that fiscal year from the preceding fiscal year. We don't concur with this provision. We have offered grant funds each year for the past seven years. Grant fund availability has ranged from a low of \$3.3 million in FY 1996 to a high of \$15.3 million in FY 1998. Of the \$32.4 million identified for the Grant and Per Diem Program in FY 2001, approximately \$22 million is expected to be spent on per diem payments, leaving \$10 million available for the eighth round of grants. We believe that making \$10 million available for grants is a reasonable funding level for any given year. Grant awards of \$10 million assist with the development of approximately 1,000 community-based beds. It often takes grant recipients two years or longer to complete construction or renovation and to bring the program to full operation. During the development phase, VA staff at the national, VISN and VAMC level are available to assist grant recipients with any problems they might encounter. We believe this personal attention and assistance are partially responsible for the relatively high success rate of grant

program implementation. Steady and reasonable growth in the Homeless Providers Grant and Per Diem Program appears to be one of the keys to the success of this program. It is likely that the Grant and Per Diem Program will reach a spending level of \$55 million in the next five years.

Moreover, a requirement to spend not less than \$55 million next year and in future years may actually be counter-productive to achieving the goals of this program because it would require VA to fund programs that would otherwise not merit grant assistance based on competitive scoring criteria. Past experience has shown VA that not all grant applicants are able to propose viable projects. Indeed, less than 50 applications received in any given year satisfy scoring criteria. This is not indicative of a program weakness; rather, it reflects the requirement that we award grants under the program only to those providers that demonstrate their viability and ability to succeed in meeting their grant applications' stated purpose(s).

A third part of section 13 would require that we establish centers to provide comprehensive services to homeless veterans in at least each of the 20 largest metropolitan statistical areas. Currently, we must have eight such centers.

We support this provision, but defining what services would constitute a comprehensive homeless services program for each of the 20 largest metropolitan statistical areas is a particularly complex task, which depends on

the specific demographics of, and the services available in, each particular area. We would like to work with the Congress in defining what specific programs and services are envisioned by this provision.

A fourth aspect of Section 13 would require us to ensure that opioid substitution therapy is available at each VA medical center. The VA does not support this provision because the need for a specific medical capability, including substance abuse therapies, may vary widely among the 173 VA medical centers. The medical programs of a given center should be determined by the medical needs of veterans in the area and not by a statutory requirement. However, we recognize the clinical value of this particular treatment. Indeed, we have established 36 opioid substitution programs in VA medical centers across the country and we are evaluating our substance abuse treatment needs to determine whether additional programs may be needed. If deemed to be medically necessary and appropriate, we will not hesitate to establish more programs where needed. In areas where our medical centers would not have the resources to directly operate such programs, we would seek to serve veterans who need opioid substitution therapy by purchasing these services from community treatment providers.

Finally, the last part of section 13 would extend, through December 31, 2006, both our authority to treat veterans who are suffering from serious mental illness,

including veterans who are homeless and VA's authority to provide benefits and services to homeless veterans through VA's Comprehensive Homeless Centers. The authority for each of those programs will expire on December 31, 2001 and we support both extensions.

Section 14

Section 14 would permit homeless veterans receiving care through vocational rehabilitation programs to participate in the Compensated Work Therapy program. It would also allow homeless veterans in VHA's Compensated Work Therapy program to receive housing through the therapeutic residence program or through grantees of VA's Homeless Providers Grant and Per Diem Program. We support both of those provisions.

Section 14 would also require that we ensure that each Regional Office assign at least one employee to oversee and coordinate homeless veterans programs in that region, and that any regional office with at least 140 employees have at least one full-time employee assigned to the above-stated functions.

We support the need for continued effective outreach to homeless veterans, but we have concerns about the proposed staffing requirements. Homeless Veterans Outreach Coordinators are already assigned at each VBA regional office. In most instances, this assignment is a collateral duty and not a full-time assignment. There are, however, some regional offices at which a full-time

coordinator is assigned as necessitated by the size of the homeless veteran population and homeless support programs within its jurisdictional area. In addition, we have eight full-time homeless outreach coordinators assigned as members of our Health Care for Homeless Veterans Program and DCHV programs. We also have two offices that have a part-time employee on the homeless program. These positions are reimbursed by VHA. The staffing requirement in this measure would therefore be an unfunded mandate for which employees would have to be re-assigned from other key duties such as claims processing, rating functions, etc. In addition, we believe the veteran population and its particular needs, not the organizational structure of an office, should determine the number and type of outreach coordinators assigned.

Finally, the last part of section 14 would require disabled veterans' outreach program specialists and local veterans' employment representatives where available to also coordinate training assistance benefits provided to veterans by entities receiving financial assistance under section 738 of the McKinney-Vento Homeless Assistance Act. We support this provision.

Section 15

Section 15 would require that, with a limited exception, real property of grantees under our Homeless Providers Grant and Per Diem Program meet fire and safety requirements applicable under the Life Safety Code of the NFPA.

We strongly support this requirement. The fire and safety requirements under the Life Safety Code, National Fire Protection Association Standard 101, have been developed through consensus of experts across the country. They assure a consistent level of safety for homeless veterans living in transitional housing or receiving services in supportive service centers developed under the Grant and Per Diem Program. Entities that have received grants in recent years have been aware of VA's preference for structures to meet the fire and safety requirements under the Life Safety Code of NFPA and have developed their grant applications to cover the costs associated with meeting those requirements. There are, however, some organizations that received grant awards and their buildings do not meet the fire and safety requirements under the Life Safety Code of NFPA. It is therefore particularly valuable that this measure would permit VA to award grant assistance to these entities to enable them to upgrade their facilities to meet the Life Safety Code of NFPA.

Section 16

Section 16 would establish a three-year pilot program to provide transitional assistance grants to up to 600 eligible homeless veterans at not less than three but not more than six regional offices. The sites for the pilot must include at least one regional office located in a large urban area and at least one serving primarily rural veterans. To be eligible, a veteran would have to live in the area of the regional office, be a war veteran or meet minimum service requirements,

be recently released, or in the process of being released from an institution, be homeless and have less than marginal income.

Grants under the program would be limited to three months with an exception for any veteran who, while receiving such transitional assistance, has a claim pending for service-connected disability compensation or non-service-connected pension. Such veterans could continue to receive transitional assistance under this section until the earlier of (A) the date on which a decision on the claim is made by the regional office, or (B) the end of the six-month period beginning on the date of expiration of eligibility under subsection (c). The measure would also require the Department to expedite its consideration of pending claims of veterans. VA would have to pay the grants monthly and in the same amount as that which VA would be obligated to pay under chapter 15 of title 38, United States Code, if the veteran had a permanent and total non-service-connected disability. VA would have to determine the amount of the grant without regard to the income of the veteran, once it is determined the veteran meets the eligibility criteria. Finally it would require the Department to offset the amount of retroactive disability or pension benefits paid to a veteran by the amount of transitional assistance provided to the veteran for the same monthly period.

We cannot support section 16, as it appears to be at odds with the inherent interest of our attempts at rehabilitation. The provision lacks safeguards or limitations on the receipt and use of the grant funds, notwithstanding the strong

likelihood that many of the grant recipients would be veterans suffering from mental illnesses and/or substance abuse disorders. Awarding funds to these veterans without also requiring them to participate in simultaneous clinical intervention or oversight would result in many of them not seeking the care and treatment necessary to overcome their disorders. This, in turn, could keep those veterans in a condition of homelessness. Simply awarding grant funds, as proposed, is not, in our view, an appropriate means for making these vulnerable veterans self-sufficient.

Section 17

Section 17 would require that we conduct a technical assistance grants program to assist non-profit groups, which are experienced in providing services to homeless veterans, to apply for grants related to addressing problems of homeless veterans. The measure would authorize \$750,000 to be appropriated for each of fiscal years 2001 through 2005 to carry out the program. We do not support this section as we already provide extensive information about the Homeless Providers Grant and Per Diem Program through the Internet, participation in national, state and some local conferences and one-on-one discussions between interested applicants and VA program managers.

Section 18

Section 18 would authorize the Secretary to waive any requirement that a veteran purchasing a manufactured home with the assistance of a VA

guaranteed loan own or purchase a lot to which the manufactured home is permanently affixed.

We do not favor this provision. Rather than address the specifics of this section of the bill, we have concluded the manufactured home loan program no longer provides a viable benefit to veterans, homeless or otherwise. Accordingly, VA recommends that the manufactured home loan program, which for all intents and purposes is dormant, be terminated.

The number of veterans obtaining manufactured housing loans has significantly declined over the years since Fiscal Year 1983 when VA guaranteed 15,725 such loans. No manufactured housing loans have been guaranteed since Fiscal Year 1996.

The cumulative foreclosure rate on VA manufactured home loans is 39.2 percent, which is significantly higher than the 5.6 percent rate for loans for conventionally-built homes. This foreclosure rate has greatly increased the cost to the taxpayers of the VA housing loan program and resulted in substantial debts being established against veterans.

Therefore, VA does not believe the manufactured home loan program has any role in the effort to assist homeless veterans.

Section 19

Section 19 would increase from \$20 million to \$50 million the amount authorized to be appropriated for the Homeless Veterans' Reintegration Programs for Fiscal Year 2002 and Fiscal Year 2003. It would also authorize that same amount to be appropriated for purposes of this program for Fiscal Years 2004, 2005, and 2006. VA defers to the Secretary of Labor, who administers the Homeless Veterans' Reintegration Programs.

Section 20

Section 20 would require the Secretary, before disposing of real property as excess, to determine that the property is not suitable for use for the provision of services to homeless veterans by the Department or by another entity under an enhanced-use lease. Although we agree with the purpose of section 20, this provision appears to be redundant with existing authorities. Under the Department's enhanced-use leasing authority, we now have the ability to lease available lands and facilities for compatible uses including those that provide services to homeless veterans. We have, in fact, recently used this authority to obtain a 120-unit "Single Room Occupancy" (SRO) housing complex in Vancouver, Washington, and a 63-unit SRO in Roseburg, Oregon. We are examining similar initiatives nationwide. In addition, pursuant to the Stewart B. McKinney Act, the Department surveys its property holdings and provides quarterly reports to the Department of Housing and Urban Development on the availability of excess or underutilized properties for housing for the homeless. In

general terms, the provisions of the McKinney Act related to surplus federal property require each Department, in deeming property under its jurisdiction to be unutilized, under-utilized, or excess, to state that the property cannot be made available for use to assist the homeless. Before ultimately disposing of such property, the McKinney Act requires the Government to again give priority of consideration to uses to assist the homeless. Given that VA has active programs in place that strive to achieve the objective reflected in section 20, establishing a duplicate requirement would only lend confusion to the process.

Mr. Chairman, this ends my statement. Thank you for this opportunity to discuss all of this important legislation. I would be glad to answer any questions you or any of the Members might have.