

**Statement of
The Honorable Leo S. Mackay, Jr., Ph.D.
Deputy Secretary for Veterans Affairs
Department of Veterans Affairs
Before the
House of Representatives
Committee on Veterans' Affairs
Subcommittee on Health
On
VA's Programs and Services for Homeless Veterans
May 6, 2003**

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the Department of Veterans Affairs' (VA's) programs and services for homeless veterans. As you requested, I will focus on the progress VA has made in implementing programs and services authorized by the Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107-95, and on our implementation of the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program.

Public Law 107-95 is the most comprehensive law that has been enacted to address the needs of homeless veterans. It has given VA tools to improve our existing programs for homeless veterans and provides for new joint Federal initiatives targeted at preventing homelessness among our most vulnerable veterans. Congress and the Administration have both identified ending chronic homelessness among veterans within the decade as a national goal. The authorities provided by Public Law 107-95 will greatly assist in that effort. While all efforts of this magnitude take some time to fully implement, great progress is being made in activating and enhancing the programs authorized by this law.

Homeless Advisory Committee

Thirteen months ago Secretary Principi announced the creation of VA's Advisory Committee on Homeless Veterans. The members of this committee bring together a wide range of knowledge and experience in serving homeless veterans. They represent

Veterans Service Organizations and faith-based and community-based service providers, and they have years of experience in mental health and substance abuse treatment, employment training, and vocational rehabilitation. The Committee has already held three meetings and is scheduled to meet here in Washington tomorrow. The Committee submitted its first report with recommendations to VA last month. The report contained findings and recommendations in 30 discrete areas. We look forward to reviewing the Committee's first annual report and will forward that report and the Secretary's comments to Congress by June 30, 2003.

Interagency Council on Homeless – Federal Relationships

President Bush has revitalized the United States Interagency Council on Homelessness (ICH), and VA is a major participant. Department of Health and Human Services (HHS) Secretary Tommy Thompson serves as chair of the ICH, and VA Secretary Principi is the vice-chair.

VA, HHS, and the Department of Housing and Urban Development (HUD) have developed a working definition of chronic homelessness as “an unaccompanied adult homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years”. This definition focuses national attention on those with the greatest needs. Approximately 23 percent of the chronically homeless are veterans.

HUD, HHS, and VA collaborated under a joint funding effort to provide permanent housing, comprehensive health care and supportive services for chronically homeless persons. Since homeless veterans are far more likely to be chronically homeless, we believe this effort will help to bring significant resources to veterans. All applications for this funding must address how homeless veterans will be served. VA's Northeast Program Evaluation Center (NEPEC), which has extensive program monitoring and evaluation capabilities, will lead the effort to evaluate this joint initiative.

The deadline for funding under the joint Notice of Funding Availability (NOFA) was April 14, 2003. The ICH has completed a threshold review of the more than 100 applications. VA and other agencies are completing their agency reviews, and HUD, HHS, and VA will hold a comprehensive review to complete a final ranking of applicants.

Funding awards will be made this summer, and we are hopeful that this effort will have a strong positive impact by next winter.

VA is actively working with HUD, HHS, and other Federal departments and agencies on a variety of issues to improve veterans' access to homeless related services and homeless prevention services. For example, we have been working closely with HHS and HUD to sponsor Federal and state efforts to assist homeless persons through state-level policy academies that bring decision makers together to plan comprehensive strategies to aid all homeless persons in their states. A national meeting involving representatives from all states and most Federal agencies is also being planned. This national meeting is intended to identify barriers that prevent chronically homeless individuals from gaining access to mainstream services and promote the development of comprehensive strategies to overcome those barriers.

VA Involvement in Stand-Downs

VA, together with hundreds of veteran service organizations, community homeless service providers, state and local governments, faith based organizations and health and social service providers, joined in more than 100 stand-down events across the nation last year to provide assistance to veterans who find themselves homeless in America. For the past nine years VA has collected annual information about these events. We would like to share some of our findings from last year.

During calendar year 2002, stand-downs recorded more than 19,000 veterans coming to acquire services, including more than 1,000 women veterans. Over 2,200 spouses and over 1,500 children of veterans also attended these events, which were held in 38 states, the District of Columbia, and Puerto Rico. While providing services to more than 23,000 veterans and family members is impressive, it is the kind of care and active community involvement that makes these events truly impressive. More than 14,000 volunteers and VA employees attended these events during the past year and more than 130,000 volunteers and VA employees have participated since we began tracking these events in 1994.

The types of veterans services offered at these events include, among others, veterans benefits counseling, housing and shelter referral health services, mental health

services, referrals to job training programs, substance abuse services, legal services, and hepatitis C services. VA is the largest provider of services at these events, and we hope to continue to be a good partner in these community efforts.

Merger of the Health Care for Homeless Veterans (HCHV) Contract Residential Treatment Program and the Grant and Per Diem Program.

Early in FY 2002 VA decided to consolidate funding for the contract residential treatment component of the Health Care for Homeless Veterans (HCHV) Program and the Grant and Per Diem Program. This decision was based on FY 2001 data from NEPEC showing that the demographic and clinical characteristics of homeless veterans served in both programs were similar. In addition, housing and employment outcomes for veterans who successfully completed one or the other of these programs were virtually identical.

Data from NEPEC for FY 2002 show that 97 percent of veterans served in both programs were male. The average age of veterans served in the HCHV Program was 48. The average age of veterans served in grant and per diem funded programs was 47. Approximately 81 percent of veterans served in the HCHV Program had a serious psychiatric or substance abuse disorder. Similarly, 83 percent of veterans served in grant and per diem funded programs had a severe psychiatric or substance abuse disorder.

For veterans who successfully completed contract residential treatment in the HCHV Program, 65 percent were housed at discharge and 66 percent were employed at discharge. For veterans who completed supported housing programs under the Grant and Per Diem Program, 54 percent were housed at discharge and 55 percent were employed at discharge. While there is about a 10 percent difference in housing and employment outcomes for veterans treated in HCHV Programs versus veterans in Grant and Per Diem Programs, it is clear that both programs are delivering effective services to homeless veterans.

On average, the length of stay for veterans in contract residential care was 73 days and the average cost for an episode of care was \$2,880. In contrast, the average length of stay for veterans in grant and per diem funded programs was 93 days and the

average cost for an episode of care was \$1,674. For FY 2002, there were 4,611 episodes of residential care provided homeless veterans in HCHV contract programs and 11,013 episodes of care provided for homeless veterans in grant and per diem funded programs.

Given the relative comparability of outcomes, shifting HCHV Programs resources from contract residential treatment to the grant and per diem program will allow VA to support an even greater number of homeless veterans in community-based transitional housing programs in the future.

Homeless Providers Grant and Per Diem Program

The Homeless Providers Grant and Per Diem Program has been one of VA's most successful programs in addressing the needs of homeless veterans. This program allows VA to assist state and local governments and non-profit organizations in developing supportive transitional housing programs and supportive service centers for homeless veterans. These organizations may also use VA funds to purchase vans to conduct outreach and provide transportation for homeless veterans.

Since the program was authorized in 1992, VA has obligated \$63 million to the grant component of the program. These funds are helping both to develop 5,500 transitional housing beds and 17 independent service centers and to purchase 128 vans. There are projects in 43 states and the District of Columbia. To date, 3,800 of the 5,500 grant-funded beds (69 percent) have become operational.

VA also supported the dedication of existing community-based beds for homeless veterans through a 2-year "Per Diem Only" award in FY 2000. Approximately 1,200 beds in 47 existing community-based programs were supported under this initiative, for the two-year period covered by the first "Per Diem Only" award. Funding for these awards expired in late 2002; however, VA provided transitional funding for these original "Per Diem Only" programs through March 31, 2003.

In June 2002, VA announced the availability of three-year "Per Diem Only" funding. Over 270 applications for funding were submitted from applicants in 45 states and the District of Columbia. Funding was requested to support approximately 5,800 beds for homeless veterans. It is clear from this response that there continues to be a

great need to work with our community partners to develop transitional housing for homeless veterans across the country. The Per Diem Only Awards were announced in December 2002 and funding began in February 2003. These funds are supporting 1,378 beds in 53 programs.

Public Law 107-95 has made significant changes to the Homeless Providers Grant and Per Diem Program and has given VA additional grant authorities. Specifically under the law, VA can:

- recapture unused grant funds;
- pay for the full cost of a day of care, not otherwise covered by non-VA funding, up to the State Home Domiciliary rate;
- offer technical assistance grants to assist eligible organizations apply for VA grants and grants from other Federal and state agencies in order to develop programs for homeless veterans;
- offer grants to grant and per diem recipients to assist them in serving segments of the homeless veteran population with special needs (women, including women with children, chronically mentally ill, frail elderly and terminally ill); and
- offer grants to existing grant recipients to assist them in meeting national fire and safety codes.

Regulations that address changes to the existing program and set forth the rules that will govern the new grant programs were published in the Federal Register on March 19, 2003.

VA medical centers' Fire and Safety Engineers have worked with our existing grant recipients to identify lack of compliance with national fire and safety standards and the cost of correcting any such deficiencies. A report of these findings has been forwarded to the national Grant and Per Diem Office and VA's Office of Facilities Management for final review. This information will assist in preparation of the grant offering to assure that existing grantees can improve their programs to meet Federal fire and safety standards. A preliminary review of the information by existing grant recipients suggests that approximately \$3.5 million in grant funds will be required to

assist the effort. We expect to announce a Notice of Funding Availability for the Fire and Safety Grant in June 2003.

We are also making internal changes to improve our management and oversight of the services provided by our grant and per diem recipients. VA has taken the following actions:

- VHA has issued a Directive that outlines administrative and clinical responsibilities for VA medical center staff that are assigned as liaisons to grant and per diem funded programs. This directive also outlines annual inspection procedures to include fiscal, clinical, and safety reviews of operational community-based programs.
- VA medical center staff that serve as liaisons will be required to file annual financial disclosure statements, which includes an ethics training requirement.

Yesterday, two NOFAs were published in the Federal Register announcing “Per Diem Only” funding for community providers to support and operate transitional housing or service centers and “Technical Assistance” funds for non-profit organizations to establish grant application preparation training to assist providers in applying for grants to assist homeless veterans. VA also intends to announce two additional NOFAs before the end of the fiscal year. These NOFAs will provide funding for capital grants that will be utilized for the renovation, construction, or acquisition of facilities for homeless veterans and another “Per Diem Only” award to allow existing community-based beds to be dedicated to homeless veterans.

Coordination of Outreach Services for Veterans At Risk of Homelessness

Both internal and external efforts are underway to address the needs of veterans at risk for homelessness who are being released from institutions after inpatient psychiatric care, substance abuse treatment, or imprisonment. VA’s Director of Homeless Veterans Programs is involved in regular meetings with staff from the Department of Justice and the Department of Labor to develop a coordinated plan to assist incarcerated veterans transition from jails or prisons. VA has signed a Memorandum of Understanding (MOU) that allows VA staff to provide technical

assistance to the Department of Justice on matters relating to release of veterans from penal institutions. VA and DOL have been working for months on a plan to implement 38 U.S.C. § 2023, which was added by § 5(a) of Public Law 107-95. This section of the law calls for demonstration programs of referral and counseling for veterans transitioning from certain institutions who are at risk of homelessness. We hope that the first three sites will be announced within the next two months and begin operations this summer and that the remaining three sites become operational next fiscal year.

Access to health care and education and training improves employment prospects and keeps a higher proportion of individuals from returning to incarceration. Therefore, the Departments of Justice, Health and Human Services, and Labor are implementing actions to assist veterans who have been incarcerated. While the number of incarcerated veterans is, comparatively, not large (approximately 10-15 percent of the prison population), it is expected that joint Federal efforts will assist many veterans who would be at risk for homelessness upon release from jails and prisons. VA expects to assist incarcerated veterans primarily through the provision of transitional housing made available through the Homeless Providers Grant and Per Diem Program. DOL will provide funding under its Homeless Veterans Reintegration Programs (HVRP).

VA's HCHV Programs staff is conducting outreach to veterans who recently spent time in inpatient treatment settings or in penal institutions. In FY 2002, HCHV staff contacted 42,668 veterans through outreach. Of those contacted, 18.3 percent (approximately 7,800 veterans) had spent time in a hospital or residential treatment facility in the 30 days immediately prior to the outreach contact. In addition, about 7.3 percent (approximately 3,100 veterans) contacted had spent time in prison or jail during the 30 days prior to outreach.

Several of the HCHV programs, including those at Greater Los Angeles Health Care System, Hudson Valley and New York Harbor Health Care Systems, VAMC Albany, N.Y., and VAMC Columbia, S.C., have initiated formal outreach initiatives to incarcerated veterans. In a very unique initiative, the Los Angeles County Sheriff established a 96-bed unit for veterans within the Los Angeles County Jail. VA staff work with veterans in this unit to assist with their transition to the community and to link them to VA health care services upon release.

To facilitate services to homeless veterans, each of VA's 206 Vet Centers has an identified staff person who functions as a homeless veterans coordinator. In FY 2001, the Vet Centers saw approximately 130,000 veterans and approximately 10,000 of the total veterans seen (eight percent) were homeless. In addition, Vet Center staffs made over 31,000 referrals on behalf of homeless veterans to VA and non-VA mental health and primary care services, VA and non-VA employment services, family support services and community programs that provide shelter and other basic services.

Domiciliary Care Programs

VA's Domiciliary Care for Homeless Veterans (DCHV) Programs is an important component in VA's continuum of care for homeless veterans. Over the past 15 years, VA has established 35 DCHV programs with a total of 1873 beds. These programs are designed to provide biopsychosocial rehabilitation to homeless veterans who have medical problems, psychiatric disorders, or both. In FY 2002, 5,145 homeless veterans were treated in and discharged from DCHV programs. Of these, 82 percent were either housed at discharge or placed in another residential care program and 54 percent were either competitively employed or engaged in a Compensated Work Therapy (CWT) Program at discharge.

However, even with very good national outcomes associated with the DCHV programs, we are taking steps to identify and correct programmatic concerns. For example, we have established a Board of Advisors made up of service chiefs and former chiefs of domiciliary care programs to serve as consultants and advisors to VACO, VISN Directors, and new chiefs of domiciliary care programs. A Task Force with members representing appropriate clinical, administrative, and organizational areas has been created and charged with reviewing Domiciliary Care to determine the most efficient and effective programming to meet the needs of the veterans. In addition, domiciliary chiefs are involved in a variety of educational endeavors designed to address rehabilitation, long term care, and safety, and security issues in the Domiciliary programs.

HUD – VASH Program

In 1992, VA joined with HUD to launch the HUD-VASH program. HUD-VASH was initiated to further the objectives of serving the homeless mentally ill veteran through two closely linked interventions: (1) a housing subsidy provided through HUD's Section 8 voucher program, and (2) a community-oriented clinical case management effort. The goal of the program is to offer the homeless veteran an opportunity to rejoin the mainstream of community life, to the fullest extent possible. HUD funded three rounds of almost 600 vouchers each (a total of 1,753) for this program. At the same time VA medical centers formed clinical case management teams, usually social workers or nurses.

Through the end of FY 2002, 4,300 veterans had been served by the program, and had participated for an average of 4.1 years. Currently, 1,408 are active in the program. Of veterans enrolled in the program, 90 percent successfully obtained vouchers and 87 percent moved into an apartment of their own. A rigorous experimental, 3-year follow up study found that HUD-VASH veterans had 25 percent more nights housed than veterans receiving standard VA care and had 36 percent fewer nights homeless. Three years after entering the program 80 percent of veterans remained housed in the program.

This partnership highlights the success of linking ongoing clinical care to permanent housing to assist homeless chronically mentally ill veterans. HUD and VA have agreed to continue and, to the extent that resources will permit, expand this valuable partnership as directed by section 12 of Public Law 107-95.

Veterans Benefits Administration (VBA) Staffing at Regional Offices

Homeless veterans outreach coordinators at all VA regional offices work in their communities to identify homeless veterans, advise them of VA benefits and services, and assist them with claims. The coordinators also network with other VA entities, local government, social service agencies and other service providers to the homeless in order to link homeless veterans to other benefits and services available to them. During FY 2002, the coordinators visited 1,820 shelters and made 4,009 referrals to community

agencies and 7,883 referrals to VHA and the DOL Homeless Veterans Reintegration programs.

Effective October 1, 2002, each of the 20 regional offices with the largest veteran populations designated full-time homeless veterans outreach coordinators, thus complying with 38 U.S.C., § 2003(a), as added by section 5 of Public Law 107-95. At the same time, all regional offices began maintaining an active record of all compensation and pension claims received from homeless veterans. Each record documents the date received, the type of claim, whether it is an initial or reopened claim, the final decision, the basis for any denial that is made, and date of the final decision. The data will assist VBA in determining the average claim processing time, ratio of granted to denied claims, and reasons for denial.

Loan Guaranty for Multifamily Housing for Homeless Veterans Program

This innovative program to provide long-term transitional housing with support services for formerly homeless veterans was authorized by Public Law 105-368. Many complex issues, often varying from jurisdiction to jurisdiction, surround implementation of this program. Therefore initiation of this program has taken far longer than we anticipated. However, following Secretary Principi's appearance before the full Committee last September, VA has made significant progress in implementation.

Last September Secretary Principi asked Claude Hutchinson, Director of VA's Asset Enterprise Management Office, to take the lead for the Department in implementing the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program. We are also using the BearingPoint Inc. as our consultant and their work has been exceptional. We are fully utilizing their expertise to assist us in our evaluation of potential sites and providers of housing services.

Under Mr. Hutchinson's leadership, VA has met with representatives of veteran specific housing providers, clinical support service programs, VA medical care staff, state, city and county representatives and homeless service providers, and finance and housing experts. Our efforts are having positive results and we are hopeful that, as the Secretary stated last September, within a year we will have commitments to several multifamily housing projects.

Summary

In the relatively brief time since Public Law 107-95 was enacted, VA has made significant progress in implementing or enhancing its programs and services for homeless veterans. In addition, VA is collaborating closely with other Federal agencies, state and local governments and community-based organizations to assure that homeless veterans have access to a full range of health care, benefits and support services. However, we still have much to do to end chronic homelessness among veterans in America. We are eager to work with you to meet the challenge.

Mr. Chairman, this concludes my statement, I will now be happy to answer any questions that members of the Subcommittee may have.