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February 28, 2008

Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

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

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

Sincerely,

BOB FILNER
Chairman

CORRINE BROWN

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Committee on Veterans' Affairs
U.S. House of Representatives
110th Congress

Views and Estimates
FY 2009

February 28, 2008

Section 1 – Discretionary Accounts

Department of Veterans Affairs

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

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

VA Medical Care

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

Including total available resources (including medical collections), the Committee recommendation would provide $43.7 billion for VA Medical Care. This recommended level in total medical care resources is $882 million above the amount recommended by the Independent

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

Budget, co-authored by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars.[2] Including funding for the VA's Medical and Prosthetics Research account, the Committee is recommending a total for the Veterans Health Administration (VHA) $41.8 billion ($44.3 billion including collections), $4.6 billion above the FY 2008 level and $2.6 billion above the Administration's FY 2009 request.

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

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

Medical Care – Total Resources (Including Collections)

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

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

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

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

Medical Care – Total Resources (by Account)

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

** Important Notes*:

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

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

Medical Services

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

Description[3]

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

Recommendation

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

The Committee recommendation would:

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

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

[3] Unless otherwise noted, account descriptions are from H.Rept. 110-186.

Workload: The Committee is concerned that the Administration may have, once again, underestimated the total number of unique patients it expects to see in FY 2009. From FY 2003 through FY 2008, the VA saw an average annual increase in unique patients of 2.7 percent and from FY 2002 through FY 2008 the VA saw a 3.3 percent average annual increase. For FY 2009, the VA estimates a 1.6 percent increase, including an increase of only 2,621 Priority 7 and 8 veterans. As part of this 1.6 percent increase, the VA expects it will see 333,275 OEF/OIF veterans, an increase of 39,930 from the FY 2008 current estimate. The VA is now estimating it will see 293,345 OEF/OIF veterans in 2008, an increase of 87,717 over FY 2007 while initially estimating last year that this increase would only amount to 57,717. The Committee recommends $613 million in additional funding to provide for an increased number of OEF/OIF veterans that more closely matches the VA's recent experiences and ongoing combat activities in Iraq and Afghanistan, as well as to provide a modest increase in overall unique patients that more closely tracks the VA's average annual workload increases.

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

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

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

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

TBI Care and Treatment: VA's budget estimate regarding spending for TBI states that data used to make these estimates are preliminary and "based on stable growth patterns with small

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

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

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

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

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

The Committee is disappointed at the level of detail provided by the VA. The report provides no specific information regarding how the VA ended up estimating that it would "require $3.1 billion dollars to provide health care services to the additional 1.4 million enrollees and approximately 750,000 patients during the first year of implementation," nor does it include detailed information regarding facility requirements and staffing levels. The VA believes that 2013 would be the first year it would be able to allow enrollment of new Priority 8 veterans by putting into place "needed infrastructure to accommodate increases in demand" and questions its ability to meet staffing requirements by this time.

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

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

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

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

Medical Administration

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

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

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

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

Medical Facilities

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

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

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

The Administration has proposed cutting funding for Non-Recurring Maintenance by $300 million below the FY 2008 current estimate and $15 million below the level provided in FY 2007. The Committee recommendation restores this proposed cut. It is vital that resources be made available to meet the maintenance needs of VA medical facilities. The Committee recommendation also proposes increases for Community-Based Outpatient Clinics (CBOCs) and for facility activations in order for the VA to provide greater access to medical services for veterans, especially those residing in rural and under-served areas.

The Administration's FY 2009 budget request states that the VA plans to open 51 CBOCs in FY 2009, and is estimating that it will open 64 new CBOCs in FY 2008. The Committee desires the

VA to move forcefully to open needed CBOCs in Maine (Dover-Foxcroft), Wisconsin (Green Bay), Illinois (Moline and Madison County), and Florida (Gainesville).

The Committee recommendation would:

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

Medical and Prosthetic Research

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

Description

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

Recommendation

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

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

The Committee recommends $17 million to account for the effects of biomedical inflation on VA research. The Biomedical Research and Development Price Index, developed by the Department of Commerce's Bureau of Economic Analysis for use by the National Institutes for Health (NIH) and updated on February 4, 2008, estimates that a 3.5 percent increase is needed to compensate for increases due to inflation and to maintain research purchasing power.

The Committee is concerned that VA estimates are unduly optimistic regarding expected revenues from other Federal sources, especially in light of the Administration's proposed flat-

lined budget for the NIH. The VA estimates it received $668 million in Federal resources in 2007. Last year, in its FY 2008 budget submission, the VA estimated it would receive $769 million in FY 2008; it now estimates it will receive $708 million. For FY 2009, the VA estimates that it will receive $751 million, an increase of $43 million. The Committee doubts that the VA will meet its estimate of $751 million in Federal resources and believes that an increased appropriation is essential if the VA research program is to meet the challenges it faces.

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

The Committee recommendation would:

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

General Operating Expenses

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

Description

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

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

Veterans Benefits Administration

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

Compensation and Pension Service

VA provides service-connected compensation to veterans with disabilities incurred or aggravated during military service, dependency and indemnity compensation (DIC) to surviving spouses, children and low-income dependent parents of veterans, pension benefits to elderly and disabled low-income wartime veterans, death pension to the surviving spouses and children of wartime

veterans and benefits to certain children of veterans who were disabled by spina bifida or other congenital conditions related to their parent's military service.

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

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

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

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

General Administration

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

Recommendation
For FY 2009, the Administration is requesting $1.7 billion for the General Operating Expenses (GOE) account, an increase of $95 million, or 5.9 percent, above the $1.6 billion provided in FY 2008. This request includes $1.4 billion for VBA, an increase of $44.8 million over the FY 2008 level, and $328 million for General Administration, an increase of $50.1 million over FY 2008.

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

The Committee recommendation would:

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

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

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

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

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

The Veterans' Disability Benefits Commission noted that in 2006, two-thirds of compensation claims were from veterans previously determined to have a service-connected disability and that most of these veterans were from previous conflicts. The average age of veterans filing claims is 55. As the number of claims increases, the ability of the VBA to process these claims in a timely fashion under the current system is increasingly called into question. The Committee is concerned that since 2002, and the inception of the Claims Improvement Processing Model, the VBA has failed to meet its major strategic goals in the Compensation and Pension program. In addition to more rigorous training, addressed by the Committee in its recommendation, there simply must be greater accountability for failure to meet strategic goals.

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

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

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

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

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

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

The Committee believes VA must embrace radical ideas to solve the claims backlog issue and is recommending that $50 million be provided to explore various pilot programs and initiatives that could revolutionize the process by which veterans receive the benefits they have earned. The Committee believes that one such initiative could include the creation of a Veterans Advocates

Training Institute to provide consistent and improved training of State service officers and others who assist veterans in filing claims.

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

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

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

Information Technology Systems

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

Description

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

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

> The proposed FY 2009 budget has been realigned from previous submissions to delineate veteran strategic issues into two major classifications – ***veteran facing IT systems*** and

internal facing IT systems. ***Veteran facing IT systems*** include IT programs that directly impact current and future veterans' services and account for $1.295 billion or 75.6 percent of resources. ***Internal facing IT systems*** indirectly affect veterans' services through IT administrative and infrastructure support at $418 million or 24.4 percent of resources.

Within each of the two classifications, IT programs and initiatives were further classified to reflect the two core processes of development and operations and maintenance. These changes complement the Department's Performance and Accountability Report structure, thereby enabling better communication of performance results and outcomes. As a result, all ***veteran facing IT systems*** fall under one of the following eight Performance Accountability Report categories: medical care, compensation, pension, education, vocational rehabilitation, housing, insurance, and burial. ***Internal facing IT systems*** are mapped to eight programs for corporate management, financial resources management, asset management, human capital management, IT infrastructure, cyber security, privacy, and E-Government (E-Gov). Additionally, infrastructure activities are aligned as a sub-cost for each Performance Accountability Report category. (Emphasis in original). (*FY 2009 VA Budget Submission, Volume 2, 4A-3*).

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

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

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

The Committee notes with approval the VA's assurance that Medical Center Innovations will be funded in FY 2009, contrary to the Administration's FY 2009 budget submission. The

Committee also looks to the VA to provide assurances that it has sufficient resources to provide the "gold standard" in data security.

National Cemetery Administration

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

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

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

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

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

The Committee recommendation would:

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

Office of Inspector General

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

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

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

The Committee recommends $89.6 million for FY 2009, an increase of $9.1 million, or 11 percent over FY 2008 levels and $13.1 million, or 17 percent, above the VA's FY 2009 request. The Committee recommendation restores the proposed FTE cuts and adds additional FTE to match last year's Committee-recommended FTE level.

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

The Committee believes that vigorous oversight of the VA is essential to ensure that the Department provides quality health care and benefits to veterans in an efficient, fair and cost-effective manner. Since the beginning of this Congress, the Committee has embarked on an ambitious oversight agenda, and the OIG is an important partner in this ongoing initiative. The economic benefit realized to taxpayers by investment in the OIG, as well as programmatic improvements resulting from the Inspector General's activities, have been clearly demonstrated. As the OIG is being expected to do more, it is vital that proposed cuts to FTE be restored and the overall FTE level be increased to meet expected workload increases.

The Committee recommendation would:

- Restore proposed cuts of 56 FTE – $7 million;
- Provide for an additional 49 FTE, for a total FTE level of 570 – $6 million.

Construction, Major Projects

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

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

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

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

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

Denver, CO – New Medical Facility
- Total Estimated Cost – $769.2 million; Funding through FY 2008 – $168.3 million; FY 2009 Request – $20 million

Orlando, FL – New Medical Facility
- Total Estimated Cost – $656.8 million; Funding through FY 2008 – $74.1 million; FY 2009 Request – $120 million

San Juan, PR – Seismic Corrections Bldg. 1
- Total Estimated Cost – $225.9 million; Funding through FY 2008 – $69.9 million; FY 2009 Request – $64.4 million

Lee County FL – Outpatient Clinic
- Total Estimated Cost – $131.8 million; Funding through FY 2008 – $20.4 million; FY 2009 Request – $111.4 million

St. Louis (JB), MO – Medical Facility Improvements and Cemetery Expansion
- Total Estimated Cost – $134.5 million; Funding through FY 2008 – $7 million; FY 2009 Request – $5 million

Bay Pines, FL – Inpatient/Outpatient Improvements
- Total Estimated Cost – $174.3 million; Funding through FY 2008 – $0 million; FY 2009 Request – $17.4 million

Tampa, FL – Polytrauma Expansion and Bed Tower Upgrades

- Total Estimated Cost – $223.8 million; Funding through FY 2008 – $0 million; FY 2009 Request – $21.1 million

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

- Total Estimated Cost – $450.3 million; Funding through FY 2008 – $0 million; FY 2009 Request – $38.3 million

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

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

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

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

It is essential that the VA invest the resources needed to address its aging infrastructure and provide state-of-the-art modern medical facilities. This will require a sustained commitment to providing adequate funding levels for the VA's Major Construction program. This will also require a commitment from the VA to substantially increase its in-house ability to manage large and complex construction projects. Assisting the VA in improving its abilities and expertise in this area was a driving force behind the creation of the office of Director of Construction and Facilities Management last Congress.

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

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

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

The Committee recommendation would:

- Provides planning funding for top-20 priority CARES projects not previously funded (or funded in FY 2009 request) and other projects – $187 million;
- Provides an additional $231 million for the Orlando, Florida project;
- Provides remaining $62 million needed for Pittsburgh, Pennsylvania campus consolidation project;
- Provides an additional $25 million for the Advance Planning Fund;
- Doubles the amount provided for the Sustainability and Energy fund for VHA – $5 million.

Construction, Minor Projects

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

Description

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

Recommendation

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

Based upon the Administration's 5-year Capital Plan list of "FY 2008 Prioritized VHA Minor Construction Projects,"[4] the average total estimated cost for the top 50 listed projects is $5.7

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

million. The Committee recommendation includes $287 million to provide for an additional 50 projects for FY 2009. The Committee notes that this amount funds the complete average cost of these projects: the VA may be able to undertake additional projects above the 50 provided for since total costs of each project are not required to be provided all at once. The Committee desires the VA to be more aggressive in tackling its backlog of minor construction projects.

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

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

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

The Committee recommendation would:

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

Grants for Construction of State Extended Care Facilities

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

Description

This program provides grants to assist States to construct State home facilities, for furnishing domiciliary or nursing home care to veterans, and to expand, remodel or alter existing buildings

for furnishing domiciliary, nursing home or hospital care to veterans in State homes. A grant may not exceed 65 percent of the total cost of the project.

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

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

The Committee recommendation would:

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

Grants for Construction of State Veterans Cemeteries

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

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

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

The Committee recommendation would:
- Restore proposed Administration cut – $7.5 million.

Department of Labor

Veterans Employment and Training

Department of Labor – Veterans Employment and Training Service (VETS)

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

Other Agencies

American Battle Monuments Commission

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

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

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

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

U.S. Court of Appeals for Veterans Claims

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

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

Recommendation
The Court's request for FY 2009 of $24 million includes $1.7 million for the Pro Bono Representation Program. This program is administered by the Legal Services Corporation. The Court includes the Program's FY 2009 request as an appendix to its submission; although having "no comment on that request" applauds the "Program's continuing success in reducing the percentage of unrepresented appellants before the Court. Since 1997, the percentage of appellants who are unrepresented at the decision point of their appeals has dropped from 48% in FY 1997 to 19% or less in FY 2007."

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

Merchant Mariners

World War II Merchant Mariners suffered the highest casualty rate of any of the branches of service while they delivered troops, tanks, food, airplanes, fuel and other needed supplies to

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

Section 2 – Mandatory Accounts

Full Equity for World War II Filipino Veterans who Served in the U.S. Army

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

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

Total Force GI Bill

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

Due to advances in technology, recognition of the lifetime learning concept, dynamic workforce changes, and ever-increasing demands on military recruiting efforts, Congress should continue to review current MGIB entitlements and make necessary changes to provide servicemembers, veterans and their families relevant education and training benefits that meet their educational and vocational goals for success.

The Committee plans, on a bipartisan basis, to explore a number of options to improve and modernize the GI Bill. The VA's Advisory Committee on Education and the Partnership for Veterans Education – a group made up of traditional veterans and military service organizations, as well as higher education advocates all have endorsed a proposal termed the "Total Force GI Bill." The proposal has two unmet features which include: providing parity of education benefit rates according to service rendered; and ensuring future correlation of active duty, veterans, and

National Guard and Reserve benefits in an equitable and proportional manner, Chapters 1606 and 1607 in Title 10 and Chapter 30 in Title 38 need to be reorganized together under Title 38.

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

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

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

Mandatory Funding for VA Health Care

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

Veterans have fared better at the hands of Congress than they have with this Administration. From FY 2002-FY 2008, the Administration's health care budget requests represent slightly less than half of the amount finally provided to the VA. The 110th Congress has provided unprecedented increases for veterans' programs, although we note that funding for the VA was not finally put in place until nearly three months after the start of the current fiscal year.

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

The Committee urges Congress to seriously consider the best manner in which to fund VA health care, and provide sufficient and timely funding for veterans. Providing a mandatory funding mechanism for VA health care will require cooperation in Congress, and cooperation between Congress, the Administration, and the VA, in order to insure that the funding mechanism decided

upon meets the needs of the Department, and the veterans who rely on the VA for the health care they need.

Section 3 – Charts

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

Committee on Veterans' Affairs
U.S. House of Representatives
Views and Estimates
Department of Veterans Affairs
FY 2009
Discretionary Accounts (in thousands)
February 28, 2008

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

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

Committee on Veterans' Affairs
U.S. House of Representatives
Views and Estimates
Department of Veterans Affairs
FY 2009
Account Comparisons (in thousands)
February 28, 2008

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

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