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ACTIVITIES REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

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Adjourned November 13, 1997

SECOND SESSION

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DECEMBER 29, 1998—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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LETTER OF SUBMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, December 29, 1998

Hon. ROBIN H. CARLE,
Clerk, House of Representatives,
Washington, D.C.

DEAR MS. CARLE: In accordance with Clause 1(d) of Rule XI of the Rules of the House of Representatives, I submit herewith the report of the Committee on Veterans' Affairs setting forth its activities in reviewing and studying the application, administration, and execution of those laws, the subject matter of which is within the jurisdiction of our committee.

BOB STUMP,
Chairman

FOREWORD

The 105th Congress saw significant improvements to veterans benefits for our nation's 25 million veterans. In order to provide greater assistance to veterans and their families, programs providing health care, compensation, education, employment assistance, life insurance, and burial honors were enhanced during the 105th Congress. In addition, new employee assistance programs were created. Congress approved funding for a number of construction projects to renovate and modernize aging VA facilities that are expected to serve veterans for the first half of the 21st century.

These enhancements were overshadowed at times by controversy surrounding the adoption of the Administration's proposal to stop paying disability compensation to veterans with diseases related to tobacco use. Controversy also resulted from the failure of the Senate to take up many of the bills passed by the House during the second session, and from the Senate's insistence on including authorizing legislation pertaining to veterans in the Omnibus Consolidated Appropriations measure (Public Law 105–277). This occurred notwithstanding a compromise agreement on this legislation reached by the House and Senate Committees on Veterans' Affairs and included as part of the final amendments to H.R. 4110 that are described below.

During the 105th Congress, proposals were enacted into law to:

- Provide two cost-of-living adjustments, effective December 1 of 1997 and 1998, for the rates of veterans' compensation for service-connected disability and the rates of dependency and indemnity compensation for survivors of certain disabled veterans.
- Authorize the National Academy of Sciences (NAS) to review and evaluate the available scientific evidence and determine whether there is scientific evidence of an association between illnesses experienced by Gulf War veterans and service in the Persian Gulf War.
- Extend VA's special authority to provide care to Persian Gulf veterans through December 31, 2001.
- Establish authority for VA to provide priority health care to treat illnesses that may be attributable to a veteran's service in combat during any period of war after the Persian Gulf War or during any other future period of hostilities.
- Require VA to enter into an agreement with the National Academy of Sciences or another appropriate independent organization to assist in developing a plan for the establishment of a national center for the study of war-related illnesses and post-deployment health issues.

- Extend VA's authority to evaluate the health status of spouses and children of Persian Gulf War veterans through December 31, 1999, and to provide such examinations through VA facilities, or under its fee-basis or other contract arrangements.
- Improve access to veterans education programs by requiring the VA and military service branches to expand outreach services concerning VA education program requirements to members of the armed services.
- Improve employment opportunities for persons in the National Guard and Reserve by clarifying the enforcement of veterans' employment and reemployment rights with respect to a State as an employer, and extending those rights to former members of the uniformed services and reservists employed abroad by U.S. companies.
- Increase the special pension provided to persons entered and recorded on the Army, Navy, Air Force, and Coast Guard Medal of Honor Roll from $400 to $600 per month.
- Extend eligibility for burial in National Cemeteries and funeral benefits to persons who served in the Merchant Marine from August 16, 1945, to December 31, 1946.
- Modify the existing State Cemetery Grants Program to authorize VA to pay up to 100 percent of the cost of constructing and equipping state veterans' cemeteries.
- Authorize the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans.
- Extend the VA's authority to guarantee home loans for members of the National Guard and Reserve components to September 30, 2003. The current program expires in 1999.
- Authorize appropriations for fiscal years 1999 and 2000 in the amount of $241.1 million for the Construction, Major Projects account and $8.5 million for the Medical Care account for major medical leases.
- Authorize VA to carry out an employee-incentive scholarship program and an education debt reduction program through December 31, 2001, to assist in meeting the staffing needs for health professional positions for which it is difficult to recruit or retain qualified personnel.
- Authorize VA to provide priority health care for the treatment of cancer of the head or neck to veterans who can document nasopharyngeal radium irradiation treatment in service.
- Extend VA's authority through December 31, 2001, to counsel and treat veterans for sexual trauma experienced during military service.

Further, the Veterans Benefits Act of 1998, Title VIII, H.R. 2400 (Public Law No. 105–178), effective October 1, 1998, is one of the largest expansions of veterans benefits since the Persian Gulf War and totals $1.6 billion over five years. It is projected to assist over 500,000 veterans and their survivors in the first year. It contains provisions to:

- Increase the basic full time GI Bill education rate by 20 percent from $440 per month to $528 per month. This in-

creases benefits by $860 million over 5 years and improves benefits for about 386,300 veterans and active duty service members during the first year.

- Increase education benefits by 20 percent for spouses and children of those service members killed on active duty, who die of a service-connected cause, or are totally service-connected disabled. This increases benefits by $105 million over five years and assists over 41,000 dependents in the first year.
- Allow all surviving spouses of veterans who die from a service-connected disability to resume receiving assistance under the VA's Dependency and Indemnity Compensation (DIC) program if their subsequent remarriage ends, thus repealing a 1990 change in law. This increases benefits by $433 million over 5 years and about 6,000 veterans' survivors are eligible for reinstatement of DIC benefits.
- Increase adaptive housing grants for severely disabled veterans from $38,000 to $43,000, so that veterans may purchase a home specially adapted to their needs or make modifications to their current residence. This increases benefits by $10 million over 5 years and improves benefits for about 855 veterans in the first year.
- Increase the adaptive automobile allowance for severely disabled veterans from $5,500 to $8,000 to help with the rising cost of automobiles. This increases benefits by $10 million over 5 years and improves benefits for about 4,300 veterans over that period.
- Increase the monthly pension benefit for disabled veterans in need of the full time aid and attendance of another person by $600 per year to assist the increasing number of low-income veterans who need alternatives to nursing home care. This increases benefits by $200 million over 5 years and improves benefits for about 62,000 veterans in the first year.
- Reduce the amount which the VA must recoup before paying disability benefits to veterans who also qualified for separation bonuses when separating from the military between 1991 and 1996. This increases benefits by $4 million over 5 years and affects about 90,000 veterans who paid taxes on Special Separation Bonuses.
- Adopt the Administration's proposal restricting the Secretary of Veterans Affairs' authority to provide compensation or other service-connected benefits for diseases or disabilities attributable to a veteran's use of tobacco. Exceptions can be made for diseases incurred while on active duty or within one year of separation from active duty. This specifies that VA may grant benefits to veterans who may be entitled to a presumption that a disease or disability is related to other in-service exposures (such as Agent Orange, radiation, or diseases associated with being a prisoner of war).

The Committee did not formally consider these provisions, which were agreed to by the White House and House and Senate leaders who negotiated the Transportation Equity Act for the 21st Century, H.R. 2400. Because of drafting errors contained in this bill, provisions in the Internal Revenue Service Restructuring and Reform

Act of 1998, Public Law 105–206, modified the original section 8202 of the Veterans Benefits Act of 1998.

The Committee stepped up its oversight and investigative activities during the 105th Congress by reestablishing the Subcommittee on Oversight and Investigations. The Committee did not have such a subcommittee during the 104th Congress, but had one during the 103rd Congress. In addition to accomplishing much of its planned agenda despite limited resources, the subcommittee conducted major investigations on two matters which arose in 1997—sexual harassment in the VA and burial waivers at Arlington National Cemetery. The subcommittee also provided oversight of the VA's first strategic and performance plans under the requirements of the Government Performance and Results Act of 1993.

Funding for veterans' programs is always a matter of particular interest. For fiscal year 1999, the VA-HUD Appropriations Act of 1999 (Public Law No. 105–276) adds $439 million to amounts requested by the President for the Department of Veterans Affairs for fiscal year 1999. Total funding for VA medical care is $17.8 billion, $251 million above the President's request. This consists of an appropriation of $17.3 billion and authority to spend collections projected to total $577 million. VA medical research is funded at $316 million ($16 million above Administration), construction of VA facilities is funded at $317 million ($79 million above Administration), and grants for state veteran home construction are funded at $90 million ($53 million above Administration). The Veterans Benefits Administration is funded at $812 million ($6 million above the President's request and $58 million above last year's level). All other accounts are funded at the level requested by the President or slightly higher. The total appropriation is $42.653 billion.

I wish to thank the Honorable Lane Evans, the Ranking Minority Member, for his dedication to veterans and his work on the issues considered by the Committee during the 105th Congress. Mr. Evans has been a member of the committee since 1985 and is widely regarded as an outstanding veterans' advocate. He has demonstrated his leadership capacity during his first Congress as the Ranking Minority member, and continued the VA Committee's long tradition of dealing with veterans' issues in a bipartisan manner.

I also greatly appreciate the diligence of all the subcommittee chairmen and ranking minority members in holding the many hearings and markups so necessary to the accomplishment of the Committee's oversight and legislative agendas for veterans. They are the Honorable Cliff Stearns, Chairman of the Subcommittee on Health, and the Honorable Luis Gutierrez, the Subcommittee's Ranking Minority Member; the Honorable Jack Quinn, Chairman of the Subcommittee on Benefits, and the Honorable Bob Filner, the Subcommittee's Ranking Minority Member; and the Honorable Terry Everett, Chairman of the Subcommittee on Oversight and Investigations, and the Ranking Minority Member, the Honorable James Clyburn.

The House and Senate Veterans' Affairs Committees have continued their cooperative relationship during the 105th Congress, always keeping the needs of our nation's veterans in the forefront. What differences have arisen were resolved through a constructive process of compromise which I believe resulted in the most bene-

ficial legislation possible for veterans. I particularly acknowledge the leadership of the Honorable Arlen Specter, Chairman of the Senate Committee. Also, I extend thanks to the Honorable John D. Rockefeller, the Ranking Minority Member of the Senate Committee, for his hard work on our veterans' legislation and I look forward to a continuation of our efforts on behalf of veterans.

For those members of this Committee who will be leaving their assignments here at the end of this Congress, I commend their faithful and dedicated service to veterans. They are: Honorable James E. Clyburn, Honorable John Cooksey, Honorable Asa Hutchinson, Honorable Joseph P. Kennedy II, Honorable Ray La Hood, Honorable Bill Redmond, and Honorable Dan Schaefer.

Finally, I thank the staff of the Committee on Veterans' Affairs and its Subcommittees for their constancy and attention to the daily tasks of committee business. Together with our Committee members and our Senate colleagues, their work on our legislative and oversight agendas was invaluable to the Committee's success in reaching its objectives for veterans.

BOB STUMP,
Chairman

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Union Calendar No. 474

105TH CONGRESS, *2d Session* } HOUSE OF REPRESENTATIVES { REPORT 105–833

ACTIVITIES OF THE COMMITTEE ON VETERANS' AFFAIRS FOR THE 105TH CONGRESS

DECEMBER 29, 1998—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. STUMP, from the Committee on Veterans' Affairs, pursuant to Clause 1(d) of Rule XI, submitted the following

REPORT

JURISDICTION

Rule X of the Rules of the House of Representatives establishes the standing committees of the House and their jurisdiction. Under that rule, all bills, resolutions, and other matters relating to the subjects within the jurisdiction of any standing committee shall be referred to such committee. Clause 1(r) of Rule X establishes the jurisdiction of the Committee on Veterans' Affairs as follows:

(1) Veterans' measures generally.

(2) Cemeteries of the United States in which veterans of any war or conflict are or may be buried, whether in the United States or abroad, except cemeteries administered by the Secretary of the Interior.

(3) Compensation, vocational rehabilitation, and education of veterans.

(4) Life insurance issued by the government on account of service in the armed forces.

(5) Pensions of all the wars of the United States, general and special.

(6) Readjustment of servicemen to civil life.

(7) Soldiers' and sailors' civil relief.

(8) Veterans' hospitals, medical care, and treatment of veterans.

This committee was established January 2, 1947, as a part of the Legislative Reorganization Act of 1946 (60 Stat. 812), and was vested with jurisdiction formerly exercised by the Committee on World War Veterans' Legislation, Invalid Pensions, and Pensions. Jurisdiction over veterans' cemeteries administered by the Department of Defense was transferred from the Committee on Interior and Insular Affairs on October 20, 1967, by H. Res. 241, 90th Congress.

DEPARTMENT OF VETERANS AFFAIRS

The U.S. Department of Veterans Affairs was established March 15, 1989, with Cabinet rank, succeeding the Veterans Administration (VA), and assumed responsibility for the mission of providing federal benefits to veterans and their dependents. In its first five-year strategic plan issued September 30, 1997, under the requirements of the Government Performance and Results Act of 1993, the VA as part of its vision for the future stated:

> The Department will continue to honor, care, and compensate veterans in recognition of their sacrifices for America, shifting its emphasis from a process-focused system to a strategically-driven, performance-based, outcome-oriented delivery system. VA will provide seamless service to veterans by integrating disparate Department activities and functions.
>
> We will foster greater integration and partnerships with other government and private organizations whose functions complement our own.

Headed by the Secretary of Veterans Affairs, VA is the second largest of the 14 cabinet departments. VA nationwide carries out its mission with health care programs through the Veterans Health Administration; compensation, pension, vocational rehabilitation, education assistance, home loan guaranty and insurance programs through the Veterans Benefits Administration; and a cemetery program through the National Cemetery Administration. A Board of Veterans' Appeals provides final decisions for the Secretary on appeals for entitlement to VA benefits.

The present veteran population is estimated at more than 25 million, as of July 1, 1997. About 80 of every 100 living veterans served during defined periods of armed hostilities. Altogether, more than one-fourth of the nation's population—approximately 70 million veterans, dependents and survivors of deceased veterans—is potentially eligible for VA benefits and services.

MEDICAL CARE

The largest and most visible component of the Department of Veterans Affairs is its health care system. The system grew from 54 hospitals in 1930, when the Veterans Administration was established, to 171 today. VA operates at least one medical center in each of the 48 contiguous states, Puerto Rico, and the District of Columbia; however, a concerted effort has been made to move away from the "bricks and mortar" approach to health care. Accordingly, only one new VA hospital—in West Palm Beach, Florida—has been constructed in the recent past. Efforts to streamline provision of

care and to revise facility missions, where indicated, have led to consolidation and "merger" of a number of medical centers in close proximity to one another.

In 1997, with 26,200 medical center beds VA treated 634,800 patients in VA hospitals, 47,000 in nursing home care units, and 23,900 in domiciliary facilities. VA's outpatient clinics register approximately 35 million visits per year. An estimated 3.3 million individual veterans receive care annually.

VA currently is affiliated with 107 medical schools, 53 dental schools, and 1,200 other schools across the nation. More than one-half of all practicing physicians in the United States received part of their professional education in the VA health care system. Each year, approximately 90,274 health care professionals receive training in VA medical centers.

Since 1979, VA has operated Vietnam Veteran Outreach Centers (Vet Centers), which provide readjustment counseling services to Vietnam-era veterans. With the advent of the Persian Gulf War, eligibility for Vet Center counseling was expanded to include those veterans as well as veterans who served during other periods of armed hostilities following the Vietnam era—Lebanon, Grenada and Panama. Additionally, Public Law 104–262 expands eligibility for Vet Center counseling to combat veterans of conflicts prior to the Vietnam era. However, Public Law 104–262 also places a deadline on non-theater Vietnam-era veterans to seek VA readjustment counseling by January 1, 2000.

Currently, there are 206 Vet Centers nationwide. Approximately 1.47 million veterans have visited Vet Centers since the program began. Counseling is provided for a variety of reasons, including employment problems, marital difficulties, and post-traumatic stress disorder (PTSD). VA also conducts a variety of special programs including compensated work therapy to provide veterans with job skills and training and rehabilitative residencies to assist homeless veterans. Both alcohol and drug abuse rehabilitation and PTSD outreach programs were expanded in recent years.

VA, in operating its health care facilities, benefits from the contributions of time and energy of volunteers from all walks of life. More than 106,700 volunteers through VA's Voluntary Service donate more than 13.4 million hours of service each year to bring companionship and additional care to hospitalized veterans.

MEDICAL RESEARCH

In concert with operating a nationwide health-care delivery system, VA carries out an extensive array of research targeted to the special needs of veterans but relevant as well to medicine generally. Among its major targets are research into aging, chronic diseases, mental illness, substance abuse, sensory loss, and trauma-related illness. Its research programs are nationally recognized and have made important contributions in virtually every area of medicine.

VA researchers played key roles in improving artificial limbs and eradicating tuberculosis, and in developing the cardiac pacemaker, the CT scanner, and magnetic resonance imaging, which permits safe removal of brain tumors. The first kidney transplant in the United States was performed at a VA medical facility, and VA re-

searchers pioneered the first successful drug treatments for high blood pressure and schizophrenia. The "Seattle Foot" was created by VA to give amputees the push-off needed to run and jump, as well as walk. VA contributions to medical knowledge have won VA scientists many prestigious awards, including the Nobel Prize.

Recent advances by VA researchers showed that prostate cancer can now be treated with laser surgery, which is faster, less painful and more cost-efficient. In treating high blood pressure, doctors are now able to choose the most beneficial treatments based on patient characteristics such as age and race. VA researchers also showed that low doses of the drug warfarin reduce the risk of stroke by 79 percent with an accuracy rate of from 80 to 90 percent. Through "compassionate use" drug trials, veterans with AIDS had access to investigational drugs before they became available to the public for clinical use.

Early research by VA with animals gives hope that spinal cord regeneration may be possible after paralysis. Rheumatoid arthritis, an autoimmune disease, can be genetically cured in mice; this is the first step toward a treatment in humans. VA researchers also found the substance responsible for the breakdown of bones in osteoporosis. In cancer research, VA researchers are developing new "suicide genes" that would seek out cancerous cells and identify them so that drugs would affect cancer cells but not healthy ones.

Research topics identified as the result of the Vietnam experience such as PTSD and the health effects of Agent Orange exposure are continuing, with new topics relating to the Persian Gulf War.

COMPENSATION AND PENSION

More than 2.6 million veterans receive disability compensation or pension payments for the VA. Some 633,035 widows, children and parents of deceased veterans are being paid survivor compensation or death pension benefits. VA disability and death compensation and pension payments were more than $19 billion for fiscal year 1997.

INSURANCE

VA operates one of the largest life insurance programs in the world and the fourth largest in the United States. VA administers seven life insurance programs under which 2.4 million policies with a value of $23.4 billion remained in force at the end of fiscal year 1998. In addition, VA supervises the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance programs, which provide some $481 billion in insurance coverage to approximately 2.8 million veterans and members of the uniformed services. The 1999 GI life insurance dividend will return almost $752 million to more than 1.9 million policyholders.

NATIONAL CEMETERIES

Since 1973, when VA assumed responsibility for the National Cemetery Administration (NCA), 13 new cemeteries have been established. Today the system is comprised of 115 cemeteries in 39 states and Puerto Rico. Of these 57 have unassigned grave sites for

complete interments (those which include a casket). Additionally, NCA oversees 34 soldiers' lots, monument sites and confederate cemeteries.

VA is continuing to actively pursue the development of new cemeteries in those metropolitan areas that are presently not served by a national cemetery. The most recent new cemetery is the Tahoma National Cemetery in the Seattle/Tacoma, Washington, area which opened in October 1997. In addition, VA is in the process of developing four other national cemeteries: Saratoga National Cemetery near Albany New York; Abraham Lincoln National Cemetery near Chicago, Illinois; Dallas/Fort Worth National Cemetery to serve veterans in north and central Texas; and a yet-to-be named cemetery in northeastern Ohio to provide burial space for the veterans of the Cleveland area. The opening of these five new VA cemeteries within three years (1997–2000) would be unprecedented since the Civil War.

Since July 30, 1973, total acreage in the National Cemetery Administration has increased from 4,139 to the present 13,611.7 acres. Interments are expected to increase from 76,718 in fiscal year 1998 to more than 111,000 in 2008.

In fiscal year 1998, VA provided 346,034 headstones or markers to mark the graves of veterans buried in private, state veterans, military/post, and national cemeteries.

EDUCATION

Since 1944, when the first GI Bill became law, more than 20 million beneficiaries have participated in GI Bill education and training programs. This includes 7.8 million World War II veterans, 2.3 million Korean War veterans, and 8.2 million post Korean and Vietnam era veterans, and active duty personnel.

Proportionally, Vietnam era veterans were the greatest participants in GI Bill training. Approximately 76 percent of those eligible took training, compared with 50.5 percent for World War II veterans and 43.4 percent for Korean era veterans.

The All-Volunteer Force Educational Assistance Program provides benefits for veterans, service personnel and members of the Selected Reserve who train under the Montgomery GI Bill. In fiscal year 1998, 294,800 veterans, 15,408 service personnel and 74,000 reservists received those benefits. Since the enactment of the Servicemen's Readjustment Act of 1944, the cost of educational benefits has totaled more than $73 billion.

HOME LOAN ASSISTANCE

VA's loan guarantee program has benefited more than 15 million veterans and their dependents. From this program's establishment as part of the original GI Bill in 1944 through the end of fiscal year 1997, VA home loan guarantees totaled more than $597 billion. In 1998, VA guaranteed 343,954 loans valued at $37.9 billion and assisted 477 disabled veterans with grants totaling more than $15.8 million for specially adapted housing.

DEPARTMENT OF VETERANS AFFAIRS EMPLOYEES

As of October 31, 1998, VA had 238,569 employees. Among all the departments and agencies of the federal government, only the Department of Defense has a larger work force. Of the total number of VA employees, 218,730 work in the Veterans Health Administration, 11,470 are employed in the Veterans Benefits Administration, 1,325 are within the National Cemetery System, and 3,404 work in the Veterans Canteen Service. The remaining 3,540 employees are in various staff offices. The Department is a leader in hiring veterans. Approximately 25 percent of all employees are veterans.

HISTORY OF THE DEPARTMENT OF VETERANS AFFAIRS (VA)

1930—The Veterans Administration was created by Executive Order 5398, signed by President Herbert Hoover on July 21, 1930. At the time, there were 54 hospitals, 4.7 million living veterans, and 31,600 VA employees.
1933—The Board of Veterans' Appeals was established.
1944—On June 22, President Roosevelt Franklin Roosevelt signed the "Servicemen's Readjustment Act of 1944" (Public Law 346, passed unanimously by the 78th Congress).
1946—The Department of Medicine & Surgery was established, succeeded in 1989 by the Veterans Health Services and Research Administration, renamed the Veterans Health Administration in 1991.
1953—The Department of Veterans Benefits was established, succeeded in 1989 by the Veterans Benefits Administration.
1973—The National Cemetery System (except for Arlington National Cemetery) was transferred by the Army to VA.
1988—Legislation to elevate VA to Cabinet status was signed by President Ronald Reagan.
1989—On March 15, VA became the 14th Department in the President's Cabinet.

Secretaries of the Department of Veterans Affairs

Togo D. West, Jr.	1998—present
Jesse Brown	1993—1997
Edward J. Derwinski	1989–1992

Administrators of the Veterans Administration

Thomas K. Turnage	1986–1989
Harry N. Walters	1982–1986
Robert P. Nimmo	1981–1982
Max Cleland	1977–1981
Richard L. Roudebush	1974–1977
Donald E. Johnson	1969–1974
William J. Driver	1965–1969
John S. Gleason	1961–1964
Sumner G. Whittier	1957–1961
Harvey V. Higley	1953–1957
Carl N. Gray	1948–1953
Omar N. Bradley	1945–1947
Frank T. Hines	1930–1945

DEPARTMENT OF LABOR

VETERANS' EMPLOYMENT AND TRAINING SERVICE

The Department of Labor (DOL) engages in a variety of activities to assist veterans obtain a job or the training and other employment development services they need to become employable. In accordance with Chapter 41 of title 38, United States Code, the highest priority is given to disabled veterans and veterans of the Vietnam era.

The Assistant Secretary for Veterans' Employment and Training (ASVET) is the principal advisor to the Secretary of Labor regarding DOL policies and programs to meet the employment and training needs of veterans, to protect the reemployment rights of protected individuals in the uniformed services, and to facilitate the transition of military servicemembers to the civilian work force. The Office of the ASVET, through the Veterans' Employment and Training Service (VETS), administers grants to States and local government entities primarily to support veterans' employment specialist staffing, provides reemployment rights complaint investigation and mediation services, formulates and implements interagency agreements to ensure the seamless provision of services to veterans, provides technical assistance and training to veterans services providers' staff, monitors the performance of state job service agencies for veterans, conducts pilot projects to develop and test new approaches to serving veterans, and conducts pilot projects for veterans' hiring by public and private sector employers.

The field staff of the VETS is stationed in a nationwide network of regional, state and area offices. There is at least one VETS representative in every state and DOL Regional Office (Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco, and Seattle). Other than the regional office staff, most VETS staff are located in state job service agency offices.

The major activities and programs for veterans, Reservists, National Guard members, and transitioners conducted by the Office of the ASVET are: Job Service and One Stop Service Centers, Disabled Veterans Outreach Program, Transition Assistance Program, Unemployment Compensation for Ex-servicemembers, Veterans Affirmative Action, Training Programs under the Job Training Partnership Act, Reemployment Rights, Veterans' Preference and Federal Contractor Non-Compliance Complaints, and National Veterans' Training Institute.

AMERICAN BATTLE MONUMENTS COMMISSION

The American Battle Monuments Commission (ABMC), created by an Act of Congress in 1923 (36USC121–138B) is a federal agency responsible for the construction and permanent maintenance of military cemeteries and memorials on foreign soil, as well as certain memorials in the United States. Its principal functions are to commemorate, through the erection and maintenance of suitable memorial shrines, the sacrifices and achievements of the American armed forces where they have served since April 6, 1917; to design, construct, operate, and maintain permanent American military burial grounds and memorials in foreign countries; to control the

design and construction on foreign soil of U.S. military monuments and markers by other U.S. citizens and organization, both public and private; and to encourage U.S. governmental agencies and private individuals and organizations to maintain adequately the monuments and markers erected by them on foreign soils. When directed by Congress, the Commission develops and erects national military monuments in the United States, such as the Korean War Veterans Memorial and the World War II Memorial.

In performance of these functions, ABMC administers, operates and maintains 24 permanent American military cemetery memorials and 52 monuments, memorials, markers and separate chapels in fourteen foreign countries, the Commonwealth of the Northern Mariana Islands, Gibraltar, and four memorials in the United States.

Interred in the cemeteries are 124,914 U.S. war dead—750 from the Mexican War, 30,921 from World War I, and 93,243 from World War II. Additionally, 6,573 American veterans and others are interred in the Mexico City and Corozal cemeteries. The Mexico City cemetery and those of the World Wars are closed to future burials except for the remains of U.S. war dead yet to be found in the battle areas of World Wars I and II. In addition to burials at the cemeteries overseas, 94,132 U.S. servicemen and women of the World Wars, Korea, and Vietnam are commemorated individually by name on the Tablets of the Missing at cemetery memorials and at three memorials on U.S. soil.

ABMC also provides information and assistance, on request, to relatives and friends of the war dead interred or commemorated at its facilities.

MESSAGES FROM THE PRESIDENT AND EXECUTIVE COMMUNICATIONS

A communication from the President of the United States, transmitting the Administration's 1997 National Drug Control Strategy, pursuant to 21 U.S.C. 1504.

A communication from the President of the United States, transmitting the Administration's 1998 National Drug Control Strategy, pursuant to 21 U.S.C. 1504.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Diseases Associated with Exposure to Certain Herbicide Agents (Prostate Cancer and Acute and Subacute Peripheral Neuropathy) (RIN: 2900–AI35) Received November 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Contract Program for Veterans With Alcohol and Drug Dependence Disorders (RIN: 2900–AH77) Received October 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Willful Misconduct (RIN: 2900–AI26) Received October 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Evidence of Dependents and Age (RIN: 2900–AH51) Received October 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Community Residential Care Program and Contract Program for Veterans With Alcohol and Drug Dependence Disorders (RIN: 2900–AH61) Received December 2, 1996, pursuant to 5 U S.C. 801(a)(1)(A).

A letter from the THE NATIONAL ADJUTANT, THE DISABLED AMERICAN VETERANS, transmitting the report of the proceedings of the organization's 75th National Convention, including their annual audit report of receipts and expenditures as of December 31, 1995—Received in the United States House of Representatives November 14, 1996, pursuant to 36 U.S.C. 90i and 44 U.S.C. 1332.

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Miscellaneous Regulations (RIN: 2900–AI39) Received December 26, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations: Notice of Board of Veterans' Appeals (RIN: 2900–AI59) Received December 27, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Personnel Management, transmitting OPM's Fiscal Year 1995 annual report on Veteran's Employment in the Federal Government, pursuant to 38 U.S.C. 4214(e)(1).

A letter from the THE DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, transmitting the proceedings of the 78th National Convention of the American Legion, held in Salt Lake City, Utah from September 3, 4, and 5, 1996, as well as a report on the Organization's activities for the year preceding the Convention, pursuant to 36 U.S.C. 49.

A letter from the Secretaries of Veterans Affairs and Defense, transmitting a report on the implementation of the health resources sharing portion of the "Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act" for Fiscal Year 1996, pursuant to 38 U.S.C. 8111(f).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Delegation of Subpoena Authority and Description of Means of Service (RIN: 2900–AH00) Received December 26, 1996, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Adjudication Regulations; Miscellaneous (RIN:

2900–AI43) Received January 6, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Limitation on Discount Points Financed in Connection With Interest Rate Reduction Refinancing Loans (RIN: 2900–AH90) Received January 21, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Dependency and Income (38 CFR Part 3) (RIN: 2900–AI47) Received February 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Spouse and Surviving Spouse (38 CFR Part 3) (RIN: 2900–AI36) Received February 4, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director of the Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—VA Homeless Providers Grant and Per Diem Program Clarification of Per Diem Eligibility (RIN: 2900–AH89) Received February 10, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Rulemaking Procedures; Public Participation (38 CFR Part 1) (RIN: 2900–AI33) Received March 5, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting the Fiscal Year 1996 Annual Report of the Secretary of Veterans Affairs, pursuant to 38 U.S.C. 214, 221(c), and 664.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Upgraded Discharges (RIN: 2900–AI40) Received March 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Increase in Rates Payable Under the Montgomery GI Bill—Active Duty (RIN: 2900–AI55) Received March 26, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Reduction of Debt Through the Performance of Work-Study Services (38 CFR Part 1) (RIN: 2900–AF29) Received April 7, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Vocational Rehabilitation; Miscellaneous Changes (38 CFR Part 21) (RIN: 2900–AI29) Received April 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Department's final rule—Medical: Non-substantive Miscellaneous Changes (38 CFR Part 17) (RIN: 2900–AI37) Received April 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting the Department's report entitled "Veterans Equitable Resource Allocation System Briefing Booklet" (March 1997).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Removal of Certain Limitations on Cost Comparisons Related to Contracting Out of Activities at VA Health-Care Facilities (RIN: 2900–AI61) Received April 14, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Retroactive Payments Due to a Liberalizing Law or VA Issue (38 CFR Part 3) (RIN: 2900–AI57) Received April 11, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a report covering the disposition of cases granted relief from administrative error, overpayment and forfeiture by the Administrator in 1996, pursuant to 38 U.S.C. 210(c)(3)(B).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Compensation for Certain Undiagnosed Illnesses (38 CFR Part 3) (RIN: 2900–AI77) Received April 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Defense, transmitting the Department's report on small business loans for members released from reserve service during contingency operations, pursuant to Public Law 104–201, Section 1234 (110 Stat. 2697).

A letter from the Secretary of Labor, transmitting the annual report evaluating the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for fiscal year 1996, pursuant to 38 U.S.C. 4332.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation entitled "Veterans' Compensation Cost-of-Living Adjustment and Benefit Programs Improvement Act of 1997".

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Guidelines for Furnishing Sensori-neural Aids (i.e., eyeglasses, contact lenses, hearing aids) (RIN: 2900–AI60) Received May 29, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; Muscle Injuries (RIN: 2900–AE89) Received May 29, 1997, pursuant to 5 U.S.C. 801 (a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to make certain improvements in the housing loan programs for veterans and eligible persons.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to permit VA to retain and use, for the purpose of providing medical care and services to veterans, all amounts recovered or collected as a result of medical care and services furnished by VA.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to establish a presumption of total disability for certain individuals for purpose of nonservice-connected disability pension.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to amend provisions of law governing benefits for certain children of Vietnam veterans who are born with spina bifida.

A letter from the Secretary of Defense, transmitting the Department's annual report on Outreach Regarding Persian Gulf Illnesses.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend sections 2306 and 2403 of title 38, United States Code, to authorize memorialization of deceased spouses and surviving spouses of veterans and deceased members of the Armed Forces whose remains are not available for interment.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans' Benefits Improvements Act of 1996 (RIN: 2900–AI66) Received June 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Submission of School Catalogs to State Approving Agencies (RIN: 2900–AH97) Received June 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Minimum Income Annuity (RIN: 2900–AI83) Received July 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Servicemen's and Veterans' Group Life Insurance (RIN: 2900–AI73) July 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Approval of Training by Independent Study, Including Television (RIN: 2900–AI34) Received July 23, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to provide flexibility in the order in which the Boards of Veterans' Appeals hears and considers appeals.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to authorize provision of care to veterans treated with nasopharyngeal radium irradiation.

A letter from the Acting Secretary, Department of Veterans Affairs, transmitting a draft of proposed legislation to remove a statutory provision requiring a specified number of full-time equivalent positions in the VA's Office of Inspector General.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Provision of Health Care to Vietnam Veterans' Children with Spina Bifida (RIN: 2900–AI65) Received September 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Monetary Allowance Under 38 U.S.C. 1805 for a Child Suffering from Spina Bifida Who is a Child of a Vietnam Veteran (RIN: 2900–AI70) Received September 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Provision of Vocational Training and Rehabilitation to Vietnam Veterans' Children with Spina Bifida (RIN: 2900–AI72) Received September 25, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Survivors and Dependents Education: Extension of Eligibility Period (RIN: 2900–AI45) Received October 1, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Disinterments from National Cemeteries (RIN: 2900–AI21) Received October 1, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations: Remand for Further Development (RIN: 2900–AI50) Received October 2, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Acting Assistant Secretary, Department of Labor, transmitting a report concerning Recommendations to Ensure Compliance by Federal Contractors and Subcontractors, pursuant to Public Law 104–208, Section 8118 (110 Stat. 3009–114).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Requirements for Interest Rate Reduction Refinancing Loans (RIN: 2900–AI92) Received October 6. 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Credit Standards (RIN: 2900–AI16) Received October 10, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Informed Consent for Patient Care (RIN: 2900–AH72) Received October 10, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Acting Director, Office of Personnel Management, transmitting OPM's Fiscal Year 1996 annual report on Veteran's Employment in the Federal Government, pursuant to 38 U.S.C. 4214(e)(1).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice--Death of Appellant During Pendency of Appeal (RIN: 2900–AI86) Received October 21, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans and Reservists Education: Additional Educational Assistance While Serving in the Selected Reserve (RIN: 2900–AI79) Received October 23, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Defense, transmitting a report entitled "Federally Sponsored Research on Persian Gulf Veterans' Illness", pursuant to Public Law 103–337, Section 722(f).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Increase in Rates Payable Under the Montgomery GI Bill—Active Duty (RIN: 2900–AI90) Received October 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Miscellaneous Educational Revisions (RIN: 2900–AI69) Received October 27, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Grants to States for Construction or Acquisition of State Home Facilities (RIN: 2900–AI84) Received November 9, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Approval of Correspondence Programs or Courses (RIN: 2900–AH91) Received December 3, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Electronic Payment of Funding Fee (RIN: 2900–AH73) Received November 19, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Guidelines for Furnishing Sensori-neural Aids (RIN: 2900–AI60) Received December 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities; The Cardiovascular System (RIN: 2900–AE40) Received December 8, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Loan Guaranty: Requirements for Interest Rate Reduction Refinancing Loans (RIN: 2900–AI92) Received November 31, 1997, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Active Military Service Certified Under Section 401 of Public Law 95–202 (RIN: 2900–AI91) Received January 5, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Minimum Income Annuity (RIN: 2900–AI83) Received January 5, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Administrative Assistant, the Disabled American Veterans, transmitting the report of the proceedings of the organization's 76th National Convention, including their annual audit report of receipts and expenditures as of December 31, 1996, pursuant to 36 U.S.C. 90i and 44 U.S.C. 1332.

A letter from the Secretary of Defense, transmitting a report on several initiatives for Gulf War veterans, pursuant to Public Law 103–337, Section 721(h).

A letter from the Director, National Legislative Commission, The American Legion, transmitting the proceedings of the 79th National Convention of the American Legion, held in Orlando, Florida from September 2, 3 and 4, 1997 as well as a report on the Organization's activities for the year preceding the Convention, pursuant to 36 U.S.C. 49.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Compensation for Certain Undiagnosed Illnesses (RIN: 2900–AI77) Received March 4,1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Treatment of Research-Related Injuries to Human Subjects (RIN: 2900–AH68) Received March 4, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's

final rule—Loan Guaranty: VA-Guaranteed Loans on the Automatic Basis, Withdrawal of Automatic Processing Authority, Record Retention Requirements, and Elimination of Late Reporting Waivers (RIN: 2900–AH23) Received March 10, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Assistant Secretary for Health Affairs, Department of Defense, transmitting an interim response to the reporting requirement prescribed in section 762 of the National Defense Authorization Act for Fiscal Year 1998, pursuant to Public Law 105–85.

A letter from the Secretary of Defense transmitting a report on the Effectiveness of Medical Research Initiatives Regarding Gulf War Illness.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Reduction in Required Reports (RIN: 2900–AI58) Received March 23, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—VA Acquisition Regulations: Department Protests (RIN: 2900–AI51) Received March 27, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—VA Acquisition Regulations: Commercial Items (RIN: 2900–AI05) Received April 6, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Labor, transmitting the annual report evaluating the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for fiscal year 1996, pursuant to 38 U.S.C. 4332.

A letter from the Secretary of Defense and Aching Secretary of Veterans Affairs, transmitting a report on the implementation on that portion of the law dealing with sharing of health care resources between the two departments, pursuant to 38 U.S.C. 8111(f).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Reporting Health Care Professionals to State Licensing Boards (RIN: 2900–AI78) Received April 28, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Adjutant General, the Veterans of Foreign Wars of the U.S., transmitting proceedings of the 98th National Convention of the Veterans of Foreign Wars of the United States, held in Salt Lake City, Utah, August 17–21, 1997, pursuant to 36 U.S.C. 118 and 44 U.S.C. 1332.

A letter from the Acting Secretary, Department of Veterans Affairs, transmitting a report covering the disposition of cases grant-

ed relief from administrative error, overpayment and forfeiture by the Administrator in 1997, pursuant to 38 U.S.C. 210(c)(3)(B).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans' Training: Time Limit for Submitting Certifications under the Service Members Occupational Conversion and Training Act (RIN: 2900–AI85) Received May 8, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Labor, transmitting the 1996 Annual Report to Congress, describing employment and training programs for veterans during program year 1995 and fiscal year 1996.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to authorize a new tobacco use cessation program, permanently authorize VA to collect payments from third-party private health insurance carriers for care VA provides to certain veterans, collect copayments from certain veterans receiving VA care, verify the income of certain veterans, and authorize medical care related construction projects and leases.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Increase in Rates Payable for Cooperative Training Under the Montgomery GI Bill—Active Duty (RIN: 2900–AJ10) Received May 19, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Veterans Affairs, transmitting the Department's final rule—Board of Veterans' Appeals: Rules of Practice--Continuation of Representation Following Death of a Claimant or Apellant (RIN: 2900–AI87) Received June 17, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Criteria for Approving Flight Courses for Educational Assistance Programs (RIN: 2900–AI76) Received June 17, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans' Education: Effective Date for Awards of Educational Assistance to Veterans Who Were Voluntarily Discharged (RIN: 2900–AI88) Received June 17, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Assistant Secretary for Policy and Planning, Department of Veterans Affairs, transmitting the Annual Report of the Secretary of Veterans Affairs for Fiscal Year 1997, pursuant to 38 U.S.C. 214, 221(c), and 664.

A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to amend title 38, United States Code, to authorize a cost-of-living adjustment in the rates of disability compensation for veterans with service-connected disabilities and dependency and indemnity compensation for survivors of such veterans, to authorize payment of these benefits at full rates for cer-

tain Filipinos who reside in the United States, to establish a reserve to fully fund "H" policy holders under the National Service Life Insurance program, and for other purposes.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Veterans Education: Suspension and Discontinuance of Payments (RIN: 2900–AF85) Received July 2, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Schedule for Rating Disabilities: Cold injuries (RIN: 2900–AI46) Received July 14, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Payment for Non-VA Physician Services Associated with Either Outpatient or Inpatient Care Provided at Non-VA Facilities (RIN: 2900–AH66) Received July 23, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Provision of Drugs and Medicines to Certain Veterans in State Homes (RIN: 2900–AJ34) Received July 21, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Election of Education Benefits (RIN: 2900–AH88) Received August 21, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management Department of Veterans Affairs, transmitting the Department's final rule—Additional Disability or Death Due to Hospital Care, Medical or Surgical Treatment, Examination, or Training and Rehabilitation Services (RIN: 2900–AJ04) Received August 19, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) (RIN: 2900–AE64) Received August 21, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Principal Deputy Assistant Secretary for Congressional Affairs, Department of Veterans Affairs, transmitting a draft of proposed legislation to provide a temporary authority for the use of voluntary separation incentives by the Department of Veterans Affairs to reduce employment levels, and for other purposes.

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Claims Based on Exposure to Ionizing Radiation (Prostate Cancer and Any Other Cancer) (RIN: 2900–AI00) Received September 21, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Eligibility Reporting Requirements (RIN: 2900–AJ09) Received October 8, 1998, pursuant to 5 U.S.C. 801(a)(1)(A).

A letter from the Secretary of Labor, transmitting a report on the labor market situation for certain disabled veterans and Vietnam Theater veterans, pursuant to 38 U.S.C. 2010A.

A letter from the Principal Deputy Assistant Secretary For Congressional Affairs, Department of Veterans Affairs, transmitting a draft of proposed legislation to provide a temporary authority for the use of voluntary separation incentives by the Department of Veterans Affairs to reduce employment levels, and for other purposes.

SUMMARY OF VETERANS' AFFAIRS COMMITTEE ACTION
BILLS AND RESOLUTIONS REFERRED AND HEARINGS / EXECUTIVE SESSIONS CONDUCTED

	Congress																		
	87th	88th	89th	90th	91st	92d	93d	94th	95th	96th	97th	98th	99th	100th	101st	102d	103d	104th	105th
Bills and resolutions referred	592	508	791	685	740	693	839	719	709	339	273	229	198	147	194	215	174	128	134
Hearing sessions	45	50	71	46	43	37	44	58	72	84	89	71	76	44	72	67	71	39	56
Meetings and mark-up sessions	15	21	32	13	27	21	16	30	26	19	18	16	20	16	26	20	23	19	18
Bills reported	52	41	47	[8]19	34	26	[9]14	23	32	11	16	15	17	14	33	21	25	15	15
Bills in House	[1]8	[5]5	[6]4	4	1	4	1	.....	1	1	1	3	3	1	4	3	11	.....	.....
Pending in Senate committees	[2]13	7	[7]12	3	9	7	2	[10]9	17	3	6	6	8	9	23	7	11	10	1
Bills on Senate Calendar or in Senate	[3]2	.....	1	.....	.....	.....	.....	.....	1	1	1	.....	1	3	1	3	3	.....	.....
Recommitted	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bills vetoed	.....	.....	.....	.....	.....	2	1	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bills passed over veto	.....	.....	.....	.....	.....	.....	1	.....	.....	1	.....	.....	.....	.....	.....	.....	.....	.....	.....
Laws enacted	[4]32	29	30	15	24	15	15	15	13	6	8	8	6	4	8	24	15	6	6

[1] Including 4 bills enacted as amendment in other legislation; 1 left in House when similar Senate bill returned to Senate; and 1 similar to another bill enacted (Public Law 87–645).
[2] Includes 2 bills enacted as amendments to other bills.
[3] Includes 1 bill enacted as amendment to another bill.
[4] Some laws include the substance of more than 1 bill reported separately. 39 separately reported bills were enacted, 7 as amendments to other legislation.
[5] Provisions of 3 of these bills were passed by the House as separate bills, and the provisions of 1 bill were included as an amendment to another bill which became public law.
[6 7] One bill in a Senate committee had purpose accomplished administratively; 5 other were enacted as sections of another bill; and portions of 1 bill left in the House were enacted as part of another bill.
[8] Includes S.J. Res. 197 making technical correction to law, which was brought to House floor for immediate consideration and passage by unanimous consent.
[9] The difference in number of bills reported (14) and laws enacted (15) is due to the fact that S. 3705 did not go to the House Committee. However, the subject matter was included in H.R. 12628.
[10] Includes H.R. 9576 subject matter of which was contained in S. 969, passed in lieu.

HEARINGS AND EXECUTIVE SESSIONS

(All hearings and executive sessions of the Committee are held in the Committee hearing room, 334 Cannon House Office Building, unless otherwise designated.)

February 5, 1997. OPEN. 4:00 p.m. Full Committee. Meeting. Organizational.

February 11, 1997. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1997 legislative priorities of the Veterans of Foreign Wars.

February 11, 1997. OPEN. 1:00 p.m. Full Committee. Hearing. Persian Gulf War Illnesses. (Serial No. 105–1)

February 13, 1997. OPEN. 9:30 a.m. Full Committee. Meeting. Oversight Plan.

February 13, and February 27, 1997. OPEN. 9:30 a.m. Full Committee. Hearing. Fiscal Year 1998 Department of Veterans Affairs Budget. (Serial No. 105–2)

March 6, 1997. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1997 legislative priorities of the Blinded Veterans Association; Non Commissioned Officers Association; Military Order of the Purple Heart; The Retired Officers Association; Paralyzed Veterans of America; and Jewish War Veterans.

March 19, 1997. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1997 legislative priorities of the Disabled American Veterans.

March 20, 1997. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1997 legislative priorities of the Veterans of World War 1; American Ex-Prisoners of War; AMVETS and Vietnam Veterans of America.

March 20, 1997. OPEN. 2:30 p.m. Full Committee. Meeting. To approve Committee's views and estimates for the FY 1998 budget for submission to the Budget Committee.

March 20, 1997. OPEN. 3:00 p.m. Full Committee. Markup. H.R. 1090 and H.R. 1092.

April 3, 1997. OPEN. 9:00 a.m. Gainesville VAMC, Gainesville, Florida. Hearing. Subcommittee on Health. Veterans Equitable Resource Allocation System (VERA). (Serial No. 105–3)

April 16, 1997. OPEN. 10:00 a.m. Subcommittee on Health and Subcommittee on Oversight and Investigations. Joint Hearing. Persian Gulf War Veterans. (Serial No. 105–4)

April 17,1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Sexual Harassment in the VA. (Serial No. 105–5)

May 7, 1997. OPEN. 8:30 a.m. Subcommittee on Benefits. Hearing. Government Performance and Results Act (GPRA) Strategies

for the Veterans' Employment and Training Service (VETS). (Serial No. 105–6)

May 8, 1997. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. H.R. 1362 and Draft Bills Regarding Third Party Reimbursement and Physicians' Special Pay Provisions. (Serial No. 105–7)

May 14, 1997. OPEN. 8:30 a.m. Subcommittee on Benefits. Hearing. Hearing on Operations Within the Compensation and Pension Service Using GPRA Principles, on the Processing of Persian Gulf War Claims, and VA's Proposed Legislation To Limit the Liability for Smoking-Related Illnesses. (Serial No. 105–8)

May 15, 1997. OPEN. 9:30 a.m. Subcommittee on Health. Markup. H.R. 1362.

May 21, 1997. OPEN. 1:30 p.m. Full Committee. Markup. H.R. 1362, as amended, H.R. 1687, H.J. Res. 75.

May 21, 1997. OPEN. 2:00 p.m. Full Committee. Hearing. Hearing to Accept the Report of the Veterans' Claims Adjudication Commission. (Serial No. 105–9)

May 22, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Safety and Security in the VA. (Serial No. 105–10)

June 4, 1997. OPEN. 9:30 a.m. Full Committee. Hearing. H.R. 699, Military Voting Rights Act of 1997. (Serial No. 105–11)

June 5, 1997. OPEN. 9:30 a.m. Subcommittee on Benefits. Hearing. Government Performance and Results Act Strategies for Both the Veterans Benefits Administration's Education Service and the Vocational Rehabilitation and Counseling Services. (Serial No. 105–12)

June 12, 1997. OPEN. 9:30 a.m. Full Committee. Markup. Budget Reconciliation instructions, H.R. 699.

June 19, 1997. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. VA's Health Care Treatment for Persian Gulf War Illnesses. (Serial No. 105–13)

June 26, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing 1. VA's Compliance with Year 2000 Requirements. (Serial No. 105–14)

July 9, 1997. OPEN. 10:00 a.m. Full Committee. Hearing. S. 923 and H.R. 2040, To Deny Burial in a Federally Funded Cemetery and Other Benefits to Veterans Convicted of Certain Capital Crimes. (Serial No. 105–15)

July 10, 1997 OPEN. 9:30 a.m. Subcommittee on Health. Hearing. Pharmaceutical Prices, and Draft Legislation on Homeless Veterans' Programs and Issues Related to Persian Gulf War Illness. (Serial No. 105–16)

July 16, 1997. OPEN. 9:30 a.m. Subcommittee on Benefits. Hearing. Pending Legislative Proposals in the Areas of Education, Training, and Employment. (Serial No. 105–17)

July 17, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Sexual Harassment in the VA and H.R.

1703, Department of Veterans' Affairs Employment Discrimination Prevention Act. (Serial No. 105–18)

July 24, 1997. OPEN. 9:15 a.m. Subcommittee on Health. Markup. H.R. 2206.

July 24, 1997. OPEN. 9:30 a.m. Subcommittee on Health and Subcommittee on Oversight and Investigations. Joint Hearing. VA Consolidation of Medical Facility Management and Services. (Serial No. 105–19)

July 28, 1997. OPEN. 9:00 a.m. U.S. Federal Court House, Montgomery, Alabama. Subcommittee on Oversight and Investigations. Hearing. Planning and Formation of Central Alabama Veterans Health Care System (CAVHCS). (Serial No. 105–20)

September 4, 1997. OPEN. 9:30 a.m. Subcommittee on Benefits. Markup. H.R. 2367.

September 11, 1997. OPEN. 9:30 a.m. Full Committee. Markup. H.R. 2367, H.R. 2206 and S. 923.

September 18, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Government Performance and Results Act (GPRA) Strategies. (Serial No. 105–21)

September 23, 1997. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. The 1997 legislative priorities of The American Legion.

September 25, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing 2 on Year 2000 Computer Compliance in the Department of Veterans Affairs. (Serial No. 105–22)

September 30,1997. OPEN. 10:30 a.m. Full Committee. Markup. H.R. 1703 and H.R. 2571.

October 8, 1997. OPEN. 10:00 a.m. Subcommittee on Health. Hearing. VHA's Risk Management Policy and Performance. (Serial No. 105–23)

October 16, 1997. OPEN. 9:00 a.m. Chicago, Illinois. Subcommittee on Oversight and Investigations. Hearing. Formation of the VA Chicago Health Care System. (Serial No. 105–24)

October 23, 1997. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Mismanagement Issues at the Charleston, South Carolina and Pittsburgh, Pennsylvania Veterans Affairs Medical Centers. (Serial No. 105–25)

December 18, 1997. OPEN. 10:00 a.m. Thaddeus J. Dulski Federal Building. Buffalo, New York. Subcommittee on Benefits. Hearing. The Veterans' Transitional Housing Opportunities Act of 1997. (Serial No. 105–26)

January 28, 1998. OPEN. 10:00 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing To Examine Arlington National Cemetery Burial Waivers. (Serial No. 105–27)

February 4 and February 12, 1998. OPEN. 10:00 a.m. Full Committee. Hearing. Department of Veterans Affairs Budget Request for Fiscal Year 1999. (Serial No. 105–28)

February 4, 1998. OPEN. 2:00 p.m. Subcommittee on Benefits. Hearing. Oversight of VA's Vocational Rehabilitation. (Serial No. 105–29)

February 5, 1998. OPEN. 1:00 p.m. Full Committee. Hearing. Full Committee Hearing To Receive Updates on Research, Investigations, and Programs Involving Persian Gulf War Veterans' Illnesses. (Serial No. 105–30)

February 24, 1998. OPEN. 10:30 a.m. Subcommittee on Benefits. Hearing. H.R. 3039, the Veterans' Transitional Housing Opportunities Act of 1997, and H.R. 3211, Enacting Eligibility Requirements for Burial at Arlington National Cemetery. (Serial No. 105–31)

February 26,1998. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1998 legislative priorities of the Non Commissioned Officers Association, Paralyzed Veterans of America, Jewish War Veterans, Military Order of the Purple Heart and Blinded Veterans Association.

March 3, 1998. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1998 legislative priorities of the Veterans of Foreign Wars.

March 5, 1998. OPEN. Subcommittee on Benefits. Markup. H.R. 3039, H.R. 3211 and H.R. 3213.

March 11, 1998. OPEN. 1:00 p.m. Full Committee. Markup. H.R. 3039, H.R. 3211 and H.R. 3213.

March 18, 1998. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1998 legislative priorities of the Disabled American Veterans.

March 18, 1998. OPEN. 12:30 p.m. Full Committee. Meeting. To approve the Committee's views and estimates of the fiscal year 1999 budget to be submitted to the Budget Committee.

March 18, 1998. OPEN. 2:00 p.m. Subcommittee on Oversight and Investigations. Hearing. Department of Veterans Affairs Participation in the Federal Energy Management Program. (Serial No. 105–32)

March 19, 1998. OPEN. 9:45 a.m. Subcommittee on Health. Markup. Fiscal Year 1999 construction authorization.

March 19, 1998. OPEN. 10:00 a.m. Subcommittee on Health. Hearing. Quality Management at the Veterans Health Administration. (Serial No. 105–33)

March 25, 1998. OPEN. 9:30 a.m. House and Senate Veterans Affairs Committees. Joint Hearing. Room 345 Cannon HOB. The 1998 legislative priorities of The Retired Officers Association, Vietnam Veterans of America, American Ex-POWs and AMVETS.

March 25, 1998. OPEN. 1:00 p.m. Full Committee. Markup. H.R. 3603.

March 26, 1998. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Hearing To Review the Department of Veterans Affairs' Compliance With the Requirements of the Government Performance and Results Act. (Serial No. 105–34)

April 23, 1998. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. Hearing on War-related Illnesses and on the VA's Sexual Trauma Counseling Program. (Serial No. 105–35)

April 29, 1998. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Operations within the National Cemetery System (NCS). (Serial No. 105–36).

May 14, 1998. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Hearing on GAO Report on VA Inspector General Special Inquiry Regarding Patient Deaths at the VA Hospital in Columbia, Missouri, and on VA Quality Assurance Improvement. (Serial No. 105–37)

May 20, 1998. OPEN. 10:00 a.m. Subcommittee on Benefits and Subcommittee on Government Programs, Committee on Small Business. Joint Hearing. Government Programs and Oversight of the Small Business Committee and the Subcommittee on Benefits of the Committee on Veterans' Affairs. (Serial No. 105–38)

June 4, 1998. OPEN. 1:00 p.m. Subcommittee on Health. Markup. H.R. 3980, H.R. 2775 and H.R. 3336.

June 10, 1998. OPEN. 2:00 p.m. Subcommittee on Benefits. Hearing. Operations of the Board of Veterans' Appeals and Court of Veterans Appeals, and review of H.R. 3212, with Respect To the Court of Veterans Appeals Retirement Plan. (Serial No. 105–39)

June 17, 1998. OPEN. 10:00 a.m. Subcommittee on Health. Hearing. Future Role of the VA Health Care System. (Serial No. 105–40)

June 18, 1998. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Draft Legislation to Provide a Cost-of-Living Adjustment in Rates of Compensation Paid to Veterans with Service-connected Disabilities to make various Improvements in Education, Housing and Cemetery Programs of the Department of Veterans Affairs, and for other purposes. (Serial No. 105–41)

June 24, 1998. OPEN. 10:15 a.m. Full Committee. Markup. H.R. 3980 and H.R. 4110.

June 30, 1998. OPEN. 10:30 a.m. Gold Room, State Capitol, Boise, Idaho. Subcommittee on Health. Hearing. Review Provision of Care to Idaho's Veterans. (Serial No. 105–42)

July 16, 1998. OPEN. 10:00 a.m. Subcommittee on Benefits. Hearing. Standards for Adjudicating Claims presented by Veterans suffering from Hepatitis C, Cerebral Malaria and Persian Gulf Illnesses. (Serial No. 105–43)

July 22, 1998. OPEN. 10:00 a.m. Full Committee. Hearing. Benefits for Filipino Veterans. (Serial No. 105–44)

July 23, 1998. OPEN. 9:30 a.m. Subcommittee on Health. Hearing. Hearing to Review the Provision of Specialized Services at the Department of Veterans Affairs and Rehabilitative Needs of Disabled Veterans. (Serial No. 105–45)

August 5, 1998. OPEN. 10:00 a.m. Full Committee. Hearing. Garnishment of Benefits paid to Veterans for Child Support and other Court-ordered Obligations. (Serial No. 105–46)

September 24, 1998. OPEN. 9:30 a.m. Subcommittee on Oversight and Investigations. Hearing. Year 2000 (Y2K) medical device issues and their impact on the Department of Veterans Affairs. (Serial No. 105–47)

LEGISLATION ENACTED INTO LAW

PUBLIC LAW 105–67

(H.J. RES. 75)

Title: An Act to confer status as an honorary veteran of the United States Armed Forces on Leslie Townes (Bob) Hope.

Summary: H.J. Res. 75:

1. Extends the gratitude of the American people to entertainer Leslie Townes (Bob) Hope.
2. Confers upon Bob Hope the status of honorary veteran for his lasting contribution to American society by entertaining this nation's troops overseas from World War II through the Persian Gulf War.

Effective date: Date of enactment

Cost: The Congressional Budget Offices estimates that the cost of H.J. Res. 75 would have no effect on the federal budget and would not affect direct spending or receipts. H.J. Res. 75 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would not affect the budgets of state, local, or tribal governments.

Legislative history

May 21, 1997: H.J. Res. 75 reported favorably by Committee on Veterans' Affairs.

June 3, 1997: H.J. Res. 75 reported by Committee on Veterans' Affairs. H.Rept. 105–109.

June 3, 1997: Passed the House under suspension by voice vote.

June 4, 1997: Referred to the Senate Committee on Veterans' Affairs.

Sep. 9, 1997: Passed the Senate by unanimous consent.

Oct. 30, 1997: Signed by the President, Public Law 105–67.

VETERANS' COMPENSATION COST–OF–LIVING ADJUSTMENT ACT OF 1997

PUBLIC LAW 105–98

(H.R. 2367, AS AMENDED)

Title: An Act to increase, effective as of December 1, 1997, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans.

Summary: H.R. 2367:

1. Increases, effective December 1, 1997, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for the survivors of certain disabled veterans. The rate of increase would follow Social Security Administration figures.
2. Rounds down, to the next lower dollar amount, all compensation and DIC benefits when the amount is not a whole dollar amount.

COMPENSATION AND DIC RATES EFFECTIVE DECEMBER 1, 1997

		Increase (monthly rate)	
		From	To
Percentage of disability or subsection under which payment is authorized:			
(a)	10 percent	$94	$95
(b)	20 percent	179	182
(c)	30 percent	274	279
(d)	40 percent	391	399
(e)	50 percent	558	569
(f)	60 percent	703	717
(g)	70 percent	887	905
(h)	80 percent	1,028	1,049
(i)	90 percent	1,157	1,181
(j)	100 percent	1,924	1,964
Higher statutory awards for certain multiple disabilities:			
(k)	(1) Additional monthly payment for anatomical loss, or loss of use of, any of the following: one foot, one hand, blindness in one eye (having light perception only), one or more creative organs, both buttocks, organic aphonia (with constant inability to communicate by speech), deafness of both ears (having absence of air and bone conduction)—for each loss.	74	75
	(2) Limit for veterans receiving payments under (a) to (j) above	2,393	2,443
	(3) Limit for veterans receiving benefits under (l) to (n) below	3,356	3,426
(l)	Anatomical loss or loss of use of both feet, one foot and one hand, blindness in both eyes (5/200) visual acuity or less), permanently bedridden or so helpless as to require aid and attendance.	2,393	2,443
(m)	Anatomical loss or loss of use of both hands, or of both legs, at a level preventing natural knee action with prosthesis in place or of 1 arm and 1 leg at a level preventing natural knee or elbow action with prosthesis in place or blind in both eyes, either with light perception only or rendering veteran so helpless as to require aid and attendance.	2,639	2,694
Percentage of disability or subsection under which payment is authorized:			
(n)	Anatomical loss of both eyes or blindness with no light perception or loss of use of both arms at a level preventing natural elbow action with prosthesis in place or anatomical loss of both legs so near hip as to prevent use of prosthesis, or anatomical loss of 1 arm and 1 leg so near shoulder and hip to prevent use of prosthesis.	3,003	3,066
(o)	Disability under conditions entitling veterans to two or more of the rates provided in (1) through (n), no condition being considered twice in the determination, or deafness rated at 60 percent or more (impairment of either or both ears service-connected) in combination with total blindness (5/200 visual acuity or less) or deafness rated at 40 percent or total deafness in one ear (impairment of either or both ears service-connected) in combination with blindness having light perception only or anatomical loss of both arms so near the shoulder as to prevent use of prosthesis.	3,356	3,426
(p)	(1) If disabilities exceed requirements of any rates prescribed, Secretary of Veterans Affairs may allow next higher rate or an intermediate rate, but in no case may compensation exceed.	3,356	3,426

COMPENSATION AND DIC RATES EFFECTIVE DECEMBER 1, 1997—Continued

		Increase (monthly rate)	
		From	To
	(2) Blindness in both eyes (with 5/200 visual acuity or less) together with (a) bilateral deafness rated at 30 percent or more disabling (impairment of either or both ears service-connected) next higher rate is payable, or (b) service-connected total deafness of one ear or service-connected loss or loss of use of an extremity the next intermediate rate is payable, but in no event may compensation exceed.	3,356	3,426
	(3) Blindness with only light perception or less with bilateral deafness (hearing impairment in either one or both ears is service-connected) rated at 10 or 20 percent disabling, the next intermediate rate is payable, but in no event may compensation exceed.	3,356	3,426
	(4) Anatomical loss or loss of use of three extremities, the next higher rate in paragraphs (l) to (n) but in no event in excess of.	3,356	3,426
(q)	[This subsection repealed by Public Law 90–493.].		
(r)	(1) If veteran entitled to compensation under (o) or to the maximum rate under (p); or at the rate between subsections (n) and (o) and under subsection (k), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to such rates.	1,441	1,471
	(2) If the veteran, in addition to need for regular aid and attendance is in need of a higher level of care, a special allowance of the amount indicated at right is payable in addition to (o) or (p) rate.	2,145	2,190
(s)	Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound.	2,154	2,199
(t)	[This subsection repealed by Public Law 99–576.].		

In addition to basic compensation rates and/or statutory awards to which the veteran may be entitled, dependency allowances are payable to veterans who are rated at not less than 30 percent disabled. The rates which follow are those payable to veterans while rated totally disabled. If the veteran is rated 30, 40, 50, 60, 70, 80 or 90 percent disabled, dependency allowances are payable in an amount bearing the same ratio to the amount specified below as the degree of disability bears to total disability. For example, a veteran who is 50 percent disabled receives 50 percent of the amounts which appear below.

COMPENSATION AND DIC RATES EFFECTIVE DECEMBER 1, 1997—Continued

	Increase (monthly rate)	
	From	To
If and while veteran is rated totally disabled and—		
Has a spouse	$112	$114
Has a spouse and child	191	195
Has no spouse, 1 child	77	78
For each additional child	59	60
For each dependent parent	91	92
For each child age 18–22 attending school	177	180
Has a spouse in nursing home or severely disabled	211	215

COMPENSATION AND DIC RATES EFFECTIVE DECEMBER 1, 1997—Continued—Continued

	Increase (monthly rate)	
	From	To
Has disabled, dependent adult child	177	180

Dependency and Indemnity Compensation

The rates of dependency and indemnity compensation payable with respect to service-related deaths occurring on and after January 1, 1993, (and payable with respect to any service-connected death if payments based on a veteran's rank would result in a lesser payment) would be increased by 2.1 percent, from $833 to $850 for the base rate, and from $182 to $185 for the additional amount or "kicker" payable if the veteran suffered from a service-connected disability rated as totally disabling for a period of at least eight years immediately preceding death.

The following table reflects increases provided for surviving spouses of deceased veterans whose service-connected deaths occurred prior to January 1, 1993, and who are not receiving dependency and (DIC) payments under the new rate structure at a higher rate:

Pay grade	Increase (monthly rate)	
	From	To
E–7	861	879
E–8	909	928
E–9	[1] 949	[1] 968
W–1	880	898
W–2	915	934
W–3	943	962
W–4	997	1,017
O–1	880	898
O–2	909	928
O–3	972	992
O–4	1,028	1,049
O–5	1,132	1,155
O–6	1,276	1,302
O–7	1,378	1,406
O–8	1,510	1,541
O–9	1,618	1,651
O–10	[2] 1,774	1,811

[1] If the veteran served as Sergeant Major of the Army, Senior Enlisted Advisor of the Navy, Chief Master Sergeant of the Air Force, Sergeant Major of the Marine Corps, or Master Chief Petty Officer of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be $1,023.

[2] If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps or Commandant of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be $1,902.

When there is no surviving spouse receiving dependency and indemnity compensation, payment is made in equal shares to the children of the deceased veteran. These rates are increased as follows.

	Increase (monthly rate)	
	From	To
One child	$354	$361
Two children	510	520
Three children	662	675
Each additional child	130	132

Effective date: December 1, 1997

Cost: The bill would have no budgetary effect relative to the baseline as modified by the Balanced Budget Act of 1997. The bill would affect direct spending and thus pay-as-you-go procedures would apply.

Legislative history

Sep. 11, 1997: H.R. 2367 ordered reported by Committee on Veterans' Affairs.

Oct. 9, 1997: H.R. 2367 reported to the House. H. Rept. 105–320.

Oct. 31, 1997: Passed the House amended by voice vote by unanimous consent.

Nov. 5, 1997: Passed the Senate by unanimous consent.

Nov. 19, 1997: Signed by the President, Public Law 105–98.

PUBLIC LAW 105–111

(H.R. 1090)

Title: An Act to amend title 38, United States Code, to allow revision of veterans benefits decisions based on clear and unmistakable error.

Summary: H.R. 1090:

1. Codifies the existing regulatory authority for appeal at the regional office on the grounds of clear and unmistakable error.
2. Makes decisions made by the Board of Veterans' Appeals subject to revision on the grounds of clear and unmistakable error.
3. Permits appeal to the Court of Veterans Appeals on the basis that there was a clear and unmistakable error in any previous Board decision.

Effective date: Date of enactment

Cost: The Congressional Budget Office estimates that the cost of H.R. 1090 would raise administrative costs over the first two or three years after enactment by $1 million to $2 million in total, but in the longer run administrative costs would rise by less than $500,000 a year. In addition, CBO estimates that the bill would have a direct spending impact of less than $500,000 a year through 2002. Because the bill would raise direct spending, it would be subject to pay-as-you-go procedures. H.R. 1090 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would not affect the budgets of state, local, or tribal governments.

Legislative history

Mar. 20, 1997: H.R. 1090 ordered reported favorably by Committee on Veterans' Affairs.

Apr. 14, 1997: H.R. 1090 reported by Committee on Veterans' Affairs. H. Rept. 105–52.

Apr. 16, 1997: Passed the House under suspension by voice vote.
Apr. 17, 1997: Referred to Senate Committee on Veterans' Affairs.
Nov. 10, 1997: Passed the Senate by unanimous consent.
Nov. 21, 1997: Signed by the President, Public Law 105–111.

VETERANS' BENEFITS ACT OF 1997

PUBLIC LAW 105–114

(S. 714, AS AMENDED)

Title: An act to amend title 38, United States Code, to revise, extend, and improve programs for veterans.
Summary: S. 714, as amended:

Title I

1. Directs the Secretary of Veterans Affairs to establish a new VA employment discrimination complaint resolution system.
2. Establishes a quasi-independent VA Office of Employment Discrimination Complaint Adjudication which would make final agency decisions on substantive equal employment opportunity issues.
3. Requires the Secretary of Veterans Affairs to contract with a private entity to assess VA's discrimination complaint resolution system.

Title II

1. Clarifies that a Persian Gulf veteran is eligible for VA health care by virtue of having a condition associated with service in the Gulf.
2. Requires VA to create a competitive grant program under which up to ten VA facilities would establish demonstration projects to improve care to Persian Gulf veterans with undiagnosed or difficult to diagnose conditions.
3. Extends VA's authority to provide direct loans to Native Americans to purchase, construct, renovate, or refinance homes on trust land through December 31, 2001, and add outreach and reporting requirements.
4. Codifies into a single section of title 38—and extends—expiring (and partially overlapping) authorities and statutory responsibilities to serve homeless veterans under which VA provides (directly or by contract) halfway houses and other residential care to homeless, chronically mentally ill veterans; establish and provide therapeutic transitional housing for veterans participating in compensated work therapy programs; provide community-based halfway house care under contract for veterans suffering from drug and alcohol dependence; and require VA at the facility level (to the extent resources permit) to meet the needs of homeless veterans identified in a community assessment process.
5. Extends, through December 31, 1999, VA's authority to sell, lease, or donate VA properties to nonprofit organizations or a State or political subdivision of a State for the purpose of

assisting homeless veterans and their families acquire shelters.

6. Extends the Homeless Veterans Comprehensive Service Grant Program, which enables the VA to provide grant support to public and non-profit agencies and entities to establish programs to assist homeless veterans, through September 30, 1999.
7. Extends, through December 31, 1999, the Department of Labor's authority to operate the Homeless Veterans Reintegration Project (HVRP), which provides grants to community-based organizations focusing on returning homeless veterans to the workforce, and authorize $10,000,000 per year.
8. Expands the scope of the report requirement regarding VA assistance to homeless veterans by requiring an evaluation of both VA programs and those established under the VA's Homeless Veterans Comprehensive Service Grant Program.
9. Extends VA's authority to enter into long-term leases with parties to enhance unused or underused VA property through December 31, 2001 and repeal the current limitations on the number of enhanced-use leases which VA may enter under such authority.
10. Makes permanent the VA's authority to provide noninstitutional alternatives to nursing home care, such as hospital-based home care, adult day health care, and community residential care.
11. Extends the Health Professional Scholarship Program through December 31, 1998 and requires the VA to report within six months on the effectiveness of the program and alternative approaches to recruitment and retention of health professionals.
12. Requires the VA to develop a national policy with respect to breast cancer screening for veterans.
13. Requires the President, by March 1, 1998, to submit to Congress a report on plans, preparations and the capability of all levels of government to respond nationally to medical emergencies arising from the terrorist use of weapons of mass destruction.

Title III

1. Authorizes the following major medical construction projects:
   a) seismic corrections at the Department of Veterans Affairs medical center in Memphis, Tennessee;
   b) seismic corrections and clinical and other improvements at the McClellan Hospital at Mather Field, Sacramento California; and
   c) outpatient improvements at Mare Island, Vallejo, California, and Martinez, California.
2. Authorizes major medical facility leases of information resources management field offices in Birmingham, AL and Salt Lake City, UT; and satellite outpatient clinics in Jacksonville, FL; Boston MA; Canton, OH; Portland, OR; and Tulsa, OK.

3. Authorizes appropriations of $34.6 million for the Construction, Major Projects account for construction at the Memphis VAMC and $15.703 million for the Medical Care account for the major medical leases.
4. Specifies that major construction projects in northern California authorized in the bill must be carried out using previously appropriated funds.

Title IV

1. Makes a number of technical and clarifying amendments improving existing educational programs under chapters 30, 34, and 36 and a clerical correction to chapter 23 regarding burial benefits.
2. Clarifies that a veteran discharged or released from active service due to a disability, without regard to any prior determination as to the degree of such disability, may be furnished VA hospital care and medical services.
3. Clarifies that "category C" veterans under VA treatment are eligible for the one-time $1200 home improvement/structural alteration benefit.
4. Strikes the limitation in current law which restricts VA transfers and placements into community nursing homes to veterans receiving inpatient care, and would authorize such needed placements for any veteran under care in a VA facility.
5. Changes the name of the Wm. Jennings Bryan Dorn Veterans' Hospital to the "Wm. Jennings Bryan Dorn Department of Veterans Affairs Medical Center".
6. Makes clarifying changes to the definition of "child" and "Vietnam veteran" as these terms are used in provisions of current law providing benefits to children of Vietnam veterans with a birth defect called spina bifida.

Effective date: Upon enactment, except the spina bifida provision (Section 404), which is effective on October 1, 1997.

Legislative history

Apr. 16, 1997: H.R. 1092 passed the House under suspension by voice vote.

Oct. 6, 1997: H.R. 1703 passed the House under suspension by voice vote.

Oct. 6, 1997: H.R. 2206 passed the House amended under suspension by voice vote.

Oct. 6, 1997: H.R. 2571 passed the House under suspension by voice vote.

Oct. 7, 1997: S. 986 ordered reported amended by the Senate Veterans' Affairs Committee.

Oct. 7, 1997: S. 801 ordered reported amended by the Senate Veterans' Affairs Committee.

Oct. 7, 1997: S. 999 ordered reported by the Senate Veterans' Affairs Committee.

Oct. 30, 1997: S. 714 reported to the Senate. S. Rpt. 105–123.

Nov. 5, 1997: S. 714 passed the Senate with an amendment and an amendment to the Title by unanimous consent.

Nov. 9, 1997: S. 714 passed the House amended under suspension by voice vote (consists of certain provisions from H.R. 1092, H.R. 1703, H.R. 2206, H.R. 2571, S. 986, S. 801, and S. 999)

Nov. 10, 1997: S. 986 reported to the Senate. S. Rpt. 105–153.

Nov. 10, 1997: Senate agreed to the House amendments by unanimous consent.

Nov. 21, 1997: Signed by the President, Public Law 105–114.

PUBLIC LAW 105–116

(S. 923, AS AMENDED)

Title: An Act to amend title 38, United States Code, to prohibit interment or memorialization in certain cemeteries of persons committing Federal or State capital crimes.

Summary: S. 923, as amended:

1. Denies persons described in paragraph 2 burial or memorialization in a cemetery under the jurisdiction of the Department of Veterans Affairs, Arlington National Cemetery, or any state veterans cemetery for which a state receives a VA grant on or after date of enactment.
2. Applies to anyone convicted of a federal capital crime or a state capital crime in which one or more deaths occur.
3. Applies only when VA is notified by the Attorney General or the appropriate state official of the person's conviction prior to approval of a request for burial.
4. Authorizes the Secretary of VA, the Secretary of the Army, and the appropriate state official to administratively deny burial or memorialization to persons not convicted due to death or flight to avoid prosecution.

Effective date: Applies to applications for memorialization or interment made on or after the date of enactment.

Cost: The Congressional Budget Office estimates that S. 923, as amended, would reduce burial costs, but would apply to only a few people every year. Therefore, reductions in mandatory spending would be negligible.

Legislative history

June 18, 1997: Senate Committee on Veterans Affairs discharged by unanimous consent.

June 18, 1997: Passed the Senate amended by vote of 98–0.

June 19, 1997: Referred to the House Committee on Veterans' Affairs.

Oct. 9, 1997: S. 923 reported to the House amended. H. Rept. 105–319.

Oct. 31, 1997: Passed the House amended by voice vote by unanimous consent.

Nov. 10, 1997: Senate agreed to House amendments by unanimous consent.

Nov. 21, 1997: Signed by the President, Public Law 105–116.

VETERANS PROGRAMS ENHANCEMENT ACT OF 1998

PUBLIC LAW 105–368

(H.R. 4110)

Title: An Act to amend title 38, United States Code, to improve benefits and services provided to Persian Gulf War veterans, to provide a cost-of-living adjustment in rates of compensation paid to veterans with service-connected disabilities, to enhance programs providing health care, compensation, education, insurance, and other benefits for veterans, and for other purposes.

Summary: H.R. 4110, as amended:

Title I – Provisions relating to veterans of Persian Gulf War and future conflicts

1. Provides for the National Academy of Sciences (NAS) or similar organization to review and evaluate the available scientific evidence and determine whether there is scientific evidence of an association between illnesses experienced by Gulf War veterans and service in—or exposure to one or more agents, hazards, medicines, or vaccines during —the Persian Gulf War.
2. Establishes authority for VA to provide priority health care to treat illnesses that may be attributable to a veteran's service in combat during any period of war after the Persian Gulf War or during any other future period of hostilities (notwithstanding that there is insufficient medical evidence to conclude that such illnesses are attributable to such service).
3. Extends VA's special authority to provide care to Persian Gulf veterans through December 31, 2001.
4. Requires VA to enter into an agreement with the National Academy of Sciences or another appropriate independent organization to assist in developing a plan for the establishment of a national center for the study of war-related illnesses and post-deployment health issues.
5. Requires VA to establish a public advisory committee (to include veterans of the Persian Gulf War) to provide advice to the Secretaries of Veterans Affairs, Health and Human Services, and Defense on proposed research studies, research plans, or research strategies relating to the health of Persian Gulf veterans.
6. Requires Departments of Veterans Affairs, Health and Human Services, and Defense to report to Congress by March 1 of each year the status and results of such research activities, along with the list of research priorities for the upcoming year.
7. Requires public availability through the World Wide Web and elsewhere of the findings of all Persian Gulf research conducted by or for the Government.
8. Requires VA to enter into an agreement with the National Academy of Sciences to determine whether there is a methodology by which VA could determine the efficacy of treatments provided to Persian Gulf War veterans for illnesses

which may be associated with their Persian Gulf War service.

9. Requires VA and DoD to enter into an agreement with the National Academy of Sciences to (a) develop a curriculum (to take account of new research findings relating to care of veterans with illnesses that may be associated with Persian Gulf War services) for use in continuing education of VA and DoD physicians.
10. Extends VA's authority to evaluate the health status of spouses and children of Persian Gulf War veterans through December 31, 1999, and to provide such examinations through VA facilities, or under its fee-basis or other contract arrangements.

Title II – Education and Employment

1. Changes the way VA calculates the reporting fee paid to educational institutions that enroll veterans.
2. Makes optional, rather than mandatory, an advance payment of 40 percent of the amount that veteran-students under VA's work-study program are eligible to receive for their veteran-related work. Current law requires the advanced payment.
3. Allows servicemembers to use college-granted credit hours for life experiences as a means of meeting eligibility requirements for their Montgomery GI Bill benefits.
4. Allows veteran-students in flight training to continue to receive VA educational assistance if they inadvertently fail to maintain the required flight certificate.
5. Waives the wage increase and minimum salary requirements for on the job training programs provided by State and local governments.
6. Requires the VA and military service branches to expand outreach services concerning VA education program requirements to members of the armed services.
7. Requires the VA and military service branches to ensure that separating servicemembers are well informed of the eligibility requirements for their education benefits.
8. Clarifies the enforcement of veterans' employment and reemployment rights with respect to a State (as an employer), under the Uniformed Service Employment and Reemployment Rights Act.
9. Extends veterans' employment and reemployment rights to former members of the uniformed services employed overseas by United States companies.
10. Clarifies Federal employee enforcement of employment and reemployment rights.

Title III – Compensation, Pension and Insurance

1. Increases the special pension provided to persons entered and recorded on the Army, Navy, Air Force, and Coast Guard Medal of Honor Roll from $400 to $600 per month.
2. Provides for the payment of accelerated death benefits to terminally ill persons under the Servicemembers' Group Life Insurance and Veterans' Group Life Insurance policies.

3. Directs VA to provide to Congress an assessment of the effectiveness and adequacy of insurance and benefits programs for the survivors of veterans with service-connected disabilities.
4. Authorizes the VA to issue dividends to the holders of World War II-era National Service Life Insurance (NSLI) series "H" policies. All other NSLI policies issue dividends.

Title IV – Memorial Affairs

1. Authorizes VA to furnish a memorial marker for certain members of the armed forces and spouses whose remains are unavailable for interment.
2. Extends eligibility for burial in National Cemeteries and funeral benefits to veterans of the Merchant Marine who served from August 16, 1945, to December 31, 1946.
3. Redesignates the National Cemetery System (NCS) as the National Cemetery Administration, and redesignate the Director of the National Cemetery System as the Under Secretary for Memorial Affairs.
4. Modifies the existing State Cemetery Grants Program to authorize VA to pay up to 100 percent of the cost of constructing and equipping state veterans' cemeteries.

Title V – Court of Veterans Appeals

1. Allows a sitting judge at the Court of Veterans Appeals nominated for a second term to remain on the bench for up to one year while awaiting Senate confirmation.
2. Exempts the Court's retirement fund from sequestration orders.
3. Provides the same adjustments for annuities to the survivors of deceased Court of Veterans Appeals judges as those received by Judiciary Survivors' Annuities Fund annuitants.
4. Directs the Court to submit a report on the feasibility of merging the retirement and survivor annuity plans with other federal court retirement and survivor annuity programs.
5. Renames the Court of Veterans Appeals the United States Court of Appeals for Veterans Claims.

Title VI – Housing

1. Authorizes the Secretary of Veterans Affairs to guarantee loans to provide multifamily transitional housing for homeless veterans.
2. Requires the Secretary to provide in the budget a simple, concise, and readily understandable statement that summarizes the financial activity of each of the housing programs operated under the Loan Guaranty Revolving Fund and the Guaranty and Indemnity Fund.
3. Extends the VA's authority to guarantee home loans for members of the National Guard and Reserve components to September 30, 2003.
4. Requires the Department of Veterans Affairs to comply with the requirements of the Competition in Contracting Act and the Federal Acquisition Regulations for any contract for services or supplies for properties acquired under the VA housing program.

Title VII – Construction and Facilities matters

1. Authorizes appropriations for fiscal years 1999 and 2000 in the amount of $241.1 million for the Construction, Major Projects account and $8.5 million for the Medical Care account for major medical leases.
2. Authorizes major medical facility projects at the Long Beach VAMC ($23.2 million); the San Juan VAMC ($50 million); the Washington, DC VAMC ($28.7 million); the Palo Alto VAMC ($22.4 million); the Cleveland (Wade Park) VAMC ($28.3 million, of which $7.5 million would come from previously appropriated funds); the Tucson VAMC ($35 million); the Dallas VAMC ($24.2 million); projects at Auburn and Merced, California ($3 million from previously appropriated funds); the Lebanon VAMC ($9.5 million); the Tampa VAMC ($46.3 million, of which $20 million would come from previously appropriated funds); and the Denver VAMC ($13 million, of which $11.9 million would come from previously appropriated funds in the Parking Revolving Fund).
3. Authorizes major medical facility leases at satellite outpatient clinics in Baton Rouge, Louisiana ($1.8 million); Daytona Beach, Florida ($2.6 million); and Oakland Park, Florida ($4.1 million).
4. Increases the threshold for treatment of a medical facility lease as a major medical facility lease (which requires congressional authorization) from $300,000 to $600,000.
5. Increases the threshold for treatment of a parking facility project as a major medical facility project (which requires congressional authorization) from $3 million to $4 million.
6. Prohibits VA from establishing or collecting parking fees at any parking facility associated with the Spark M. Matsunaga VAMC and Regional Office in Honolulu, Hawaii.
7. Requires VA to submit a report to Congress by September 15, 1999 on the Department's use of its authority to charge parking fees at VA medical facilities, to include the results of a survey on the availability of VA-provided employee-parking, an analysis of ways to provide cost-effective parking programs, and recommendations on whether and how to amend current law pertaining to parking fees.
8. Requires VA to submit a report to Congress on a master plan relating to Department lands at the West Los Angeles VAMC.
9. Designates the Aspinwall, PA VAMC as the "H. John Heinz III Department of Veterans Affairs Medical Center".
10. Designates the Gainesville, FL VAMC as the "Malcom Randall Department of Veterans Affairs Medical Center".
11. Designates the Columbus, OH VA Outpatient Clinic as the "Chalmers P. Wylie Veterans Outpatient Clinic".

Title VIII – Health Professionals Educational Assistance

Scholarship Program

1. Authorizes VA to carry out an employee-incentive scholarship program through December 31, 2001, to assist in meeting the

staffing needs for health professional positions for which it is difficult to recruit or retain qualified personnel.
2. Specifies that to be eligible, individuals must have been a full-time or part-time Department employee for at least two years and have an exceptional employment record.
3. Requires that scholarships awarded under the program would cover payment of tuition and other educational expenses of up to $10,000 per year for a full-time student participant.
4. Specifies that participants who do not finish the agreed upon course of study are liable for damages.

Education Debt Reduction Program

1. Authorizes the VA to carry out an education debt reduction program through December 31, 2001, to assist in the recruitment of health care professionals for positions that are difficult to recruit and retain.
2. Specifies that to be eligible, an individual must be a recently-hired VHA employee (less than six months) serving in a position for which recruitment or retention is difficult and still indebted for education or training in that position.
3. Limits assistance to $6,000 for the first year of participation in the program; $8,000 for the second year; and $10,000 for the third.

Title IX – Miscellaneous Medical Care and Medical Administration provisions

1. Authorizes VA to provide priority health care for the treatment of cancer of the head or neck to veterans who can document nasopharyngeal radium irradiation treatment in service.
2. Extends VA's authority to counsel and treat veterans for sexual trauma through December 31, 2001.
3. Requires VHA to develop and apply job-performance standards to VA network directors and any other officials responsible for the allocation and management of resources relating to the requirement to maintain special disability programs.
4. Provides ongoing authority to use pension funds above the $90 monthly limit for certain veterans receiving nursing home care for operating expenses of VA medical facilities.
5. Requires the VA to submit a report to Congress by February 1, 1999 and February 1, 2000 assessing the current system of locality-based pay for nurses.
6. Requires the VA to provide an annual report to Congress on the Department's activities relating to its preparation for and participation in a domestic medical response to an attack involving weapons of mass destruction.
7. Permits the interim appointment of the Under Secretary for Health for service until July 1, 1999.

Title X – Other matters

1. Requires that, except as specified in law, a facility, structure, or property (or major part of any facility, structure or property) of the Department be named for the geographic area where it is located.
2. Provides reversion rights to attorney positions at the Board of Veterans' Appeals for civil service attorneys who are members

of the Board of Veterans' Appeals and whose appointments to the Board are terminated.

3. Affords the Board of Veterans' Appeals flexibility in scheduling hearings, and in considering and deciding appeals, so that unintended delays may be avoided.
4. Changes the formula used by Department of Labor's Veterans Employment and Training Service to determine the number of Disabled Veterans Outreach Program Specialists (DVOPS) to reflect the working-age veteran population in each state.

Title XI – Cost-of-living adjustment

Increases effective December 1, 1998, the rates of compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of certain disabled veterans.

Effective date:

Date of enactment except for the following:
section 201: Calendar years beginning after December 31, 1998.
section 202: On or after January 1, 1999.
section 203: October 1, 1998.
section 204: October 1, 1998.
section 205: On or after October 1, 1998.
section 206: 180 days after date of enactment.
section 207: Subsection (a) and (b) take effect 120 days after date of enactment, subsection (c) takes effect on or after January 1, 2000.
section 213: October 13, 1994.
section 302: 90 days after date of enactment.
section 304: 90 days after date of enactment.
Title V: First day of the first month beginning more than 90 days after the date of enactment.
section 604: After the end of the 60 day period beginning on the date of enactment.

Cost:

Table 1. Estimated Budgetary Effects of Direct Spending Provisions in H.R. 4110

(Outlays by fiscal year, in millions of dollars)

Section	Provision	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
904	Veterans' Pensions	4	2	2	2	0	0	0	0	0	0
201	Reporting Fees Adjustment	3	3	3	3	3	3	3	3	3	3
603	Home Loans for Reservists	0	−3	−3	−3	−3	0	0	0	0	0
205	On-the-Job Training Programs	2	2	2	2	2	2	2	2	2	2
601	Transitional Housing	1	1	1	1	2	2	2	0	0	0
1101	Compensation COLA	[a]	[a]	[a]	[a]	[a]	[a]	[a]	[a]	[a]	[a]
	Total [b]	10	5	5	5	4	7	7	5	5	5

[a] The costs of this provisions are already assumed in the CBO baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act; thus, it would have no costs relative to that baseline. Relative to current law, this provision would increase spending by $316 million in 1999 and by $415 million a year thereafter.

[b] The act contains several other provisions that would, in aggregate, affect direct spending by less than $500,000 annually.

Legislative history

June 24, 1998: H.R. 4110 ordered reported favorably by the Committee on Veterans' Affairs.

July 15, 1998: H.R. 4110 reported by the Committee on Veterans' Affairs. H. Rept. 105–627.

August 3, 1998: Passed the House amended under suspension by voice vote.

September 30, 1998: Passed the Senate in lieu of S. 2273 with an amendment by unanimous consent.

October 10, 1998: House agreed to Senate amendment with amendments pursuant to H. Res. 592 (consists of provisions derived from H.R. 1092, H.R. 3039, H.R. 3212, H.R. 3213, H.R. 3603, H.R. 3980, S. 309, S. 414, S. 730, S. 1822, S. 2273 and S. 2358).

October 21, 1998: Senate agreed to House amendments to Senate amendment by unanimous consent.

November 11, 1998: Signed by the President.

ACTIVITIES OF THE SUBCOMMITTEES

SUBCOMMITTEE ON HEALTH

The Subcommittee on Health, renamed from the former Subcommittee on Hospitals and Health Care after the 104th Congress, has legislative and oversight jurisdiction over the Department of Veterans' Affairs' health care programs and the VA's health care delivery system.

LEGISLATIVE ACTIVITIES

First Session

On March 20, 1997, the full Committee held a markup to consider H.R. 1092, legislation that included a provision to extend and expand the authority of the Secretary of Veterans Affairs to enter into enhanced-use leases for Department of Veterans Affairs property. The enhanced-use leasing program, which was established during the 102nd Congress, permits the VA to enter into long-term leases with private and other public entities to improve unused or underused VA property in a manner which would, at least in part, contribute to the VA's mission. It has proven to be effective in fostering public-private partnerships and in improving underutilized VA property, as well as in providing another funding stream for VA and its facilities.

H.R. 1092 proposed to repeal a section in law that limited the number of enhanced-use leases VA may execute to ten per year and twenty over the life of the program. The bill also proposed to extend enhanced-use authority until December 31, 2002. The pertinent provisions of H.R. 1092 were ultimately enacted except that under the law the authority was extended only until December 31, 2001. The provision is found in Section 205 of Public Law 105–114.

The subcommittee heard testimony on May 8, 1997, regarding three legislative proposals: H.R. 1362, VA-Medicare subvention legislation; draft legislation to permit VA to collect from third party payers; and draft legislation on physicians' special pay. Officials from the Congressional Budget Office, the Department of Veterans

Affairs, and the Department of Health and Human Services—along with officials from most major veterans service organizations—testified on H.R. 1362.

Dr. Kenneth Kizer, VA's Under Secretary for Health, expressed support both for H.R. 1362 and draft legislation to permit the VA to retain money it receives from third party insurers rather than having to deposit the funds into the Treasury under then current law. The Committee was instrumental in ensuring that cost recovery language similar to the draft bill was included in the Balanced Budget Act.

This hearing represented the first of many times the Committee met during the 105th Congress to discuss the concept of "Medicare subvention," an initiative advanced by the Committee to enable certain Medicare-eligible veterans to receive Medicare-covered health care benefits through VA (with the Medicare program reimbursing VA). For the first time, legislation to advance this initiative was taken up by other committees with jurisdiction and was adopted by the House. The course of this legislative action, while falling short of full passage, gives impetus to this issue as a legislative priority in the 106th Congress.

Under current law, Medicare may not cover the cost of care provided by the VA health care system. Legislation marked up on May 15, 1997 by the Subcommittee on Health and May 21, 1997 by the full Committee would have overridden that limitation. That bill, H.R. 1362, would have created a three-year demonstration project in up to 12 geographically dispersed VA medical centers allowing the VA to be reimbursed by Medicare for the care of participating higher income "category C" Medicare-eligible veterans.

H.R. 3828, the Veterans Medicare Access Improvement Act of 1998, jointly developed by Rep. Bill Thomas (R-CA), the Chairman of the House Ways and Means Subcommittee on Health, and the Chairman of the VA Committee, was introduced in the second session. The House ultimately passed the provisions of that bill. (See Legislative Activities—Second Session.)

After extensive oversight, the Subcommittee on Health on July 24, 1997, marked up an omnibus bill, H.R. 2206. The legislation included provisions to extend, consolidate and strengthen various VA homeless programs, and to improve VA health care provided to Persian Gulf War veterans. Those provisions called for VA to provide counseling to Persian Gulf veterans on the results of registry examinations, establish a grant program to support the creation of demonstration projects at up to ten VA facilities to improve care to Persian Gulf veterans, and clarify that Persian Gulf veterans are eligible for VA health care for any condition associated with service in the Gulf.

Also, the bill would have exempted VHA personnel engaged in patient care activities or research, or supervision of patient care or research, from an Administration policy to reduce the number of middle managers in the federal government; clarified that VA alone could establish, operate and set prices at canteens and vending machines within VA medical facilities; authorized VA to permit certain retirement-eligible VA physicians and dentists to have their "special pay" credited in full, for annuity purposes; and provided that drugs listed on the Federal Supply Schedule may only be pro-

cured from that schedule by a Federal entity or other entity already provided for under law.

The full Committee marked up the bill on September 11, 1997, and reported it to the full House on October 2, 1997 (H. Report 105–293). Because of revised Congressional Budget Office projections, the physician "special pay" provision was stripped from the bill before it came to the House floor. Concerns regarding the canteen service provision also resulted in its being dropped.

The full House passed the bill under suspension of the rules on October 6, 1997. Major provisions of H.R. 2206—including the homeless and Persian Gulf provisions—were included in S. 714, which was signed into law on November 21, 1997 (see summary of Public Law 105–114, p. 32).

On September 30, 1997, the full Committee marked up H.R. 2571, which authorized several VA major medical facility projects and major medical facility leases. The bill proposed to authorize projects which would make seismic corrections at the VAMC in Memphis, TN; seismic corrections and clinical and other improvements at the McClellan hospital at Mather Field, Sacramento, CA; and outpatient improvements at Mare Island, Vallejo, CA, and Martinez, CA. The outpatient projects were authorized in lieu of construction of an inpatient facility at Travis Air Force Base planned by the Administration to replace the Martinez VAMC, which was seismically damaged. Acute inpatient care beds at Martinez were subsequently closed. (The General Accounting Office concluded, however, that construction of such a project at Travis would be ill-advised and that lower cost alternatives should be explored.)

The bill proposed authorization of major medical facility leases in Birmingham, AL; Salt Lake City, UT; Jacksonville, FL; Boston, MA; Canton, OH; Portland, OR; and Tulsa, OK. In all, H.R. 2571 proposed authorization of appropriations totaling $34.6 million in the Construction, Major Projects account and $15.03 million in the Medical Care account for the leases.

H.R. 2571 passed the House by unanimous voice vote on October 6, 1997. Its provisions were subsequently incorporated into S. 714, which was signed into law on November 21, 1997 (see summary of Public Law 105–114, p. 33).

Second Session

During the second session of the 105th Congress, discussions with the Chairman of the House Ways and Means Subcommittee on Health produced legislation that expanded on the bill developed and reported by the VA Committee. That legislation, H.R. 3828, called for Medicare to reimburse VA (1) under a demonstration project for the care of participating "category C" Medicare-eligible veterans and (2) under a program for the care of certain Medicare-eligible service-connected and low-income veterans whose closest VA medical center is geographically remote or inaccessible. While the VA Committee did not formally take up this legislation, it overwhelmingly passed the Ways and Means Committee on May 14, 1998.

The language of H.R. 3828 was subsequently incorporated into H.R. 4567, the Medicare Home Health Care Interim Payment Sys-

tem Refinement Act of 1998, which passed the House on October 10, 1998. The Senate stripped the VA-Medicare subvention provisions of this bill before that body passed it.

On March 19, 1998, the subcommittee marked up draft legislation to authorize VA major construction projects for FY 1999. Among its provisions, the bill proposed to authorize projects at VAMCs in Long Beach, CA; San Juan, Puerto Rico; Washington, DC; Palo Alto (Menlo Park), CA; Cleveland (Wade Park), OH; Tucson, AZ; Dallas, TX; Auburn and Merced, CA; and Denver, CO. The bill also included language authorizing major medical facility leases in Baton Rouge, LA; Daytona Beach, FL; and Oakland Park, FL. Further, the bill proposed to increase the threshold for treatment of parking facility projects as major medical facility projects from $3 million to $4 million.

Introduced as H.R. 3603, the legislation was marked up by the full Committee on April 1, 1998 and passed the House on May 19, 1998. The provisions of the bill—along with language authorizing other VA construction projects—was included in H.R. 4110, which cleared Congress on October 21, 1998 and was signed into law on November 11, 1998. (See summary of Public Law 105–368, p. 39.)

On April 23, 1998, the Subcommittee on Health held a hearing to review draft legislation relating to research on and treatment of war-related illnesses. Based on that hearing, the subcommittee chairman introduced H.R. 3980, the Persian Gulf War Veterans Health Care and Research Act of 1998. This bill proposed to set the stage for early treatment of war-related illnesses by authorizing the VA to provide priority health for such illnesses for veterans of future hostilities. Further, the bill moved to extend the VA's special authority to treat Persian Gulf veterans through December 31, 2001, and proposed to elevate the level of priority for access to VA health care for Persian Gulf veterans.

The bill also proposed to require VA to establish a National Center for the Study of War-Related illnesses; require the VA to work with the National Academy of Sciences toward improving VA care of Persian Gulf veterans; require the VA to join with DOD to develop a curriculum to be used by VA and DOD physicians dealing with new Persian Gulf research findings; and require the establishment of a Persian Gulf public advisory committee, to include Persian Gulf veterans, to make recommendations on research priorities relating to Persian Gulf illnesses.

The Subcommittee on Health marked up the bill on June 4, 1998. The subcommittee also marked up two bills—H.R. 2775, to rename the Aspinwall (PA) VAMC after the late Senator H. John Heinz, and H.R. 3336, to rename the Gainesville (FL) VAMC after the outgoing director of the facility, Malcom Randall—on the same day. Subsequently, these two pieces of legislation were combined into H.R. 3980 and the package was marked up in full Committee on July 15, 1998. The legislation passed the House on August 3, 1998. The key elements of this bill—along with other provisions relating to Persian Gulf veterans—were incorporated into H.R. 4110, which passed Congress on October 21, 1998 and was signed into law on November 11, 1998. (See summary of Public Law 105–368, page 36.)

OVERSIGHT HEARINGS

First Session

On February 11, 1997, the Full Committee held a hearing to review issues relating to Persian Gulf War veterans, focusing on the recently released report of the Presidential Advisory Committee on Gulf War Veterans' Illnesses (PAC). This hearing represented the first of five conducted in the 105th Congress dealing with the health of Persian Gulf veterans. Testifying at the hearing were officials from the PAC; the Institute of Medicine; the Departments of Veterans Affairs, Defense, and Health and Human Services; the Veterans of Foreign Wars; The American Legion; the Disabled American Veterans; and the National Gulf War Resource Center. Additionally, three Persian Gulf War veterans testified regarding their experiences in seeking care from VA.

The PAC report provoked controversy in identifying stress as a likely, important contributing factor to the broad spectrum of illnesses being reported by Gulf War veterans. The PAC's testimony—and subsequent follow-up questions—dispelled assertions that the report's findings meant that the PAC had concluded that illnesses experienced by Gulf War veterans had no physiological basis.

The testimony of the three Gulf War veterans brought into focus the problem these veterans continue to experience when seeking care at VA facilities. Too often, those treating Gulf War vets are dismissive of their symptoms. These witnesses also testified to access problems they encountered before being treated.

Subsequently, Health Subcommittee Chairman Stearns introduced H.R 2206, which among other things included provisions to improve health care for Persian Gulf veterans and strengthen the research efforts relating to their illnesses (see summary of legislative activities, page 43 and Public Law 105–114, page 32).

On April 3, 1997, the Subcommittee on Health conducted a hearing in Gainesville, Florida to examine the impact of the Veterans Equitable Resource Allocation (VERA) system on Florida's veterans. Officials from the VA Department (including the VISN director and three directors of Florida VA medical centers); the Florida Department of Veterans Affairs; the Disabled American Veterans; Veterans of Foreign Wars; The American Legion; the County Veterans Service Officers Association; and the Paralyzed Veterans of America testified.

The shift of veterans' population to the South, Southwest and West has precipitated the need to change the way VA allocates its health care dollars. Section 429 of Public Law 104–204 required VA to develop a new resource allocation methodology. Consistent with that law, VERA, which represents that new methodology, brought more funds to Florida and other "sun-belt" states.

The witnesses expressed unanimous support for VERA. Witnesses contrasted VERA's impact to the funding methodology in preceding years. In prior years, funding allocations did not follow veteran migration, and facilities with declining numbers of patients continued to receive funding based on prior years' funding levels rather than the number of veterans treated and the complexity of

required services. While there were questions as to whether VERA went far enough, each witness supported the concept.

The subcommittee continues to support VERA, but is mindful of the concerns raised by members of Congress from states losing funding under the program. It recommends that further oversight on this issue take place in the 106th Congress.

On April 16, 1997, the Subcommittee on Health and the Subcommittee on Oversight and Investigations held a joint hearing to ascertain the degree to which exposures to chemical warfare agents may have played a part in the illnesses suffered by Persian Gulf War veterans. In addition to reviewing policy regarding the handling of intelligence findings and enemy chemical ordinance, the hearing probed into events that took place during the Gulf War in Khamisiyah, a remote location in Iraq where chemical arms had been stored. Despite early DOD assertions to the contrary, some amount of toxic chemical gas was released as a result of U.S. Army demolition of the Iraqi bunker where the munitions were stored. Testifying at the hearing were officials from the DOD, the Central Intelligence Agency, the Department of the Army, The American Legion, and the National Gulf War Resource Center.

The subcommittee's next hearing, on June 19, 1997, focused on the quality of care Persian Gulf veterans receive from VA. It was apparent through the testimony of the General Accounting Office and others that there remains general dissatisfaction among many Gulf War veterans with the care they receive. GAO interviewed dozens of veterans on this topic and found that at some facilities even modest expectations—such as timeliness in registry examinations and being told the results of their tests—are not being met. The VA acknowledged that some veterans were not happy with their care. This hearing further reinforced the Committee's position that a legislative remedy was needed to require VA to improve its care of Persian Gulf veterans. Such provisions were included in H.R. 2206 (see Legislative Activities, First Session, p. 43). The Committee recommends continued monitoring in the 106th Congress of the status of Persian Gulf veterans' illnesses and the care these veterans receive from the VA. (See Oversight plan, p. 72.)

On July 10, 1997, the subcommittee held a hearing to gather the views of VA officials and others on the VA pharmacy program, as well as draft legislation dealing with homeless veterans and Persian Gulf War veterans (later to become H.R. 2206).

GAO and VA officials were asked to testify on how opening the VA-administered pharmaceutical federal supply schedule (FSS) to state and local entities would affect VA pharmaceutical costs. GAO testified that, while there is no way to predict the impact on federal drug prices, providing greater access to that schedule risks significant cost increases for VA pharmaceutical drugs, as the industry attempts to protect itself against revenue losses. The VA reported that expanding access to FSS prices would result in price increases such as it sustained following implementation of the Medicaid rebate drug pricing provisions in the Omnibus Budget Reconciliation Act of 1990.

The subcommittee agreed that substantial price increases were a very real possibility and included a provision in H.R. 2206 to provide that drugs listed on the Federal Supply Schedule may only be

procured from that schedule by a Federal entity or other entity already provided for under law.

At that hearing, the subcommittee also heard testimony from the VA, clinicians, and advocates for homeless veterans on the experience under then-current legislation to assist homeless veterans. The Subcommittee also took testimony on provisions in draft legislation to extend and expand those programs. Each of the witnesses expressed support for these provisions. Additionally, the VA expressed support for the enactment of the three provisions in the draft bill dealing with Persian Gulf War veterans (see summary of Public Law 105–114, p. 32).

On October 6, 1997, the subcommittee held a hearing to examine VHA's risk management policy and performance as it related to avoidable patient deaths at several VA facilities. This hearing explored the adequacy of VA policy, the extent of adherence to that policy, and means to strengthen policy and practice. Testifying at the hearing were VA Under Secretary for Health Kenneth Kizer, three directors at VA facilities where incidents occurred, an official from the VA Inspector General's office, and a professor at the Harvard School of Public Health who has conducted extensive studies on risk management practices.

Dr. Kizer testified to the effect that the VA is doing more than private sector providers to ensure patient safety. Further, he claimed that VA has taken steps to better ensure that mistakes made -whether resulting in a death or not—would lead to findings that would prevent similar cases from occurring, what the VA calls "lessons learned". A new, more comprehensive risk management policy—not in effect when these incidents occurred—was instituted shortly before the hearing. VA has also subsequently joined a national patient safety initiative. Nevertheless, the subcommittee found substantial evidence of under-reporting of patient safety problems. It also discovered that for several years Central Office had not reviewed systemwide patient-incident data, as policy had long required.

The subcommittee remains committed to ongoing oversight on quality assurance. In that regard, the Subcommittee convened a follow-up hearing on this subject on March 19, 1998 (see Oversight hearings, Second Session, below). Further oversight on these issues is recommended for the 106th Congress.

Second Session

On February 5, 1998, the full Committee held a follow-up hearing to determine the progress VA and other federal agencies have made in conducting Persian Gulf-related research and to review the findings and recommendations of the Presidential Advisory Committee on Gulf War Illnesses (PAC). Witnesses at the hearing included officials from the VA, DOD, Institute of Medicine, General Accounting Office, and the PAC. This hearing helped lay the foundation for the development of legislation to improve VA research on Persian Gulf War illnesses.

On March 19, 1998, the Subcommittee on Health held a follow-up hearing to re-examine VHA's quality management practices. Representatives from the VA, the VA's Inspector General's office,

the Institute of Medicine (IOM) and the Nurses Organization of Veterans Affairs (NOVA) testified.

The hearing probed the extent to which quality management efforts had improved since the establishment of new policies in the previous year. Subcommittee Chairman Stearns questioned the effectiveness of the VA's "Lessons Learned" database, which VA officials cited at the previous hearing as a way for all VA medical facilities to learn about mistakes and ways to institute safer practices. He also questioned the results achieved from VA's creation of boards and committees on quality management.

Dr. Thomas Garthwaite, VA's Deputy Under Secretary for Health, responded that the VA had indeed improved, citing the new risk management policy and a decrease in mortality numbers at VA facilities. Dr. John Mather, Assistant Inspector General for Heath Care Inspections, agreed that sound policies had been established, but identified implementation problems, and continuing problems with the integrity of data used to make such assessments.

This issue continues to be of importance to the Committee. It recommends continued review of quality-management and patient safety during the 106th Congress.

On April 23, 1998, the subcommittee held a hearing to gather views on draft legislation regarding war-related illnesses and health care for Persian Gulf veterans, as well as to evaluate the VA's sexual trauma counseling program. Testifying were officials from the VA, DOD, GAO, veterans service organizations, the Institute of Medicine (IOM) and the U.S. Navy's Infectious Diseases Department.

These officials generally supported draft legislation (later introduced as H.R. 3980) to extend the special health care eligibility for Persian Gulf veterans, to provide those veterans a higher VA enrollment priority and to give VA the authority to provide priority care to veterans of future wars, among other initiatives (see Legislative Activities, Second Session, p. 45).

With regards to the sexual trauma program, VHA Deputy Under Secretary Thomas Garthwaite testified that more veterans sought care at VA facilities for sexual trauma than had previously been identified. With that in mind, VA had submitted a legislative proposal to extend the VA's sexual trauma counseling program through December 31, 2003. Subcommittee Ranking Member, Luis Gutierrez, had also introduced legislation (H.R. 2253) to extend and enhance VA's sexual trauma program. GAO's Stephen Backhus testified to the effectiveness of the current program. He found that sexual trauma counseling is available in all VA medical centers and in four facilities as specialized programs. He found VA has also conducted extensive outreach to ensure that women veterans are aware of the program. Mr. Backhus testified to concerns on the part of VA health care professionals that the growing number of women veteran seeking care for sexual trauma will outgrow the number of staff to adequately treat them. The Committee heard testimony from DOD officials on their efforts to combat issues in the military that have given rise to sexual trauma in women veterans. H.R. 4110, as amended, contained a provision to extend sexual

trauma counseling and treatment through December 31, 2001, and was eventually enacted as part of Public Law 105–368.

On June 17, 1998, the subcommittee conducted a hearing to examine the future role of the VA health care system. Such factors as the changes in medical technology and practice patterns; the aging of VA's infrastructure; and the aging, migration patterns, and decline of the veteran population, necessitate serious examination of how best to meet veterans' future health care needs. In addition to VHA Under Secretary Kenneth Kizer, those testifying included officials from The American Legion, the Independent Budget, and the Vietnam Veterans of America testified, as well as representatives from GAO, the Association of American Medical Colleges (AAMC), and Marjorie Quandt, the former executive director of the Commission on Future Structure of Veterans Health Care.

Testimony varied widely on how VA should best be positioned to provide health care in the future. Steve Robertson of The American Legion offered the organization's legislative recommendation, the "GI Bill of Health," as the best vehicle for ensuring the VA health care system's continued viability. Marjorie Quandt testified that by the year 2015, 22 states plus the District of Columbia would not have sufficient veterans' population to maintain a VA hospital. She recommended that by closing unneeded facilities and instituting VA/DOD joint operations, the VA could maintain its current workload capacity while freeing up funds to care for its aging population base. Stephen Backhus of GAO testified that some VA inpatient capacity is no longer needed and that VA's success in the future will be based in part on how well it handles its unneeded infrastructure. Dr. Richard Krugman, representing AAMC, advised that the VA needs to continue to have a healthy working relationship with medical colleges, which in many instances provide an important employment base to VA medical centers.

In all, the views offered during the hearing provided the subcommittee with a valuable perspective that will provide a framework for further review and oversight in the 106th Congress.

On June 30, 1998, the subcommittee traveled to Boise, Idaho, for a hearing to review provision of health care to Idaho's veterans. The hearing reached beyond the scope of VA care to examine TriCare. For the first time, officials from the VA, DOD, and TriWest, a subsidiary of TriCare, were in the same forum to discuss many of the health care access problems experienced by veterans, military retirees and their families. The testimony indicated that these three entities had not communicated effectively with one another, resulting in poor coordination of the federal resources available to serve DoD and VA beneficiaries. Chairman Stearns obtained a commitment from each group to collaborate in serving VA and DoD beneficiaries.

The subcommittee should continue to work with Rep. Chenoweth to ensure that care for Idaho's veterans improves and remains at a high level.

On July 23, 1998, the subcommittee held its final oversight hearing of the year to review VA's provision of specialized services, and its compliance with the provision in law requiring that specialized service capacity be maintained. The subcommittee heard testimony from VA and GAO officials, as well as representatives of the major

veterans' service organizations and Congressionally mandated committees dealing specifically with VA's provision of specialized services.

One of the issues discussed was VA's annual report to Congress on maintenance of specialized program capacity. Witnesses called into question the integrity of the reported data. A PVA survey, for example, identified significantly fewer spinal cord injury beds at a number of VA facilities than VA reported.

Both the Department's report and witnesses' testimony documented the variability in efforts to maintain program capacity from network to network. The subcommittee heard testimony that management priorities, rather than budget pressures alone, contributed significantly to the variability in network compliance with the requirement to maintain specialized programs. The Deputy Under Secretary for Health expressed a commitment to give greater priority to this statutory obligation, and conceded under questioning that establishment of pertinent performance measures for network directors could be a remedial measure. The Committee developed legislation in the form of an amendment to H.R. 3980 to require VA to establish such measures.

The Committee should continue to closely monitor these programs with an eye to ensuring that VA adheres to the law. Further oversight is recommended on this matter during the 106th Congress.

SUBCOMMITTEE ON BENEFITS

The Subcommittee on Benefits has jurisdiction over veterans' matters affecting compensation, pension, insurance, memorial affairs, education, training, employment and housing. In addition to overseeing programs administered by the Veterans Benefits Administration and the National Cemetery System, the Subcommittee has oversight authority of overseas cemeteries under the jurisdiction of the American Battle Monuments Commission. The former Subcommittee on Compensation, Pension, Insurance and Memorial Affairs was merged with the former Subcommittee on Education, Training, Employment and Housing to form the current Subcommittee on Benefits.

LEGISLATIVE ACTIVITIES

First Session

On July 9, 1997, the full committee held a hearing on H.R. 2040 and S. 923, legislation restricting burial rights in national cemeteries and entitlement to other VA benefits when an honorably discharged veteran commits serious crimes. Witnesses included three members of Congress: Honorable Spencer Bachus, Honorable Ike Skelton, and the Honorable Joe Knollenberg. In addition, testimony was received from the Honorable Jerry Bowen, National Cemetery System; Mr. Johnny Killian, American Law Division, Congressional Research Service; and Mr. Rick Surratt, representing the views of the Disabled American Veterans, The American Legion, AMVETS, Blinded Veterans Association, Jewish War Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars, and Vietnam Veterans of America.

VA testified that while the legislation could present some implementation difficulties, H.R. 2040 would address concerns regarding the preservation of the sanctity of veterans' cemeteries. Mr. Killian testified that no constitutional objection would be warranted by either bill because veterans' benefits are gratuities that Congress confers and Congress had the power to curtail eligibility for the programs. The members of Congress felt very strongly that our tax dollars should not be used to honor a murderer, for example, who happens to be a veteran.

On July 16, 1997, the subcommittee held a legislative hearing to receive testimony on pending education, training and employment legislative draft proposals and the following bills: H.R. 166, the Veterans' Job Protection Act; H.R. 167, the Veterans' Training and Employment Bill of Rights Act; H.R. 759, providing a 10 percent increase in Montgomery GI Bill benefits (active duty and dependents); and H.R. 1877, expanding the Work-Study program for veteran-students.

Honorable G.V. (Sonny) Montgomery, former Chairman of the House Veterans' Affairs Committee, testified in support of H.R. 759. Honorable Al Borrego, Acting Assistant Secretary of Veterans' Employment and Training Service, provided testimony on H.R. 166 and H.R. 167, along with draft legislation amending the Uniformed Service Employment and Reemployment Rights Improvement Act of 1997 (USERRA). While the Administration supported the legislative intentions of H.R. 166 and USERRA, they offered suggestions on clarifying certain provisions of each bill to ensure the effectiveness. The Administration supported H.R. 167. Celia Dollarhide represented the Department of Veterans Affairs and supported the concepts set forth in H.R. 759 and H.R. 1877. VA also commented on a draft bill, the Veterans Education Benefits Act of 1997, with opposition to one of the seven sections of the bill. The veterans service organization witnesses, representatives from Non Commissioned Officers Association, Veterans of Foreign Wars, Disabled American Veterans, AMVETS, and The American Legion supported the general intent of all the bills, but offered suggestions for strengthening the language of the draft proposals on the basis that they did not offer enough protection to veterans.

On September 4, 1997, the subcommittee marked up H.R. 2367, the Veterans' Compensation Cost-of-Living Adjustment Act of 1997. H.R. 2367 proposed to provide a cost-of-living adjustment, effective December 1, 1997, to the rates of disability compensation and dependency and indemnity compensation for the survivors of certain disabled veterans. The bill was reported to the full committee by unanimous voice vote. On September 11, the bill was favorably reported to the House by the full committee (see House Report 105–320). The bill, which became Public Law 105–98, was signed into law on November 19, 1997.

On September 11, 1997, the full committee marked up S. 923 and ordered it favorably reported to the House with an amendment in the nature of a substitute (see House Report 105–319). S. 923, as amended, which became Public Law 105–116, was signed into law on November 21, 1997.

On December 18, 1997, the subcommittee held a legislative hearing on H.R. 3039, the Veterans Transitional Housing Opportunities

Act of 1997, in Buffalo, New York. VA Committee members in attendance were Subcommittee Chairman Jack Quinn and full committee Ranking Member Lane Evans. Representative John LaFalce (NY) also attended the hearing.

The witnesses testifying were Paul Angrisano, Vietnam Veterans of America; Linda Boone, National Coalition for Homeless Veterans; Martin Bugaj, Department of New York; David Dollner, New York State Department of Labor; Frank Falkowski, Western New York Veterans Housing Coalition; Dennis Fink, Friends of Cazenovia Manor, Inc.; Command Sgt. Maj. Gary Flaherty, Non Commissioned Officers Association, Richard Gallagher, Western New York Alcohol and Drug Dependency Services; James Hartman, New York Veterans Employment and Training; William Lyons, First National Bank; Peter Mazzerella, VFW, Department of New York; John Sampson, The American Legion; Dr. Joan Sulewski, Chairman Jack Quinn's Veterans Advisory Committee; Mary Lee Sulkowski, Buffalo VA Vets Center. Mr. Peter Dougherty, Homeless Veterans Programs, represented the Department of Veterans Affairs.

Most of the witnesses supported the bill and how it would help increase services to homeless veterans across the nation, albeit with some questions about the proposed funding mechanisms. The Administration, however, was not in a position to give formal views on H.R. 3039 and was in the process of making a thorough review of the bill.

Second Session

On February 24, 1998, the subcommittee conducted another legislative hearing on H.R. 3039, the Veterans' Transitional Housing Assistance Act of 1997, and H.R. 3211, codifying eligibility requirements for burial at Arlington National Cemetery. Deputy Assistant Secretary of the Army (Military Personnel Management and Equal Opportunity Policy) John McLaurin, accompanied by Mr. Jack Metzler, Superintendent of Arlington National Cemetery, testified on behalf of the Secretary of the Army. Mr. Keith Pedigo, Director, Loan Guaranty Service at the Veterans Benefits Administration, testified on behalf of the VA. Mr. Raymond Boland, Secretary of the Wisconsin Department of Veterans Affairs, and Mr. Tom Cantwell of the Westside Residence Hall, Inc., testified in support of H.R. 3039. Representatives from various veterans service organizations shared their views on both bills. Congressman Jerry Kleczka submitted a statement for the record praising the subcommittee for addressing the problems at Arlington, and discussed his bill, H.R. 3145, which, like H.R. 3211, would have ended the waiver process for burials. The veterans service organizations supported codifying the eligibility requirements for burial at Arlington and eliminating waivers for burial. The Army supported setting forth in law the eligibility criteria for burial. However, they opposed eliminating eligibility for high ranking government officials, those with some military experience, who distinguish themselves in the legislative, judicial or executive offices they held. Additionally, they did not support limiting the discretion to grant exceptions in those circumstances that have historically warranted burial at Arlington.

On March 5, 1998, the subcommittee marked up three bills: H.R. 3039, the Veterans' Transitional Housing Assistance Act of 1997; H.R. 3211, codifying eligibility requirements for burial at Arlington National Cemetery; and H.R. 3213, clarifying enforcement of veterans' employment and reemployment rights. On February 24, 1998, the subcommittee conducted a legislative hearing on H.R. 3039 and H.R. 3211. H.R. 3039 and H.R. 3213 were ordered reported favorably to the full committee by unanimous voice vote. H.R. 3211 was reported favorably to the full committee with an amendment in the nature of a substitute by unanimous voice vote.

On March 11, 1998, the full committee met to markup H.R. 3039, H.R. 3211, and H.R. 3213. All three bills were ordered reported favorably to the House by unanimous voice vote.

On June 18, 1998, the subcommittee conducted a legislative hearing on an omnibus draft bill providing a cost-of-living adjustment for service connected disabled veterans and certain survivors, and making various improvements in education, housing, and cemetery programs. The bill also included administrative provisions relating to the Board of Veterans' Appeals and the Court of Veterans Appeals. For the most part, representatives from the veterans service organizations—The American Legion, Veterans of Foreign Wars, Paralyzed Veterans of American, and Non Commissioned Officers Association—supported the provisions of the bill. NCOA opposed expanding the State Cemetery Grants Program and PVA opposed giving members of the Board the title "administrative law judge." The Department of Veterans Affairs supported many of the provisions in the bill and chose to defer comment on two other provisions.

On June 18, 1998, following the legislative hearing, the subcommittee marked up the draft bill. The bill was ordered reported favorably by unanimous voice vote to the full committee.

OVERSIGHT HEARINGS

First Session

On May 7, 1997, the subcommittee held an oversight hearing on Government Performance and Results Act (GPRA) strategies for the Veterans' Employment and Training Service (VETS) to help determine whether VETS was accomplishing what it was designed to do. Witnesses included Honorable Preston Taylor, Assistant Secretary of VETS; Carlotta Joyner of the General Accounting Office; and representatives from the Non Commissioned Officers Association, the Disabled American Veterans, Veterans of Foreign Wars, and The American Legion.

The Department of Labor's VETS provided its framework for complying with the Results Act, which relied heavily on customer service surveys and vigorous consulting with stakeholders and service provider partners. The veterans service organization representatives supported the overall operations of VETS and their achievements. However, they urged the Committee to ensure veterans will continue to receive priority assistance.

On May 14, 1997, the subcommittee conducted an oversight hearing on operations within the Compensation and Pension Service using Government Performance and Results Act principles; the De-

partment's handling of Persian Gulf War veterans' claims; and VA's draft legislation to limit liability for compensating and treating veterans with smoking-related illnesses. Witnesses included Ms. Kristine Moffitt, Director of VA's Compensation and Pension Service; Mr. Stephen Backhus, General Accounting Office; and representatives of veterans service organizations (VSOs).

Ms. Moffitt provided details of VA's plan for implementing requirements of the Results Act, a business plan that was integrated and combined with Business Plans from four other Services into one comprehensive Veterans Benefits Administration Business Plan. This Business Plan was used as VA's FY 98 budget request. GAO testified that VBA needed to identify specific measures that are results-oriented rather than process-oriented, and suggested that VBA will be challenged in implementing the Results Act because it has had difficulties in the past in bringing about program improvements.

Through hearings, briefings, and discussions, the Subcommittee continued its oversight of the Department's implementation of Results Act performance measures.

During the hearing, each of the veterans service representatives testified that they strongly supported the expansion of the presumptive period for Persian Gulf War veterans with undiagnosed illnesses from two to ten years and many cited improper claim development and inadequate staff to develop, rate, and adjudicate Persian Gulf War claims. VA explained it was currently readjudicating 10,736 cases to ensure that proper weight was being accorded to less traditional types of evidence and to ensure that information about the claims was properly entered into the tracking system.

Without having reviewed the VA's proposed legislation to limit liability for smoking-related illnesses, most of the VSOs were not in support of the concept.

On May 21, 1997, the full committee conducted a hearing to receive testimony on the findings and recommendations of the Veterans' Claims Adjudication Commission. Witnesses included Mr. William LaVere, a member of the Commission; Dr. Stephen Lemons, Acting Under Secretary for Benefits; Mr. Milton Socolar, chairman of National Academy of Public Administration, a panel reviewing compensation and pension matters; and representatives from AMVETS, The American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, and Disabled American Veterans.

There was substantial agreement with the majority of the Commission's recommendations by the VA's Strategic Management Group, however, then-Secretary Jesse Brown noted that "benefits earned are different from benefits bestowed." By and large, the veterans' service organizations felt the Commission failed to address the adjudication system as it currently exists and blamed the veteran for adjudication problems rather than the system. The Veterans of Foreign Wars testified that the ". . . good parts of the report are overwhelmed by the negative aspects." Conversely, the Commission observed that the current system represents a life-time driven system of perpetual claims for which there is no closure. The VA Committee agreed with many of the Commission's rec-

ommendations, and is exploring introducing some legislation based on the report.

On June 5, 1997, the subcommittee conducted a hearing of Government Performance Results Act (GPRA) strategies for both the VA's Education Service and the Vocational Rehabilitation and Counseling (VR&C) Service. Ms. Celia Dollarhide, VA Education Service Director, represented the VA. Ms. Cynthia Fagnoni testified for the General Accounting Office. According to Ms. Fagnoni, while the Veterans Benefits Administration (VBA) had established four goals each for the VR&C program and the Education Service, they were not yet in a position to fully measure and assess program performance and results. GAO's view was that VBA needs to develop appropriate measures and cost data to monitor performance, and integrate its plan with Federal agencies and other State agencies. Ms. Dollarhide detailed the Department's goals for improving education and vocational rehabilitation services, acknowledging that the VA would continue to work with their stakeholders and this Committee in developing meaningful outcome measures.

Second Session

On February 4, 1998, the subcommittee held an oversight hearing on the Department of Veterans Affairs' Vocational Rehabilitation programs. Witnesses included representatives from the administration, the veterans' service organizations, and the vocational rehabilitation community. Ms. Cynthia Fagnoni of the General Accounting Office testified that with regard to vocational rehabilitation, VBA focused too much on sending veterans to training rather than helping them get jobs. She also referred to GAO's 1996 report on the program. The veterans' service organizations and the Veterans Advisory Committee on Rehabilitation testified to their support of the vocational rehabilitation program, but felt that VA needs to assure employment outcomes, strengthen employment opportunities in placement, maintain a strong employment network, and move away from a training emphasis and toward a job placement emphasis. Honorable Al Borrego, Assistant Secretary, Veterans' Employment and Training Service spoke to the joint efforts of VA and VETS to ensure the further effectiveness of the vocational rehabilitation program. VA's Under Secretary for Benefits, Joseph Thompson, acknowledged the concerns expressed by the witnesses and the need to shift the focus from training to jobs.

On March 26, 1998, the subcommittee conducted an oversight hearing on the Government Performance and Results Act (GPRA) principles for the five business lines at the Veterans Benefits Administration: compensation and pension, education, vocational rehabilitation, insurance and loan guaranty. Witnesses included Mr. Joseph Thompson, Under Secretary for Benefits at VBA, and Ms. Cynthia Fagnoni of the General Accounting Office. Mr. Thompson testified to VBA's commitment to implementing GPRA principles and explained their plan, which is based on establishing goals and objectives within a corresponding framework to track progress achieved and to establish clear accountability. VBA recognized it needed to do much more strategic planning to form the foundation for all its operations. GAO testified that while VBA continues to make progress in setting goals and measuring its programs' per-

formance, it still had significant challenges in its efforts to implement GPRA. According to GAO, major deficiency was VBA's lack of data needed to effectively measure its performance in several key areas.

On April 29, 1998, the subcommittee held a hearing on operations within the National Cemetery System and the American Battle Monuments Commission. In addition, Ms. Carolyn Becraft, representing the Department of Defense, presented the DoD's views on military burial honors, including current and future availability of surplus military weapons and ammunition to approved organizations for ceremonial purposes. Mr. Stephen Backhus of the General Accounting Office presented the GAO's findings (September 1997 report) concerning the National Cemetery System's ability to accommodate the increasing demand for burials, and what VA can do to extend the service period of existing national cemeteries. GAO believed that NCS should articulate to the Congress and other stakeholders how it planed to address the estimated workload through 2010, and suggested NCS identify opportunities to construct columbaria in existing cemeteries as a means of extending cemetery service periods. Mr. Roger Rapp, representing VA, discussed the Cemetery System's strategic plan. Members of the subcommittee and GAO stated some concerns, because veterans' deaths will peak in the years 2005 to 2010 while the strategic plan outlines activities only through 2003. Mr. Rapp also explained the status of four new cemeteries set to open by the year 2000 and plans for expanding existing cemeteries. Rep. Filner asked VA to provide a 10-year "roadmap" for the National Cemetery System to be delivered to the subcommittee by August, 1998. Mr. John Vitikacs, of The American Legion, testified that in the Legion's opinion, NCS had not completed the strategic planning process for future burial options because the current strategy does not extend practicable burial options to millions of veterans. General Fred Woerner provided an overview of the American Battle Monuments Commission's operations, and the results of the first agency-wide audit of their financial statements as required by Public Law 104–275. Mr. David Clark, of the General Accounting Office, shared the results of the joint GAO/Peat Marwick audit of ABMC, identifying only minor weaknesses, which were primarily systems-related. The ABMC received an unqualified opinion on their balance sheet.

On May 20, 1998, the Subcommittee on Benefits conducted a joint hearing with the Subcommittee on Government Programs and Oversight of the Committee on Small Business to examine the performance of the Small Business Administration in providing financial and entrepreneurial assistance to veterans. Five witnesses, Dr. Paul Camacho, Mr. Paul Hanley, Mr. Bill Elmore, Mr. Emil Naschinski, Mr. William Crandell, and Mr. Kenneth Yancey, Jr., testified to their disappointment with the Office of Veterans Affairs (OVA) in the Small Business Administration (SBA). They believed OVA needed increased funding, a direct line of authority to the administrator, and an accessible network of current and prospective veteran business owners. Mr. Clifton Toulson, Jr., testifying on behalf of the SBA, expressed the department's commitment to the formation and growth of veteran-owned small businesses and improving its performance in assisting veterans.

On June 10, 1998, the subcommittee held an oversight hearing on operations at the Board of Veterans' Appeals and the Court of Veterans Appeals, and received testimony on H.R. 3212, a bill to revise the provisions of law relating to the retirement of judges on the Court, and for other purposes. The Honorable Frank Nebeker, Chief Judge, testified on behalf of the Court, the Honorable Richard Standefer testified on behalf of the Board of Veterans' Appeals, and representatives from the Disabled American Veterans, Vietnam Veterans of America, AMVETS, Veterans of Foreign Wars, and the Paralyzed Veterans of America represented the veterans service organizations. All witnesses supported the provisions in H.R. 3212. The VSO representatives' chief complaint about the Board and the Court was the sharing of information following an appeal of the Board's decision. Chief Judge Nebeker clarified the process following an appeal to the Court and said there was no usual relationship between the government and the Court.

On July 16, 1998, the subcommittee held an oversight hearing on VA's standards for adjudicating claims presented by veterans suffering from hepatitis C and cerebral malaria, along with an update on Persian Gulf War claims adjudication. Witnesses included representatives from veterans' service organizations and Mr. Paul Sullivan of the National Gulf War Resource Center. Dr. Teresa Wright, San Francisco VAMC; Dr. John Booss, VA Director of Neurology; and Dr. Nils Robert Varney, Iowa City VAMC, testified on behalf of the VA on hepatitis C and cerebral malaria. Mr. Robert Epley, representing the Compensation and Pension Service, discussed claims processing for these illnesses. The veterans service organizations all testified that as a result of VA's overly strict interpretation of Public Law 103–446, many Persian Gulf veterans were being denied service connection, and that the regulations need to be rewritten. The VA testified to current Gulf War statistics, but made little mention on claims processing, beyond stating a 78 percent denial rate for undiagnosed illness. Dr. Varney testified about his research on cerebral malaria in Vietnam veterans, and Dr. Booss disputed the findings. The VA maintains that the rules and procedures they currently apply to any claim for service connected are adequate to determine whether hepatitis C and cerebral malaria are service connected. VA is, however, working with VHA to determine whether some changes in law or regulation would be appropriate in light of the new scientific evidence regarding hepatitis C, such as the 10 to 30-year latency period.

On July 22, 1998, the full committee held an oversight hearing on benefits for Filipino veterans. Witnesses included members of Congress, representatives from the Department of the Army and the Library of Congress' Congressional Research Service, and various members of the Filipino veteran community. Representatives Benjamin Gilman (NY), Randy "Duke" Cunningham (CA), Neil Abercrombie (HI), Patsy Mink (HI), and Nancy Pelosi (CA) all testified in support of expanding benefits to World War II Filipino veterans, as did Filipino veteran community representatives. The veterans' service organization witnesses, representatives from the Veterans of Foreign Wars, The American Legion, and Jewish War Veterans of the U.S.A. supported benefits expansion, though they acknowledged the cost of such a proposal as significant. Dr. Clayton

Laurie, Historian, U.S. Army Center of Military History reported that his department had been unable to locate any documents asserting a prior Congressional promise to provide Filipino veterans VA benefits equal to U.S. servicemembers. Dr. Dennis Snook, Specialist on Social Legislation at the Library of Congress provided a history of veterans benefits for Filipinos, and concluded that Filipinos were currently receiving what they were intended to receive under U.S. law.

On August 5, 1998, the full committee conducted an oversight hearing on the garnishment of benefits paid to veterans for child support and other court-ordered family obligations. Witnesses included representatives from the following organizations: U.S. Marine Corps, American Retirees Association, Women in Search of Equity for Military and Divorce, Air Force Sergeants Association, The Retired Officers Association, Department of Defense, Fleet Reserve Association, Justice and Equality for the Military Wife, The Retired Enlisted Association, Non Commissioned Officers Association, National Military Family Association, Disabled American Veterans, Department of Veterans Affairs, U.S. Navy, Ex-Partners of Servicemen/women for Equality, and the American Bar Association.

Most of the witnesses stated a legal and moral obligation for every parent to support his or her children and endorsed efforts to ensure that support is provided. The witnesses' testimony focused on H.R. 2537, the Former Spouses Protection Act of 1997. In addition to the veterans service organizations participating in the hearing, the Women In Search of Equity organization supported changes to the Uniformed Services Former Spouses Protection Act. The witnesses that supported military retirement pay continuing to be treated as property in divorce proceedings include the American Bar Association, National Military Family Association, Justice and Equality for the Military Wife, and Ex-Partners of Servicemen and Women for Equality. The VA witness stated that there are VA regulations designed to ensure that there is an equitable division of veterans' benefits where VA beneficiaries are failing to meet their parental/marital obligations. The Department of Defense representative testified to the Department's strong advocacy of parental child support. DoD could offer no position on H.R. 2537; they testified that they had just begun a comprehensive review of the Uniformed Services Former Spouses Protection Act and were required to report their findings and recommendations to Congress not later than September 30, 1999.

OVERSIGHT ACTIVITIES

Recommendations of Commission on Servicemembers and Veterans Transition Assistance

Public Law 104–275 established the Commission on Servicemembers and Veterans Transition Assistance to assess the adequacy and effectiveness of Federal transition assistance programs and benefits for servicemembers and veterans.

The Commission was comprised of 12 members who were appointed by the Committees on Veterans' Affairs of the House of Representatives and the Senate and by the House National Security Committee and the Senate Armed Services Committee.

The Commission was chaired by the Honorable Anthony J. Principi. Its Vice Chairman was the Honorable G. Kim Wincup. The Commission's panel on veterans' benefits was chaired by General J. B. Davis (USAF, Ret.); its panel on servicemembers was chaired by Ronald W. Drach; and its panel on transition health care issues was chaired by Lieutenant Colonel Renee Priore (USA, Ret.).

The Committee staff received a preliminary briefing on the Commission's findings and recommendations on December 1, 1998. The Commission is expected to transmit its report formally to the Committee in January 1999. The Commission's report will contain recommendations on some 31 transition issues in thematic areas such as education, employment and training (including servicemember transition assistance programs), transition health care, economic equity (housing, small business and other areas), and organizational structure (primarily involving the Departments of Veterans Affairs and Defense).

The Committee recommends a full committee hearing in the 106th Congress to receive the Commission's recommendations in late January, 1999.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

The Subcommittee on Oversight and Investigations reviews the benefits and the health care services that the federal government provides to eligible veterans and family members. It also oversees the programs and operations of the Department of Veterans Affairs, as well as those of other federal agencies that pertain to veterans. In carrying out its responsibilities, the subcommittee conducts hearings, site visits and investigations nationwide. It also requests reports from the General Accounting Office, the Congressional Research Service and the VA's Office of the Inspector General. The subcommittee does not have legislative jurisdiction so that its resources can be solely dedicated to oversight authorized by the full Committee.

OVERSIGHT ACTIVITIES

First Session

On April 17, 1997, the subcommittee heard testimony on sexual harassment issues in the VA, particularly at the VA Medical Center in Fayetteville, NC. Five women who were employees of that medical center gave sworn testimony about sexual harassment and personal abuse they had experienced from the medical center's former director. Representatives of the VA and the VA's Office of Inspector General testified regarding the VA's Equal Employment Opportunity program and the investigation of complaints at Fayetteville. A representative of the Equal Employment Opportunity Commission testified regarding government-wide EEO policies and programs and sexual harassment law. Representatives of the National Managers Association, the Nurses Organization of Veterans Affairs, Federally Employed Women, and the American Federation of Government Employees also presented their views on sexual harassment issues in the VA and the federal government.

The testimony showed that Directors at field facilities were the EEO officers for their facilities, even though they and other senior facility managers could be the subject of complaints about sexual harassment or other discrimination, or could effectively condone such unlawful behavior by blocking action on complaints. The subcommittee concluded that sexual harassment problems in the VA that had been of concern to the Committee four years earlier at the Atlanta VA Medical Center had not been effectively addressed. Subsequent to the hearing, Chairman Everett and the full Committee Ranking Democratic Member, Honorable Lane Evans, introduced H.R. 1703, the Department of Veterans Affairs Employment Discrimination Prevention Act, to reform the VA's EEO system by making it independent of local facility management and by establishing an independent appeals process within the department for decisions on complaints.

On May 22, 1997, the subcommittee heard testimony on VA safety and security issues concerning veterans and over 240,000 VA employees. The hearing was prompted by the tragic murder in February 1996 of a VA physician at the VA Medical Center in Jackson, MS. This was the second violent assault at the facility in less than two years. The subcommittee examined VA's pilot demonstration program to arm its hospital law-enforcement officers. The physical safety of veterans and VA employees is paramount, and the subcommittee sought and received assurances from the VA that the arming of these officers would be accomplished at a deliberate pace with stringent safeguards. The subcommittee required the VA to notify the Congress of any expansion of demonstration sites and of any weapons incidents.

The subcommittee also examined the security of controlled drugs in VA hospitals. VA pharmacy operations cost more than $1 billion annually. Due to the high value of VA drug inventories and their theft potential, the subcommittee was concerned about how the VA has addressed accountability and security problems that had been previously identified by the VA's IG. The VA testified that some of the issues had not been totally resolved because they were software driven, but that current procedures and policies concerning controlled substances are stringent, and some are onerous to employees. The VA further stated that no significant volumes of controlled substances had been diverted in the last few years, and as the VA changes from hospital based care to community based clinics, it will reassess the system and continue to address these issues.

The subcommittee also heard testimony from Mr. John Baffa, Deputy Assistant Secretary for Security and Law Enforcement, Veterans Health Administration; Mr. Charles Rinkevich, Director, Federal Law Enforcement Center (FLETC), Department of Treasury; Mr. Joseph Wolfinger, Director of Training, Federal Bureau of Investigation; The American Legion; American Federation of Government Employees, AFL-CIO; and the Nurses Organization of Veterans Affairs (NOVA).

Mr. Baffa testified that it was not the VA's intent to arm VA police nationwide; that the intent was to develop a pilot program involving five hospitals in five geographical locations with high crime rates. Mr. Renkevich and Mr. Wolfinger's testimony highlighted the background and training capabilities of FLETC: that its mission

was conducting basic and advanced training for the majority of federal government's law enforcement personnel, and that it had 70 federal agencies participating in more than 200 different programs. Mr. Rinkevich further testified, when questioned, that FLETC could have offered the agency specific training that the VA had previously testified they needed.

The American Legion testimony supported the VA's pilot arming program and a full evaluation of the program prior to any expansion. NOVA's testimony did not support VA's arming of the VA police. They supported an alternative strategy of staff education and training along with knowledge of evaluation and intervention techniques to reduce workplace violence. The subcommittee had additional concerns about fire safety issues critical to VA patients and employees. The VA testified that it still maintains 30 hospital fire stations with an annual operating budget of over $16.3 million and staffed with 357 firefighters.

The subcommittee should continue to monitor the VA's arming demonstration. The subcommittee should continue to monitor VA's continuing efforts to decrease the vulnerability and increase the security of VA's vast drug inventory. The subcommittee should also continue to scrutinize the efficiencies of the VA's fire fighting force and the cost effectiveness of alternatives.

On June 26, 1997, the subcommittee heard testimony on the VA's efforts to ensure their computer systems would not fail after 12:00 a.m. on the morning of the year 2000 (Y2K). The subcommittee received the testimony of Honorable Steve Horn, Chairman of the Government Reform and Oversight, Subcommittee on Government Management, Information, and Technology. Chairman Horn's subcommittee has reviewed the entire federal government's efforts to insure Y2K compliance and has issued reports and grades for the efforts of federal agencies. Chairman Horn gave the VA a "D" because the agency did not have a Y2K plan, did not have Y2K cost estimates, and had only recently appointed a program manager. Mr. Horn also expressed concern that the VA had not completed their inventory of local computer applications, did not have an adequate system for prioritizing mission critical applications, and did not have contingency plans for systems failing.

The subcommittee heard testimony from GAO warning that the 3.7 million checks to veterans with service-connected disabilities could be severely delayed because VA's non-compliant computer systems could fail. GAO expressed concern that the VBA's Y2K program management needed to be strengthened and that an agency level program office needed to be established to coordinate and manage the agency's full range of interdependent information system activities. GAO found that VA had not determined VBA's information system components were Y2K compliant; that VBA had not developed contingency plans for its three major business areas to ensure continued operations in the event of Y2K failures; and that VBA did not have sufficient information about costs and risks associated with Y2K compliance activities.

The subcommittee also heard testimony from the Food and Drug Administration on their efforts to assess the dangers of Y2K failures for medical devices utilizing embedded chip technology. The subcommittee was critical of the FDA's lack of initiative on patient

safety issues related to medical devices that might experience Y2K failures.

The subcommittee also requested that the GAO assess Y2K vulnerabilities in the Veterans Health Administration. The subcommittee required the VA to immediately inform the subcommittee of any missed milestones in their compliance program.

On July 17, 1997, the subcommittee followed up its hearing on April 17, 1998 with more general testimony on sexual harassment issues in the VA and on H.R. 1703. The VA in its testimony opposed the bill and defended the efficacy of its "Zero Tolerance" policy and employee training on sexual harassment. The VA had opposed almost identical legislation in 1993. However, the bill received expressions of strong bipartisan support from members of the subcommittee and North Carolina Senator Lauch Faircloth, who testified that he had introduced S. 801, a Senate companion bill to H.R. 1703. The VA Office of the Inspector General's testimony provided an update of its follow-up on allegations of impropriety by the former director of Fayetteville. H.R. 1703, as amended, became Public Law 105–114 on November 21, 1997. (See p. 32.)

The subcommittee recommends that oversight of the VA's new EEO system continue during the 106th Congress to ensure that the department's implementation of Public Law 105–114 is consistent with congressional intent and is effectively administered.

On July 24, 1997, the subcommittee held a joint hearing with the Subcommittee on Health on VA's consolidation of medical facilities, management, and services. Facility integrations are part of VA's nationwide strategy to restructure its health care delivery systems in a way similar to the private sector. The objectives are to improve access, quality, and particularly the efficiency of care provided to veterans. In the private sector, the dynamic health care marketplace has reacted to market challenges and has increasingly turned to mergers and alliances. The VA has been slow to transform itself.

Until 1995, VA had not consolidated a facility in some 15 years. Since then, VA has initiated some 19 consolidations involving 40 VA medical facilities. The joint hearing reviewed the record of the VA's past efforts on facility integrations and consolidations, and heard private sector testimony on the complexity and difficulty of integrating two or more hospitals. The joint subcommittee also heard testimony on the process by which VA facility integration was initiated, analyzed, planned, and carried out. Witness testimony was provided by the GAO; the Association of American Medical Schools; Dr. Kenneth Kizer, Under Secretary for Health, Veterans Health Administration (VHA), Department of Veterans Affairs and other VHA officials; The American Legion; Adventist HealthCare; and McManis Associates, Inc.

GAO's testimony focused on the role of facility integrations in reshaping VA's health care delivery system and lessons learned that would help enhance VA's process for planning and implementing ongoing and future facility integrations. Their testimony included information on VA's 18 integrations at that time. With one exception, they shared some common characteristics. Most of VA's integration involved facilities that had complementary missions, such as acute and mental health care. GAO stated that VA's facility integrations were critical to VA's overall strategy to enhance the effi-

ciency and effectiveness of health service delivery to veterans. According to GAO, VA faced inherent difficulties in planning and implementing integrations primarily stemming from the potential adverse impacts on stakeholders such as veterans, facility and medical school personnel, and members of Congress who represent these groups. The subcommittee believes it is imperative for VA to plan and implement integrations to maximize their benefits and minimize the adverse impacts.

GAO recommended that the VA could achieve better results by adopting a more comprehensive planning approach, completing planning before implementing changes, improving the timeliness and effectiveness of communications with stakeholders, and using a more independent planning approach.

GAO observed that objective facility integration planning should be based on independent judgment to be successful, that many competing interests were at stake in VA's integrations, that all viable options were not aggressively considered, and that difficult choices were avoided by focusing only on marginal changes to the status quo. The subcommittee is concerned that some integrations may have yielded less than their full potential benefits to veterans and needlessly limited savings available for reinvestment.

On July 28, 1997, the subcommittee held a field hearing in Montgomery, AL, on the planning and formation of the Central Alabama Veterans Health Care System (CAVHCS). The subcommittee heard testimony from Mr. Larry Deal, Director, Veterans Integrated Service Network 7. Mr. Deal's testimony centered on three points: that the integration would improve quality, access and cost effectiveness for veteran health care; that it would improve the long term viability of both Montgomery and Tuskegee medical centers; and that the integration efforts were in keeping with Dr. Kizer's strategic "Vision for Change" and "Prescription for Change".

The GAO in its testimony raised concerns about the Montgomery and Tuskegee VA medical center integration. According to GAO, integration decisions were being made incrementally, service-by-service at varying times throughout the process; planning and implementation activities frequently occurred simultaneously without a detailed comprehensive plan; decisions to centralize administrative services did not adequately explore options or take into account how future changes in workload might affect the facilities; VA had not made decisions on how to integrate a number of other services; and key questions about the availability of space in Montgomery remained unanswered. GAO also observed that several service chief positions were vacant, and GAO's analysis of other integrations indicated that these positions were key to comprehensive planning and should have been filled early in the planning process.

Nationally, GAO's concerns involved stakeholder participation and buy-in. GAO believed both could be enhanced if VA provided stakeholders detailed information on all aspects of the integration before beginning implementation. VA's differing and conflicting responses to questions about potential construction and renovation costs needed for the two facilities caused considerable doubt among stakeholders and GAO about the sufficiency of planning.

The subcommittee heard testimony from The American Legion, Vietnam Veterans of America and the Disabled American Veterans.

The veterans' service organizations all concurred that reorganization was essential, but that the rapidity of the implementation and lack of stakeholder participation had resulted in confusion and misunderstanding among the VHA workforce, veterans and the families affected by the integration. The veterans service organizations recommended that the process be slowed down to better understand the long-term impacts.

The subcommittee requested that VA establish consolidation/integration guidelines that would include a business plan to address comprehensive planning, stakeholder participation, communications, and cost benefits analysis. The subcommittee concluded that a great deal of revision and communication needed to occur before the VA moved forward with the integration of the Montgomery and Tuskegee VA Medical Centers.

A GAO review of VA's integration plan revisions when completed for Tuskegee and Montgomery was directed on July 28, 1997, by Honorable Jerry Lewis, Chairman, Appropriations Subcommittee on VA, HUD, and Independent Agencies. The GAO provided its review to Chairman Lewis in September 1998 and found that the revised plan conformed to the planning criteria that such a plan should be able to meet.

The subcommittee recommends additional oversight of this integration and VA facility integrations generally in the 106th Congress.

On September 18, 1997, the subcommittee held a hearing on the VA's implementation of the Government Performance and Results Act of 1993 (Results Act). Federal departments and agencies under the Results Act are required to develop and implement real strategic business plans that resemble those used in the private sector. These plans should define and achieve measurable outcomes linked to the specific business lines of veterans programs and their annual operating budgets.

Ms. Cynthia M. Fagnoni, Associate Director, Health, Education and Human Services Division, General Accounting Office, testified that the VA had made significant progress in its strategic planning, based in part on consultations with Congress. At the time of the hearing, the VA's plan was not yet due. Ms. Fagnoni testified that based on the draft reviewed by GAO, the plan when submitted in final form at the end of September 1997 would be more complete and better organized to focus less on process and more on results. She noted, however, that the VA needed to continue improving its strategic plan to overcome a lack of results-oriented goals for major programs, particularly for benefit programs. Dr. Dennis W. Snook of the Congressional Research Service in his testimony provided the subcommittee with an expert analysis of the history and intent of the Results Act.

The VA's representative emphasized the VA's commitment to strategic planning under the Results Act and acknowledged the department's lack of formal program evaluations on which to base true outcome-related performance measures. The department also outlined the approach they intended to use for program evaluations while using interim results-oriented goals to the extent possible. Representatives of the Departments of Defense and Labor testified on interdepartmental planning and cooperation in veterans' mat-

ters. Representatives from AMVETS, The American Legion, Veterans of Foreign Wars, and Disabled American Veterans also testified regarding the importance of effective strategic planning for the VA.

The subcommittee believes that long-term follow-up is necessary throughout the 106th Congress for proper oversight of the VA's Results Act implementation. How well VA plans strategically over the next several years will have a profound impact on its ability to effectively and efficiently deliver the benefits and services Congress has mandated for veterans.

On September 25, 1997, the subcommittee held its second hearing on the VA's efforts to achieve year 2000 (Y2K) computer compliance. The previous hearing focused on the efforts within the Veterans Benefits Administration (VBA). This hearing addressed both the Y2K compliance efforts of the Veterans Health Administration (VHA) and department-wide activities. The subcommittee heard testimony from the GAO, the VA and the FDA on Y2K implications for medical devices and equipment.

GAO in its testimony recognized that the VA had made progress, but that much remained to be done to avoid widespread computer failures. If left uncorrected, the types of possible problems that would occur included lack of patient scheduling for hospital treatments, misinterpretation of patient data and late or inaccurate benefits payments. According to GAO; if the VA were to avert serious disruption, it would need to address these issues.

GAO described VA's Y2K challenge in healthcare as enormous and a patient safety issue. VHA was in the initial stages of assessing the compliance of its mission critical systems. It did not plan to complete assessment until January 1998, and renovations until July 1998. To effectively assess and renovate, the VA needed to understand how local facilities were using national applications. GAO stated that the VA did not know which local facilities had customized national applications and whether they were also Y2K compliant; that physical facilities were identified as another area of concern; and that VHA had not completed an inventory of facilities' related systems and equipment such as ventilating systems, security systems and disaster recovery systems. GAO identified these issues as vital to providing health care services. GAO noted that the impact of biomedical device failures because of Y2K had not been determined. GAO stated that the impact of medical device failures could range from incorrect formatting of a printout to incorrect operations of the device having a potential to affect patient care or safety. According to GAO, in an attempt to precisely determine this impact, VHA sent letters to manufacturers. Based on the poor response received from its first letter, VHA sent more detailed letters asking more specific questions to 1,600 manufacturers on September 9, 1997.

FDA, in its role of protecting the public from unsafe or ineffective medical devices, was encouraged by this subcommittee's previous hearing on Y2K to communicate with manufacturers. FDA stated that it had sent a letter in early July 1997 to about 13,000 manufacturers. According to FDA, one response was received to this letter.

While the subcommittee believes the VA has indeed made significant progress on Y2K compliance, the VA's Y2K situation should

be carefully monitored until the VA achieves full compliance. Therefore, the subcommittee will continue to closely follow the VA's efforts to ensure that their computer systems will be able to provide uninterrupted benefits and safe, quality health care to our veterans. The subcommittee believes follow-up hearings are necessary in the 106th Congress to review the VA's progress.

On October 23, 1997, the subcommittee heard testimony on mismanagement issues at the Charleston, SC, and Pittsburgh, PA, VA medical centers (VAMC). Congressional requests for investigations of complaints about these medical centers prompted this hearing. The hearing focused on wasteful spending and mismanagement by certain VHA senior executives, and the VA's failure to hold the responsible executives accountable. The VA Inspector General testified that the investigation by his office of 27 allegations of mismanagement at the Charleston VAMC substantiated examples of wasteful spending, favoritism, and non-accountability. The IG testified that the former director had spent $571,831 renovating a nursing home care unit and never utilized it for that purpose. The IG testified that its review also substantiated that the former director renovated his office suite without the required advance approval for VA Central Office on renovation costs; that the former director spent $26,119 for a fish tank for the hospital lobby; and that the fish tank purchase came at a time when employees were faced with furloughs and potential budget cuts. The IG review indicated that the former director hired a management consultant and inappropriately paid the consultant $1,200 per day plus expenses for working 4 days per month; that the medical center paid the consultant $177,867 during fiscal years 1995 and 1996; that the former director did not specifically define the consultant's duties; and that the medical center's consultant contract did not have any specific work statements or fixed periods of work.

At the Pittsburgh VAMC, the IG found the director authorized wasteful spending on his government quarters. The IG concluded that the medical center spent $201,000, which was $79,000 more than could be properly spent on renovating the director's quarters. According to the IG investigation, among the upgraded amenities approved by the director were a new stove that cost $1,500 more than those in other quarters; a $439 built-in microwave oven which was expressly prohibited by VA policy; new cherry wood cabinets, kitchen islands and new hardwood floors not found in any other facility quarters; a $2,200 whirlpool bathtub; and $500 lavatory faucets.

The subcommittee should continue oversight of VA's management practices in the 106th Congress.

Second Session

The subcommittee met on January 28, 1998, to receive testimony regarding waivers of regulations governing burial at Arlington National Cemetery (Arlington). In May 1997, the majority staff of the Committee had been provided anonymous information that called the waiver process into question. At the request of the subcommittee Chairman and Ranking Democratic Member, and the full Committee Ranking Democratic Member, the General Accounting Office conducted an expedited review of the waiver process. GAO pre-

sented its findings at the hearing, and outlined policy options concerning possible improvements to the eligibility process for burial at Arlington. The findings revealed a flawed waiver process marked by unclear standards and inconsistent applications of waiver criteria. The hearing highlighted that Arlington's eligibility criteria, unlike all other national cemeteries, were defined only by Army regulations and not by law.

Prior to the hearing, the Department of Defense, Department of the Army and Arlington National Cemetery provided the information and documentation requested by the subcommittee regarding secretarial and presidential waivers. In November 1998, a White House assertion of executive privilege with respect to two documents relating to the Lawrence waiver was resolved through an accommodation agreed upon by the White House and the subcommittee. However, the White House's limited cooperation and production of documents restricted the ability of the subcommittee and GAO to review presidential waivers granted since 1993. Despite these obstacles, the subcommittee was able to acquire extensive information concerning Arlington and documentation regarding secretarial and past presidential waivers since 1967.

The subcommittee heard testimony about the burial waiver granted by the Secretary of the Army for Ambassador M. Larry Lawrence's burial at Arlington. The subcommittee investigation revealed that Ambassador Lawrence had falsely claimed merchant marine service and a serious wound during World War II. The Department of State apparently failed to discover the false claim during Ambassador Lawrence's background check for his ambassadorial nomination and his top secret security clearance. At the request of his widow, Ambassador Lawrence's remains were disinterred from Arlington.

The subcommittee also heard testimony about the burial waiver granted by President Clinton for Dr. C. Everett Koop, Surgeon General of the Public Health Service during the Reagan Administration. The subcommittee investigation revealed that Dr. Koop had received a burial waiver for Arlington in violation of Arlington's regulations against reservations for living persons, and that he was not a veteran of military service, although he served in the U.S. Public Health Service as a commissioned officer. He subsequently withdrew any claim of right to burial at Arlington.

As a result of the hearing, a bipartisan bill, H.R. 3211, was introduced to reform and codify Arlington burial eligibility, and to eliminate waivers. The House passed the measure 408–0. (For further discussion of H.R. 3211, see p. 53.) The Senate did not take up the legislation. The Army voluntarily has begun to notify the interested congressional committees when waivers are granted and is reviewing its Arlington regulations.

The subcommittee recommends that active oversight of Arlington burial waivers continue to ensure that needed revisions are made to the Army's regulations on Arlington because codification of burial eligibility is uncertain. The subcommittee further recommends that additional investigation occur in the 106th Congress on the questions remaining unanswered about White House actions and participation in the Lawrence and Koop burial waivers. Questions also remain unanswered about the Department of State's back-

ground investigation for the Lawrence nomination. The Office of the Inspector General, Department of State, has a review of the background investigation under way, but it has been delayed indefinitely due to an active criminal investigation by the Department of Justice which includes Ambassador Lawrence.

OTHER ACTIVITIES

On June 5, 1997, Chairman Everett requested that the VA Office of the Inspector General (IG) investigate numerous allegations received by his office staff of mismanagement and misconduct at the Tuskegee and Montgomery VA medical centers, which now form the Central Alabama Veterans Healthcare System. The IG interviewed more than 35 witnesses under oath and additionally interviewed approximately 132 individuals of the VA staff and community. This was the largest IG hospital investigation ever conducted because of the large number of allegations received by Mr. Everett and the IG. Of more than 129 allegations, over 50 percent were sustained, the largest number ever sustained in a IG investigation.

Serious allegations sustained in the IG report released on September 29, 1998, included the following: the Director authorized $83,522 more than was allowed for Director's and Associate Director's quarters renovations and did not obtain approval for the renovations, including air conditioning systems with excessive capacity, two toilet flush valves costing $327 each and basement waterproofing work for the director's quarters costing $98,630; the Director misused appropriated funds to have a new icemaker installed on his personal refrigerator, and the Director and Associate Director attempted to cover up the incident; the Director improperly used his government credit card for personal purchases; the Director interfered with the IG investigation and refused to provide the IG access to information until directed to do so by his superiors; the Director and the Associate Director in violation of federal law engaged in prohibited personnel practices in the selection of several service chiefs who, as VA employees, complained to or cooperated with the IG, GAO, and Mr. Everett; the Associate Director violated federal nepotism laws and engaged in a prohibited personnel action by advocating the employment of his son; the Associate Director was reimbursed $4,392.90 in improperly claimed relocation expenses; and the medical center's fire alarm system did not work properly.

Other serious allegations the IG investigation sustained were: 10 of the 13 Tuskegee medical center staff with government American Express cards misused them; the medical center's canteen food service had not received required sanitation inspections for several years; the nursing staff took excessive sick leave and management did not monitor such use (87% of sick leave earned); and weaknesses existed in procedures for recording overtime in the Tuskegee medical center nursing service;

The IG report also found inappropriate and inadequate care to VA patients, including that: clinicians did not ensure patient meal feedings, tube feedings, and patient weightings were properly managed or monitored; nursing employees did not feed some patients who were unable to feed themselves and some employees were found to have eaten patients' meals; the Director failed to discipline

employees involved in a confirmed allegation of patient abuse; cardiac monitors in the Intensive Care unit and Emergency Room were turned off by being "silenced"; and, eight specific instances of inappropriate patient care at the Tuskegee and Montgomery medical centers.

VA follow-up on corrections and disciplinary actions is incomplete. The subcommittee recommends continued oversight of VA's corrective actions for Tuskegee and Montgomery in the 106th Congress.

COMMITTEE WEB SITE

The Committee's web site (http://www.house.gov/va) is a source of information on Committee activity and a gateway to veterans resources. Activity on the site grew from approximately 18,000 visits during the early months of the 105th Congress to a high of 70,504 visits in October 1998. The site contains over 1,500 files, with new files being added weekly.

The site's *Home Page* has a table of the contents, highlights of current issues, and a photo gallery, which has photos of recent hearings. The site includes a search engine and a *Tour of the Site* with a web index and links to other House sites. The site also consists of seven other categories of information: About the Committee, Veterans' Information, Issues, Communications, Hearings, Legislation, and the Democrat's Home Page.

For the 105th Congress, the site includes the text and summaries of all veterans' legislation that was enacted and the text of all committee and subcommittee hearings. Whenever possible, witness statements for each hearing are posted on the site within two hours after the hearing is concluded. On its own pages and with its links to other web sites, including the Department of Veterans Affairs, the Committee's web site features information for veterans that is both easy to access and the most comprehensive ever available.

OVERSIGHT PLAN FOR THE 105TH CONGRESS

In accordance with clause 2(d) of Rule X of the House of Representatives, the Committee on Veterans' Affairs has adopted by resolution of February 13, 1997, its oversight plan for the 105th Congress.

This oversight plan is directed at those matters which are most in need of oversight within the next two years. The Committee is cognizant of the requirement that it conduct oversight on all significant laws, programs, or agencies within its jurisdiction at least every ten years. To ensure coordination and cooperation with other committees having jurisdiction over the same or related laws, the Committee will conduct member and staff meetings as necessary with the Committee on National Security, the Committee on Education and the Workforce, and the Committee on Government Reform and Oversight. Additionally, the Committee will explore with these committees possibilities for conducting joint hearings.

The Committee expects to conduct oversight through a variety of sources. They will include existing and requested reports, studies, estimates, investigations and audits by the Congressional Research Service, the Congressional Budget Office, the General Accounting Office, and the Offices of the Inspectors General of the Departments of Veterans Affairs and Labor. Additional sources of information will be veterans' service organizations, military associations, other interest groups and private citizens. A series of joint hearings is scheduled with the Senate Committee on Veterans' Affairs at which veterans service organizations and military associations will present to the committees their national resolutions and agendas for veterans.

Avenues of oversight will be committee and subcommittee hearings; field and site visits by members and staff; and meetings and correspondence with interested parties. While this oversight plan sets forth the areas in which the Committee expects to conduct oversight, additional matters may be incorporated into the Committee's plan as the need arises.

SUBCOMMITTEE ON HEALTH

1. Veterans Health Administration (VHA) Budget. The operation of the VA health care system, the largest integrated health care provider in the country, represents the most visible component of the nation's ongoing commitment to America's veterans. With a medical care budget of some $17 billion, VA provides about three million veterans care annually. Through focused analyses and full committee hearings, VHA spending choices will undergo careful scrutiny. Winter 1997 and winter 1998.

2. Persian Gulf War Illnesses. The full Committee will address the broad spectrum of issues raised by Persian Gulf War veterans' continuing to experience illnesses that may have their cause in service. The subcommittee will maintain continuing oversight of issues relating to VA care-delivery and research associated with this problem, and any need for additional legislation. Spring and summer 1997.

3. Resource Allocation. VA plans to implement a new resource allocation formula aimed at correcting historic geographic imbalances and shifting funds so that veterans have similar access to care regardless of the region of the country in which they live. The subcommittee, in conjunction with the Subcommittee on Oversight and Investigations, will review and analyze the plan and the extent to which it would meet its stated objectives. Spring 1997.

4. "Eligibility Reform" Implementation. The enactment of an "eligibility reform" law (Public Law 104–262) aimed at eliminating barriers to access to VA outpatient care raises a series of implementation issues, involving both VA's statutory construction and its policy choices. Close oversight will provide opportunities to ascertain whether VA is appropriately meeting the law's intent and whether there exists a need for additional legislation. Summer 1997 and summer 1998.

5. Decentralization of VA Health Care System. In decentralizing medical center management and administration to facilitate restructuring health care delivery and clinical programs, VA headquarters has replaced central office direction of local actions with performance measures and other incentives for efficient, quality services. However, the subcommittee has concerns that network directors can take far-reaching actions without headquarters' approval, and management "solutions" can vary from one network to the next, with substantial inconsistency across the country. The subcommittee will review the degree to which decentralized decision-making is altering the national character of the VA health care system, and the need for any remedial action. Spring 1997.

6. Ambulatory Care Programming. The subcommittee held hearings during the 104th Congress on VA policies regarding the establishment of new "access points", and initiated legislation to eliminate barriers to VA provision of routine ambulatory care. The subcommittee will examine further VA policies, strategic plans, and progress in shifting a hospital-based system to a more ambulatory care-based system. Fall 1997.

7. VA Role in Long-term Care. VA expends approximately $1.5 billion to provide veterans long-term care through in-house programs, community-based care, and State veterans homes. Several questions exist regarding the relative costs and quality of the three options and the criteria used to determine in which of the three a veteran is placed. The Committee will examine whether the mix of the three should be changed; and whether the eligibility criteria—under which some veterans get unlimited, free care from VA; others pay under the State program, while still others are limited to a six-month placement for community care—should be changed. The need for statutory changes in the State home per diem and construction programs will also be reviewed. Spring 1998.

8. VA Specialized Medical Programs. Public Law 104–262 requires VA to maintain its capacity to provide for the specialized needs of disabled veterans through such clinical programs as post-traumatic stress disorder care, prosthetics, and spinal cord injury care and rehabilitation. Achieving the goals of this provision during

a period of restructuring and downsizing will require ongoing oversight. Fall 1997 and summer 1998.

9. VA Mental-health Care Programs. VA mental-health programs are not only vulnerable special disability programs at risk in the current budget environment, but have historically been underfunded and reflect widely varying degrees of quality. A statutorily required evaluative report will provide a vehicle for oversight of these important programs, and exploration of remedial avenues. Spring 1998.

10. VA Sexual-trauma Counseling Services. Revelations regarding sexual abuse at military training facilities and high rates of sexual harassment experienced by women service-members highlight the importance of reviewing the adequacy of VA sexual trauma counseling programs. Such oversight will also consider the need, if any, for additional legislation to provide needed counseling and treatment authority. Summer 1997.

11. Women Veterans Health Care. While more than 12 percent of our Armed Forces are women, VA treatment programs focused specifically on the needs of these women veterans are relatively new. The extent to which women veterans use, or fail to use, VA health care, and the barriers or perceived barriers, to seeking such care will be examined. In that connection, the availability and quality of gender-specific care will be reviewed, to include privacy issues, the availability of appropriate supplies, and related matters. Fall 1997.

12. Status of VA/DoD Sharing of Health Resources. A hearing during the 104th Congress demonstrated that opportunities for greater VA/DoD collaboration have not been fully exploited and, that despite recognition of the benefits of VA/DoD jointly providing care in the same facility, such joint ventures have not necessarily been evenhanded, particularly where VA has not had operational control of the facility. The subcommittee will review the extent to which the departments have initiated changes. Fall 1997.

13. VA Research Program. The VA research program complements the Department's medical care mission. As a national research program aimed at improving the medical care and health of veterans, the program is funded by an appropriation account which supports medical research, outcomes and health systems research, and prosthetics research and development. The subcommittee will review the operations of the research program; examine the appropriateness of the balance between VA's basic, applied and outcomes research; and review VA efforts to enter into research partnerships with non-Federal entities. Winter 1998.

14. Construction Planning. VA major medical construction budgets have shrunk substantially in recent years. Given competing needs within the VA system for construction of outpatient additions, environmental improvements in decades-old facilities, and seismic upgrades, the subcommittee will give heightened scrutiny to the manner in which VA establishes its construction priorities and associated funding plans. Winter 1998.

15. Medical Marketplace Forces and the VA. The provision of VA health care takes place in the context of a dynamic medical "marketplace", in which changes in other Federal health care programs, changes in medical practice and technology, and economic changes have an impact on VA and on demand for VA care. The subcommittee will study these phenomena and on how VA has positioned itself to anticipate and respond to such changes. Spring 1998.

16. Roles of the VHA's Medical Inspector and the VA Inspector General's Office of Healthcare Inspections. Budget considerations, organizational accountability, and quality-of-care concerns highlight the importance of examining what appear to be overlapping responsibilities in these two offices. The subcommittee will examine the statutory responsibilities and operational roles of the respective offices, whether those statutory provisions and roles continue to reflect best practices and policies, whether the quality assurance objectives underlying those laws are being realized, and whether legislative changes in this area should be considered. Spring 1998.

17. Performance of Senior Managers. The subcommittee will study VA practices for identifying and handling poor job performance on the part of senior VHA executives, and the extent to which past practices of simply reassigning, rather than removing, poorly performing managers continues to be a practice. Summer 1998.

18. Use of Nurse Practitioners and Physician Assistants. The subcommittee will review how well and how consistently VHA uses these "physician-extenders" in primary care and other patient care programs. Barriers to greater use of such staff and the extent to which these staff receive appropriate supervision will also be examined. Fall 1998.

19. Physician Pay. VA physician pay rewards longevity and medical specialization. The subcommittee will examine the continued relevance of these factors in providing "special pay" to physicians, and the merits of revising the pay system to draw distinctions on the basis of performance measures. Spring 1998.

SUBCOMMITTEE ON BENEFITS

1. Veterans Benefits Administration (VBA) Fiscal Year 1998 Budget. Funding for VBA programs and administration comprises over one half of VA total budget. VBA is responsible for a wide range of benefits such as disability compensation, pension, survivors benefits, education benefits, housing and insurance. A hearing will highlight VBA spending in the areas of administration and information technology. Winter 1997 and winter 1998.

2. Veterans Claims Adjudication Commission. The Commission has released its final report containing findings, conclusions and recommendations on ways to improve veterans benefits claims processing. Hearings will review the report and receive testimony from veterans service organizations, the VA and other interested parties. Spring 1997.

3. Veterans Employment and Training Service (VETS). The Department of Labor's Veterans Employment and Training Service is responsible for administering a state grant program to provide job

placement for veterans. In addition to federal Directors and Assistant Directors of Veterans Employment and Training (DVETs and ADVETs) in each state, there are about 3,000 Disabled Veterans Outreach Program Specialists (DVOPS) and Local Veterans Employment Representatives (LVER) working for the state employment services funded by this grant program. The subcommittee will review the funding and operations of VETS using principles identified in the Government Performance and Results Act (GPRA) format. Spring 1997 and spring 1998.

4. Compensation and Pension (C&P) Programs. VBA's largest program administers the service-connected disability compensation and non service-connected pension programs. Currently, there are about 2,500,000 veterans receiving compensation and about 400,000 receiving pension. The veterans community continues to voice significant concerns about the quality of claims adjudication and the length of time it takes to process claims. The subcommittee will review the operations of the C&P Service, using GPRA principles. Spring 1997 and spring 1998.

5. Persian Gulf Veterans' Compensation. Public Law 103–446 authorized payment of disability compensation to Persian Gulf veterans suffering from undiagnosed illnesses. To date, VA's handling of these claims has been inconsistent and VA is now reviewing all previously processed claims. The subcommittee will review processing with an emphasis on determining the adequacy of VA's efforts and implications for future legislation. Summer and fall 1997, winter 1998.

6. Vocational Rehabilitation. The subcommittee believes that vocational rehabilitation should be VA's most important program for service-disabled veterans. The program provides up to 48 months of training, education, and rehabilitation at no cost to the veteran. In addition, enrollees receive a monthly living stipend. GAO has strongly criticized this program in several reports, but little seems to have changed in VA's operating methods. The subcommittee will use GPRA principles for the hearing and review VA's plans to reorganize the program. Summer 1997 and summer 1998.

7. Uniformed Services Employment and Re-employment Rights Act (USERRA). During the 103rd and 104th Congresses, USERRA was passed to improve a veteran's ability to return to a job held prior to being called to active duty. The subcommittee is aware of possible systematic violations of the law by one or more federal agencies and intends to review this issue. Summer 1997.

8. National Cemetery System (NCS). Today, VA operates 114 national cemeteries, about half of which are open for initial interments. The remainder are either open only for interment of second family members or closed to all further interments. NCS has completed about half of a 10 cemetery expansion program which began in the mid-1980's. The subcommittee will use GPRA principles to review the NCS budget and determine whether NCS is expanding in the most cost-effective manner. Summer 1998.

9. VA Education Programs. Today VA provides education benefits to nearly 200,000 veterans and dependents or survivors. The best known of VA's education programs, the Montgomery GI Bill, pro-

vides a monthly basic benefit of $427 to veterans who complete a three-year period of service and have their pay reduced by $1200 during the first year of service. Using GPRA principles, the subcommittee intends to review program administration and alternative means of leveraging the existing benefit payment. Summer 1997 and summer 1998.

10. Compensation of Veterans with Dual Diagnoses of Mental Illness and Substance Abuse. The subcommittee is concerned that compensation payments act as an enabler to some mentally ill veterans who are also substance abusers. There is some evidence that hospitalization rates of these veterans for problems relating to substance abuse, especially cocaine, is related to the arrival of compensation payments. The subcommittee intends to provide an opportunity for a public discussion of the very complex issues surrounding mentally ill/substance abusing veterans. Fall 1997.

11. Board of Veterans' Appeals. The Board is the first forum for a veteran to appeal a VA decision on a claim for benefits. Prior to the advent of the Court of Veterans Appeals in 1989, the Board took about six months to decide an appeal. Today, because of many factors, it now takes about two years. The subcommittee intends to review Board operations using GPRA and the recommendations of the Veterans Claims Adjudication Commission. Fall 1997.

12. Disabled Veterans Outreach Program Specialist and Local Veterans Employment Representatives (DVOPS and LVER's). The state grant program operated by DoL's Veterans Employment and Training Service funds about 3,000 LVERs and DVOPS whose job is to provide employment services to veterans. These federally-funded state employees also provide instruction at Transition Assistance Programs sites for those about to leave active duty. The subcommittee has asked GAO to evaluate the performance of this program and expects the report to be issued in the fall of 1997. At that time, the subcommittee will review the GAO's findings and recommendations. Fall 1997.

13. Homeless Veterans. VA, DoL, and HUD provide funding for homeless veterans programs. The subcommittee, in conjunction with the Subcommittee on Health, will review the operation and funding of VA's homeless grant programs. The subcommittee will determine whether VA is in compliance with the Sense of Congress expressed in Public Law 103–446, which supported funding for homeless veterans' programs more closely proportional to the population of homeless veterans. The subcommittee will also examine whether these programs are accomplishing their goals. Spring 1998.

14. Agent Orange, Ionizing Radiation and Prisoners of War (POW). VA provides medical treatment and compensation benefits to veterans suffering from exposure to agent orange and ionizing radiation, as well as to those veterans who were POW's. The subcommittee intends to review the problems facing each of these special category veterans. Summer 1998.

15. Veterans' Benefits in the Year 2000. Technology will have a major impact on the delivery of veterans benefits. The subcommittee will examine how technology will improve the effectiveness of

the delivery of benefits. The VA and DoL benefits programs relating to veterans education and employment will be of special interest to the subcommittee. Summer 1998.

16. Court of Veterans Appeals. The Court is an executive branch court empowered to review decisions of the Board of Veterans' Appeals. The subcommittee will review data on the Court's operations and the impact on VA claims processing. Fall 1997.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

1. Exposures to Environmental Hazards during the Persian Gulf War. The subcommittee will follow up the full Committee hearing on Persian Gulf War Illnesses held February 11, 1997, with continuing oversight on the experiences of U.S. military personnel who served in the Southwest Asia theater. The Presidential Advisory Committee on Gulf War Veterans' Illnesses found "substantial evidence of site-specific, low-level exposures to chemical warfare agents", and called for further investigation of possible chemical or biological warfare agent exposures. The subcommittee plans to coordinate closely with the Committee on National Security and its subcommittees on these and other environmental hazards. Spring 1997.

2. Quality Assurance/Risk Management. The subcommittee will examine VA's initiatives in developing a departmental quality assurance/risk management program to monitor adverse outcomes in a time sensitive manner. The subcommittee is particularly concerned about suspicious deaths that occurred at the Harry S Truman Veterans Administration Medical Center (VAMC), Columbia, MO, and the Northampton VAMC, Northampton, MA. The subcommittee is also concerned that the Federal Bureau of Investigation (FBI) still considers their criminal investigation of the 1992 deaths at the Harry S Truman VAMC an open case. The FBI exhumed the remains of 13 veterans in February and March of 1993 and contracted for toxicological testing in June 1996. These tests have not been concluded. Spring and fall 1997.

3. Decision Support System (DSS). DSS is a computer based system that provides VA managers and clinicians data on patterns of patient care and patient outcomes. It can be used to analyze resource utilization and the cost of providing healthcare services. VA operates the largest federal healthcare system in the nation, yet lacks a detailed clinical and financial information system to report the efficiencies and operating costs of its 173 hospitals. VA expects DSS to expand to 91 hospitals by February 1997, despite problems identified by GAO in the implementation testing. The subcommittee will review VA's development of a business strategy and efforts to implement DSS. Spring and winter 1997, spring 1998.

4. Procurement of Automated Information Resources Solutions (PAIRS). The subcommittee will review VA's decision to make this $875 million contract a 100 percent small business set-aside. The subcommittee will also study VA's risk assessment in its decision making process. This critical information technology procurement is a cornerstone of VA's entire computer modernization effort with a significant effect on veterans services. Spring and winter 1997.

5. Veterans Benefits Administration (VBA) Modernization. VBA is in its eleventh year of implementing its computer modernization to enhance benefits and services delivery. Only in the last two years has VBA made real progress in its $300 million effort. The subcommittee will continue oversight of VBA's reengineering of its business practices and its initiation of alternative business practices, technology, and claims processing approaches to enhance the efficiency of VA benefits operations. Spring and fall 1997, spring and summer 1998.

6. Master Veterans Record (MVR). The subcommittee will review the VA's efforts to integrate its separate databases and information systems into a department-wide information sharing initiative that electronically communicates data between all VA organizations. The completion of the MVR project would provide all VA organizations, veterans and their beneficiaries with an integrated system that furnishes information such as timely death notifications, changes of address, family status, representation, appeals, bankruptcy, patient care and burial locations. Summer and winter 1997.

7. Veterans Health Resource Allocation. The subcommittee, in conjunction with the Subcommittee on Health, will review and analyze the Veterans Health Administration's new resource allocation plan, known as the Veterans Equitable Resource Allocation System, and the extent to which it would meet its stated objectives. Spring 1997.

8. Civilian Health and Medical Programs of the Department of Veterans Affairs (CHAMPVA). Currently, there are approximately 80,000 CHAMPVA beneficiaries and in 1994, they generated over 800,000 medical claims. Annual program expenditures are in excess of $93 million, and claims total $85.1 million. The subcommittee will review the effectiveness of program management controls for duplicate claims payments, eligibility verification, and recovery of fraudulent claims payments. Fall 1997.

9. Medical Care Cost Recovery (MCCR). VA collects over $500 million per year from third party insurers for medical care provided to insured veterans. The subcommittee will review the VA's collection rate success, the adequacy of the billing rates based on the quantity and cost of care provided to veterans, and the cost of collections. Spring 1997 and spring 1998.

10. Adopting Medicare Fee Schedules for Fee Basis Care. Veterans Affairs Inspector General (VAIG) audits estimate that VA could increase revenues by $33 million by adopting the Medicare fee schedules for fee basis veteran care. The subcommittee will review application of these schedules to VA. Fall 1997.

11. Capital Medical Equipment Backlog. The subcommittee will review the backlog of capital medical equipment and VA's acquisition strategy. Fall 1997 and fall 1998.

12. Procurement Management. The subcommittee will review VA's overall procurement process. The review will include the efficiencies of the National Acquisition Center (NAC), initiatives in electronic commerce, centralized acquisitions, performance-based contracting and acquisition streamlining. Further, the subcommit-

tee will review instances of vendor overcharges and contractor fraud, and departmental measures instituted to deter future incidents. Summer 1997 and summer 1998.

13. Construction Delays. The subcommittee will review GAO and VAIG findings of weaknesses in VA's construction management process. VAIG has conducted thirteen audits in the past five years detailing construction overruns. Spring 1997 and spring 1998.

14. Veterans Affairs Inspector General Activities. The subcommittee will review the VAIG's five year strategic plan. The review will include the focus, conduct, and outcomes of the last four years of audits, investigations, and hot-line and whistleblower activities. Summer 1997.

15. Food Service. Veterans Health Administration (VHA) is unusual as a health care delivery system in that it operates its own food service systems. The subcommittee will review VHA's food service operations and request a GAO cost-benefit analysis. Fall 1997 and fall 1998.

16. Administrative Staffing Redundancies in VHA/VBA Colocations. As VA continues to reengineer its business processes, the subcommittee will examine possible staffing redundancies in contracting specialists, payroll/finance personnel, equal employment opportunity specialists and human resources personnel. Summer 1997 and summer 1998.

17. Government Performance and Results Act of 1993 (GPRA). Public Law 103–62 requires the federal government to measure its performance and report on its results. It was enacted in July 1993 and will be applied to all federal departments and agencies. The subcommittee will closely monitor how VA measures outcomes; how well GPRA performance goals drive daily VA operations; how performance information is used to improve effectiveness; what progress is being made to build the capacity necessary at VA to implement GPRA; and what steps are being taken to align VA's core business processes to support mission-related outcomes. Spring, fall, winter 1997 and spring, fall, winter 1998.

18. Advisory Committee on Minority Veterans. The Advisory Committee makes assessments of the needs of veterans who are minority group members and reviews VA programs and activities designed to meet such needs. The subcommittee will examine the report and any recommendations of the Advisory Committee to the Secretary of Veterans Affairs due July 1 of each year. Summer 1997 and summer 1998.

19. Veteran Canteen Service (VCS), General Post Fund, and Golf Courses. The subcommittee will review the VCS for scope of missions, federal subsidizations and annual financial statements. The subcommittee will review utilization of the General Post Fund in accordance with chapter 83 of title 38 of United States Code. The subcommittee will also review VHA's efforts to operate its twenty-two golf courses without appropriated funds. Fall 1997 and fall 1998.

20. VA Buyout Plan under Public Law 104–208. VA has offered voluntary separation incentive payments to support strategic

downsizing goals of the department. The subcommittee will review the VA buyout plan and the success of the following stated objectives: changing the skill mix of employees; increasing efficiencies; streamlining operations; converting to new methods of operations; and enhancing service to veterans. Spring 1997 and spring 1998.

21. Energy Policy Act of 1992 (EPACT). EPACT authorizes VA to utilize energy performance contracts to leverage private sector capital to fund VHA energy plant retrofits and upgrades at healthcare facilities. The subcommittee will review VA's efforts to maximize the use of this contracting vehicle to achieve higher efficiency in energy consumption and reduce the need for appropriated funds. Spring and Fall 1997 and spring and fall 1998.

22. VA Safety and Security. The subcommittee will conduct a comprehensive review of VA safety and security issues to include law enforcement programs, security of controlled pharmaceuticals, fire safety programs, and VA's 32 fire departments. Summer 1997 and summer 1998.

23. Departmental Travel. VA's 1997 estimated travel budget is $33 million greater than its 1995 travel costs. This represents a 16 percent increase while the VA continues to downsize and acquire televideo conferencing capability. The subcommittee will review VA's conference, training, and other travel. Spring and winter 1997 and spring and winter 1998.

REPORT TO THE COMMITTEE ON THE BUDGET FROM THE COMMITTEE ON VETERANS' AFFAIRS ON THE BUDGET PROPOSED FOR FISCAL YEAR 1998, SUBMITTED ON MARCH 20, 1997

Summary Table: Estimates of Committee on Veterans' Affairs For Fiscal Year 1998 Budget

(Net Budget Authortiy—$ in millions)

Department of Veterans Affairs	FY 1996	FY 1997	FY 1998 Administration Request	FY 1998 Committee Recommendation	Comm. +/− Admin.
Veterans Benefits Administration:					
Compensation and Pension	18,604	19,424	19,735	19,735	0
Proposed Legislation [1]	0	0	314	331	17
Readjustment Benefits	1,155	1,377	1,366	1,366	0
Proposed Legislation	0	.....	0	175	175
Housing Programs	211	504	353	353	0
Proposed Legislation [1]	0	0	− 29	0	29
All Others	44	40	52	52	0
Subtotal, Veterans Benefits	20,014	21,345	21,791	22,012	221
Veterans Health Administration:					
Medical Care Appropriation	16,551	17,013	16,959	17,600	641
Proposed Legislation	0	0	591	0	− 591
Subtotal	16,551	17,013	17,550	17,600	50
Medical and Prosthetic Research	257	262	234	262	28
MAMOE	64	61	60	60	0
State Homes and Parking	47	60	41	80	39
Subtotal, Veterans Health	16,919	17,396	17,885	18,002	117
Departmental Administration:					
Construction, Major Projects	136	251	80	200	120
Construction, Minor Projects	190	175	166	166	0
Subtotal Construction	326	426	246	366	120
VBA	633	627	661	678	17
General Administration	213	201	186	186	0
Subtotal GOE	846	828	847	864	17
National Cemetery System	73	77	84	84	0
Office of Inspector General	31	31	31	31	0
Grants for State Cemeteries	1	1	10	10	0
Subtotal, Department Administration	1,277	1,363	1,218	1,355	137
Total, DVA adjusted	**38,210**	**40,104**	**40,894**	**41,369**	**475**
Trust funds, net	1,098	1,053	1,012	1,012	0
Proprietary receipts, adjustments, and intragovernmental transactions	− 719	− 1,822	− 973	− 973	0
Total, Department of Veterans Affairs	**38,589**	**39,335**	**40,933**	**41,408**	**475**

[1] Proposed Legislation may be considered in the event the Comiittee is instructed to meet budget reconciliation targets.

The Committee's Views and Estimates of the President's FY 1998 Budget Request for the Department of Veterans Affairs

VETERANS HEALTH ADMINISTRATION

Medical Care

Veterans eligible for VA health care services confront a delivery system which is in flux. Major policy changes and new statutory requirements are being implemented through an organization which is still rapidly evolving. Among the changes underway:

- a shift in the primary locus of care-delivery at VA medical centers from the hospital ward to the outpatient clinic, with accompanying closures of hospital wards and enrollment of patients into primary care programs;
- reductions in numbers of hospital employees, to include reducing the number of VA physicians who are specialists and subspecialists and increasing the number of primary care physicians;
- institution of a new capitation-based method of allocating medical care funds to its 22 geographic networks to account for workload projections and relative efficiencies of care-delivery;
- substantial decentralization of authority to regional network directors, who are charged to improve the efficiency of VA facility operations through such means as administrative consolidations and elimination of duplication in closely proximate health-care facilities, etc.;
- implementation of new health-care eligibility rules, which will require enrollment of veterans as a condition of their receiving care;
- institution of measures to ensure maintenance of VA's special programs that provide for the specialized treatment and rehabilitative needs of disabled veterans;
- an increasing awareness of the need to serve patients' acute-care needs through more accessible, less costly means, and the growing reliance on community-based clinics to serve that end; and
- the development of a national formulary for pharmaceuticals, national contracting for community-based nursing home care, and similar means of achieving economies of scale to increase VA purchasing power.

In the midst of these changes, VA's responsiveness to veterans who turn to its health care facilities is highly variable:

- access to outpatient care has generally improved, with increased staffing in outpatient clinics and generally reduced waiting times for primary care and specialty clinic appointments;
- yet the increasing numbers of aging veterans who turn to VA for nursing home care or support to avoid institutionalization face uncertain access as the Department gives far greater priority to providing for primary care (the budget for fiscal year 1998 promises no greater commitment to the aging veteran: for example, it provides for no increase in the numbers of veterans who will be served in community nursing homes).
- the closure of inpatient psychiatric bed programs (with a reduction of an estimated 1,470 staff and some 4,600 fewer patients hospitalized) raises the risk of significant numbers of veterans who lack support systems getting little or no effective continuity or management of their care and the specter of homelessness increasing.
- care of Persian Gulf veterans, many of whose health problems are presumed to have their origin in service, are nevertheless

receiving only superficial attention at some VA facilities and extensive care at others.

The Committee has encouraged efficiency and innovation in VA's delivery of health services and is heartened to see such change in VA planning and operations. Nevertheless, the proposed budget for fiscal year 1998 would set veterans' health affairs on an unprecedented, untested course. It would establish a fiscal policy of holding medical care appropriations to a level below what the Administration acknowledges is needed to maintain adequate services and relying on nonappropriated funds and unspecified new efficiencies to fill that gap. As proposed, the primary source of those needed supplementary dollars would be third-party collections, primarily from health-care insurers.

The proposed new revenues are not only dependent on legislation, but on projections whose reliability for fiscal year 1998 and the outyears is uncertain. The Administration budget projects that gross fiscal year 1998 collections will total $591 million (net recoveries after deducting the cost of collection would be $468 million). Yet the unreliability of that figure is underscored by the gap between last year's medical care cost recovery budget estimate of $736 million in total collections for fiscal year 1997 and the current estimate of only $540 million for that same fiscal year. The Committee's budget hearings highlighted the increasing difficulties facing VA in its pursuit of medical care cost recovery. The VA's own strategic plan for medical care cost recovery notes that "there is no methodology that can accurately estimate the 'full collection potential' of VA's MCCR program." It acknowledges, however, that several factors pose new and troublesome challenges. The VA's own plan states:

> Assumptions that (1) MCCR recoveries from third party payers should continue to rise and (2) operating costs associated with the recovery of this revenue should diminish as a result of efficiencies ignore two critical facts facing third party recovery. First VHA inpatient workload is diminishing, while outpatient workload is increasing. Second . . . MCCR spends nearly five times the amount to collect a dollar from outpatient billing than it spends to collect a dollar from inpatient billing . . . MCCR must also generate approximately 20 outpatient bills to produce the equivalent recovery of a single inpatient bill.

The changing nature of the insurance industry and other factors beyond VA's control also suggest that prior-year VA collections successes may no longer be replicated, and indeed that collections could actually trend lower. The VA faces a rapidly changing insurance market in which fee-for-service models, from which VA obtains substantial payments, are giving way to health maintenance organization and preferred provider plans, from which VA generally cannot gain recoveries. Moreover, with the aging of the veteran population, more and more veterans who have insurance coverage are Medicare-eligible and have only Medicare-supplemental policies, from which VA recoveries will be markedly lower because of the limited nature of that coverage.

VA certainly has the means to improve its own cost-collection efforts, and the Committee is aware that the Department has mounted some promising initiatives. The Committee questions whether improved program administration can overcome the many uncontrollable factors highlighted above which will inevitably retard collections' success. The Committee applauds the concept of VA's retaining third party revenues and the inherent incentive it provides, while noting that VA has acknowledged that it lacks any plan at this time for making that incentive real. With changes in health-delivery practices and changes in the insurance market, it is clear that prior-year VA collection trends do not provide a reliable basis for concluding that outyear collections, that is collections for fiscal years after fiscal year 1998, will increase. The budget's outyear projections for medical care cost recovery are not only optimistic, they lack a solid foundation.

While the outyear plans associated with holding VA medical care appropriations to a below-fiscal year 1997 funding level raise profound concerns, the plan for fiscal year 1998 is not without substantial problems itself. Significantly, the fiscal year 1998 plan raises, and fails to answer, several important questions, with serious funding implications:

- in light of VA's collections for FY 1997 having fallen almost $200 million short of its earlier projection, how reliable is the projection that VA would not only reverse that trend but increase its recoveries by $58 million in fiscal year 1998?
- This budget provides no funds to cover what a VA survey reports to be new construction-activation projects for fiscal year 1998. A VA survey, however, identifies that networks anticipate that $260 million will be required to activate construction projects in that fiscal year, to include some $80 million in recurring operating costs and $180 million in nonrecurring costs. Those monies must be provided for at the expense of some other spending. While this budget proposes (at pp. 2–30) that VA will save more than $180 million through unidentified "management efficiencies", it is clear that the cost of activations, which are not even identified in the budget, must be funded through other managerial actions. How credible is it that VA can wring sufficient savings both to adequately fund activations as well as to help offset the anticipated $687 million in uncontrollable cost increases (i.e., required payroll increase totaling $338 million and inflation and rate increases of $249 million) identified in the budget without service to veterans deteriorating?

These unanswered and unanswerable questions place veterans' health care, and veterans themselves, at risk. This Committee recommends the adoption of a policy that responsibly minimizes that risk.

The Committee supports in principle the proposal that the VA's health care system should be permitted to retain medical-care cost recoveries. It is appropriate to give VA the incentive to maximize its recoveries and to make veterans' health care the beneficiary of collections successes. It is also appropriate to encourage VA to achieve further economies through streamlining; elimination of

redundancies; "smart" procurement policies; consolidations of administrative and other functions; and, if indicated, consideration of changing the mission of inefficient facilities. Some of these changes cannot reasonably be carried out, logistically and otherwise, in the space of a single fiscal year.

In essence, this budget asserts that the Department will require $17.55 billion to operate a comprehensive, integrated health care system providing care to eligible veterans. This projection is not unreasonable given still available opportunities for streamlining, consolidation, and other cost-saving changes in the Veterans Health Administration. In the Committee's judgment, the absence of any identified funding for construction activations means either that VA will fail to operate new ambulatory care expansions and other activations, or that it will deny care to "category A" veterans whom it has been serving. Neither course is tenable. The Committee recommends, accordingly, that the spending level for VA care be set at $17.60 billion, a more reasonable figure.

The VA's budget makes enactment of legislation to permit retention of third-party collections a critical component of VA health care funding for fiscal year 1998. This proposed authority is said to give VA managers new incentives to increase collections. The Committee is troubled, however, that the architects of this budget proposal have identified no mechanism for distributing collection receipts, in whole or in part, to ensure that their theoretical incentive will actually be realized. The Department's budget and budget defense have also failed to allay the Committee's very substantial concerns regarding the very optimistic collections' target for fiscal year 1998. With the many dynamic changes underway both in VA medical care delivery patterns, in the insurance market, and in an aging veteran population, this Committee finds no satisfactory basis for projecting that VA's medical care cost collections will even approach the Administration's fiscal target, let alone rebound from a downward trend.

Given the risks to our veterans of relying on this wholly speculative legislative gamble, the Committee recommends that VA medical care funding needs for fiscal year 1998, an amount the Committee believes should be set at $17.6 billion, be met through appropriations.

Medical Research

VA's research budget represents less than 1.5 percent of the Federal budget devoted to veterans health care. Despite the relatively limited share of the budget dedicated to research, VA's research program is a critical element of the VA health care system.

The conduct of research is not only a specific statutory mission for VA, but its research provides integral support to all of VA's clinical care efforts. Opportunities to conduct research with direct clinical application have historically provided a powerful incentive to attract and retain exceptional VA physicians. Successful VA research grant applicants must commit themselves to serving five-eighths to full-time in VA medical facilities, with a research focus that will directly benefit veteran patients.

The research budget is best understood as a dividend-producing investment. As noted, it yields patient-care dividends in its key role

in the quality of the clinical staff it brings to VA patient care. But those dividends are magnified because of an important "leveraging" factor. That is, the investment in VA research provides a capacity through which VA researchers are able to bring additional research dollars (through non VA grant support) to advance VA research initiatives.

Significantly, VA research has an outstanding record of scientific achievement recognized by independent, blue-ribbon panels. Its breakthroughs, improvements in care, and advances in medical and prosthetic technology have benefited not only veterans, but all Americans.

It is troubling, accordingly, that the fiscal year 1998 budget would reduce the modest level of funding by 10.5 percent from $262 million to $234 million. Taking inflation into account, the proposal represents a 15 percent cut in real support. The proposed cut would come at a time when VA has already taken important steps to refocus and streamline this program in accordance with recent recommendations from a Research Realignment Advisory Committee. At a time that this program should be moving to foster a new generation of research-oriented VA clinicians, this is a budget that could discourage the "best and the brightest" from pursuing or maintaining VA employment.

Reducing the budget by $28 million will not only decrease the number of meritorious research studies VA can fund, it would also reduce VA's capacity to compete successfully for funds from other sources, which currently fund 78 percent of VA's total research effort.

For these reasons, the Committee recommends for fiscal year 1998 restoration of funding to the fiscal year 1997 level of $262 million to allow the program to remain near a current services level.

Major Medical Construction

In carrying out its multi-faceted mission, the VA provides care and treatment through networks of facilities which range from small community clinics to complex institutions designed to serve veterans' specialized health care needs. Much of its infrastructure consists of older facilities, many of which fail to meet current expectations of patient privacy, comfort and efficient medical practice.

Budgets for major VA construction have for years reflected a competition among the system's diverse needs for construction dollars from modernization of aging facilities to expansion of unmet needs for ambulatory care and nursing home care.

The Major Construction budget should receive funding at a level which would allow the Department to address the most serious needs, especially projects which improve ambulatory care capacity, upgrade patient environment, and remedy seismic problems. It is deeply disturbing, accordingly, that the major medical construction budget for fiscal year 1998 proposes no funding for any of the projects authorized by the Congress in Public Law 104–262 or for any other pending, but as yet unfunded construction projects. Indeed, only a single project would win major medical construction funds, and this to complete seismic corrections initiated in a prior fiscal year. Given Congress' action in Public Law 104–262 authoriz-

ing appropriations for 16 as yet unfunded or only partially funded construction projects which remain at the top of VA's most recent construction prioritization scoring model, the major medical construction budget for fiscal year 1998 represents a profound disappointment to this Committee and to the veterans who rely on VA care. Mindful of competing budget pressures, the Committee recommends that the highest priority projects authorized last year receive funding, and recommends a funding level of $200 million, a $120 million increase above the Administration's proposal.

In highlighting the role of construction funding in ensuring the provision of needed care to veterans, the Committee underscores the importance of adequate funding for the State home program. This program is a highly regarded, cost-effective partnership in helping to meet aging veterans' long-term care needs. In providing construction funding for up to 65 percent of the cost of construction, VA grant support helps assure that States can help meet the goal of providing veterans needed nursing home care and other long-term care. The States have been reliable partners in this effort, and have responded admirably to incentives developed by the Congress to expand their commitment to this program. In accordance with a statutory priority system for grant funding, many States have appropriated monies in advance to ensure priority Federal funding (in "priority group 1"). At this time, however, the list of pending, unfunded State home projects (ranked as "priority group 1") for which States have already appropriated their share of construction costs, has swollen to a total of more than $192 million.

The fiscal year 1998 budget, proposing to cut funding for this program by $6 million, is an unreasonable response to the States. The States should be rewarded for their efforts, not asked to stand in line still longer waiting for sufficient funds to be appropriated for their projects. To ensure that States continue to participate in this program, and to avoid States reassessing whether their Federal partner is indeed reliable, this program should be adequately funded. The Committee proposes an appropriation of $80 million for fiscal year 1998 and strongly encourages VA to request a similar amount next year to help retire the backlog of projects and expand needed bed availability for aging veterans.

VETERANS BENEFITS ADMINISTRATION

General Operating Expenses

The General Operating Expenses account funds Full Time Employee Equivalents (FTEE) and operating expenses for both the Veterans Benefits Administration (VBA) and VA's Central Office (headquarters). VBA administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 60 regional offices or medical and regional office centers. These programs include compensation and pension, education, vocational rehabilitation, insurance, and loan guaranty (home loans). VBA is also responsible for processing applications for these programs. Headquarters includes the Secretary's staff and other support VA support staff, and is located in Washington, DC.

The Department proposes to reduce overall VBA staffing by 543 FTEE in fiscal year 1998. These include 265 FTEE reductions from four of five VBA lines of business: 100 from compensation and pension, 20 from education, 45 from vocational rehabilitation, and 100 from loan guaranty, as well as 128 FTEE from the Veterans Services Division. With the exception of 100 Loan Guaranty positions, the Committee opposes the reductions because of the significant work remaining on major technology programs to improve the automation of VBA functions and the uncertainties surrounding Business Process Re-engineering (BPR). The Committee recommends $15 million to restore 293 direct service FTEE for fiscal year 1998 for compensation and pension, education, vocational rehabilitation and veterans services.

VA's fiscal year 1998 budget requests $1.4 million for customer surveys, program evaluations and an activity-based costing study. The Committee supports these management initiatives. The budget also requests $7.4 million for information technology initiatives to continue development of the new compensation and pension payment system, transferring the education system to a new computer, and various BPR initiatives. The Committee supports that request.

Benefit Program Operations

Compensation & Pension Service.—The ability of the VA to provide timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, effective implementation of computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between the various VA agencies and military service departments. Over the past decade the number of trained personnel in the adjudication division has declined by approximately 40 percent with a further 100 FTEE reduction proposed for 1998. With claims processing still averaging over 130 days, and remand rates from the Board of Veterans' Appeals (BVA) exceeding 50 percent of the Board's decisions, the Committee opposes the FTEE reductions in the Compensation & Pension Service (C&P) proposed in fiscal year 1998.

The VA continues to make progress in the direct acquisition of service records from the armed forces immediately following separation. The VA's central records center in St. Louis is aggressively pursuing advancements in records management and information handoffs between agencies. Projects such as automating information requests between the VA Regional Offices, the National Personnel Records Center and the several service records centers, automation of the DD–214 discharge form, and a VA/DoD pilot program to obtain C&P physicals for servicemembers about to be discharged from active duty are underway. The Committee fully supports this pilot effort, and if the data is favorable, will support expansion of the program throughout the VA and DoD.

VETSNET, the computer modernization project to replace the VA's current benefits payment system, has been subject to significant internal and external scrutiny and the Committee remains concerned about the overall management of the program and the VA's ability to procure and modernize its benefits information management system. The year 2000 (Y2K) issue and its impact on the VA's data processing is especially troublesome. The General Ac-

counting Office has stated that the VA has not demonstrated its ability to develop two major projects simultaneously. While the VA has made progress toward resolving the VETSNET and the Y2K issues, the Committee believes the highest resource priority should go to the Y2K contingency program. The contingency program involves making the current payment system which exists at the Hines data facility Y2K compatible, thus able to continue making benefits payments should the VETSNET effort be delayed. Further, the VA has not demonstrated an effective mechanism to ensure modernization will include maximum interface between VBA and VHA information systems.

VA's telecommunications system continues to impede the efficient delivery of benefits. The combined blocked and dropped call rates routinely exceed 70 percent at some sites. The Committee believes the VA should allocate sufficient resources to modernizing its phone system with interactive technologies that have been available for years. These technologies could have significant impact on customer service and would free FTEE for more complex claims-related work in all VBA business lines. Therefore, the Committee recommends $1 million to fund additional automated telecommunications capabilities. During fiscal year 1996, an average level of 4,032 FTEE adjudicated approximately 2.66 million benefit claims. During the same year, VBA received 2.6 million claims. At the end of fiscal year 1996, approximately 342,683 claims were pending at VBA. The VA projects that the number of claims pending at the end of fiscal year 1997 will increase to 360,523. In the past year, the VA has reduced the use of overtime for claims processing and the Committee commends this action. The Committee expects the Department to accomplish future reductions in the claims backlog through improvements in automation, business process re-engineering, increased use of post-decision hearing officers, statutory and regulatory reform in the areas of pension simplification, and Montgomery GI Bill certifications.

To aid in achieving these efficiencies, the Committee also recommends the VA conduct, within its resources, a pilot program to procure and demonstrate a fully automated disability rating system using artificial intelligence and expert systems. Commercial sources have demonstrated the use of expert systems to perform some rating functions and the Committee is aware of two companies whose products are used extensively and successfully in worker's compensation cases. The Committee views such a pilot as a major initiative in improving VA claims processing.

The budget requests $10.2 million for compensation and pension business process re-engineering initiatives including computer based training, continued development of the computerized Claims Processing System, medical examinations, outreach, continuation of the separation exam pilot program, and related BPR information technology programs. The Committee supports the request.

Vocational Rehabilitation and Counseling Program.—The Vocational Rehabilitation and Counseling Program (VR&C) provides rehabilitation and counseling services for eligible veterans, servicemembers, and certain dependents. VR&C's primary mission is to provide all services and assistance necessary to enable service-connected disabled veterans to become employable, obtain and

maintain suitable employment, or to achieve maximum independence in daily living. Additionally, VR&C is authorized to provide educational and vocational counseling services to eligible active duty members, veterans, and dependents. The Committee has previously stated and reiterates that it cannot understand why the VA does not accord this program the priority and the resources it clearly deserves.

Despite changes restricting eligibility for vocational rehabilitation benefits made in Public Law 104–275, which overturned the Court of Veterans Appeals decision Davenport v. Brown, VR&C continues to experience a high volume of applications for chapter 31 benefits and educational/vocational counseling. This is due, at least in part, to the routine high volume of separations from the armed forces and transition programs designed to fully inform separating servicemembers about the VA benefits. Aggressive marketing of the benefit by veterans service organizations (VSO's) through their national magazines and conferences also contributes to the high demand for vocational rehabilitation benefits. GAO released a report on VR&C in 1996 which again criticized the program for falling short in the number of veterans completing rehabilitation and the inability to determine the cost of rehabilitating a veteran. The report also noted the high drop out rates in the program and the VA's inability to determine the cause(s) of those high rates. The Committee cannot support additional FTEE for the vocational rehabilitation program until these significant management problems are overcome. Also, because FTEE reductions would further decrease the level of services to disabled veterans through longer waiting periods and diminished case management, the Committee does not support the FTEE reductions proposed in the President's budget.

The Committee strongly suggests that VR&C aggressively pursue closer cooperation with the Department of Labor's Veterans Employment and Training Service (VETS) to increase job placement of rehabilitated veterans. VETS, and other placement specialists, can provide significant employment services to vocational rehabilitation graduates. The Committee believes closer cooperation between VR&C and VETS will increase employment opportunities for disabled veterans.

Education Service.—VA's Education Service is responsible for several programs, most notably the Montgomery GI Bill (MGIB) which provides earned education assistance benefits to 300,000 veterans, active duty, and National Guard and Reserve personnel annually. In addition, the Service administers education programs for 43,000 survivors of veterans who are 100 percent disabled, died of a service-connected disability or were killed on active duty.

The cost of education has increased at over 7 percent per year since the inception of the Montgomery GI Bill. Today a veteran with two years of honorable military service receives $347 per month from the Montgomery GI Bill (MGIB). But the average annual cost is $9,750 for tuition, room and board, fees, books and transportation at a public institution. For private schools, the annual cost is now $20,750. The result is the Montgomery GI Bill falls short by $6,600 annually for a public school and $17,600 for a private school.

The President's budget proposes a 10 percent increase in the Pell Grant program, which would increase the maximum benefit to 3,000 per year, about $123 less than the MGIB pays for a nine month school year. Additionally, the current AmeriCorps education benefit of $4,725 per year for two years exceeds the earned MGIB basic benefit on a per school year basis by $1,602. Therefore, the Committee requests an additional $175 million in fiscal 1998 to improve veterans' education programs.

Consolidation of education claims processing at four Regional Processing Offices (RPO) is complete. While fully supportive of the VA's efforts to streamline education operations, the Committee remains concerned, however, about the slow processing of education claims at some RPO's. Additionally, the Committee is very concerned that the Stage II imaging project to replace old technology imaging systems is now one year behind schedule. The Committee recognizes the significant efficiencies to be gained through automation of the MGIB monthly certification process. Therefore, the Committee recommends an additional $1 million for a monthly certification system using touch tone phones to verify monthly enrollments. The Committee estimates that postal savings alone will pay for the system within two years. The Committee also supports the requested $1.049 million for the electronic data interchange/electronic funds transfer project.

The Committee rejects the proposed FTEE reductions for the education service in the President's fiscal year 1998 budget. Such reductions will only result in a lower level of service to veterans because automation and business process re-engineering are not yet mature enough to sufficiently increase administrative efficiencies.

BOARD OF VETERANS' APPEALS

The Board of Veterans' Appeals (BVA) continues to experience significant difficulties meeting the production levels needed to reduce the backlog of over 60,000 appeals. Additional resources provided over the past two years are now beginning to result in increased productivity. In fiscal year 1996, the BVA made nearly 34,000 decisions. Unfortunately, over 14,800 (43.7 percent) of those decisions were remands back to the regional offices. The BVA predicts that it will produce 41,200 decisions in fiscal year 1997, which will allow its output to slightly exceed the estimated 38,000 appeals that will be filed with the Board in fiscal year 1997.

Clearly, production trends are improving at the BVA, but the BVA's estimate of 504 days required to process a claim in fiscal year 1997 is unacceptable. It is also clear that, absent a marked decline in appeals from regional office decisions, and/or a reduction in administrative requirements, the Board in its current form and scope of responsibility cannot manage the workload. The Committee notes that the Veterans Claims Adjudication Commission (VCAC) made several recommendations concerning the Board's role in the adjudication system. Given the potential impact of some VCAC recommendations, the Committee believes BVA staffing levels should not be changed at this time.

NATIONAL CEMETERY SYSTEM

The National Cemetery System (NCS) provides national shrines honoring those who served in uniform and should be maintained as places of high honor, dignity and respect. Congress must consistently fund NCS at a reasonable level. Funding shortfalls will only exacerbate current staffing deficiencies and cause additional growth in equipment backlogs at a time when the number of interments in the National Cemetery System are projected to increase dramatically due to an aging veteran population.

Currently, 149 cemeteries and soldiers' lots located in 41 states, the District of Columbia and Puerto Rico comprise the National Cemetery System (NCS). Since NCS's establishment in 1862, approximately 2.4 million decedents have been interred in national cemeteries and approximately 6.4 million headstones and markers have been furnished. Between fiscal years 1995 and 2010, the veteran population will decrease by six million (23 percent). As a result, NCS faces an increasing workload at least through fiscal year 2008. During these years, approximately 7.5 million veterans of the World War II generation will die. In fiscal year 1996, the VA interred 71,786 veterans and family members. In fiscal year 2008, the number of interments is projected to increase to 104,000. The VA also expects to process 345,000 gravemarker applications in fiscal year 1997. NCS must have both human and material resources to accommodate this increase.

The Committee commends the President's 1998 budget proposal for a $7.3 million increase in operating funds for the cemetery system. Also included are funds for 52 additional FTEE to accommodate increased workloads throughout the system as well as staffing for a new cemetery in Tahoma, Washington, and partial staffing for new cemeteries being constructed near Chicago, Illinois; Dallas, Texas; and Albany, New York. The Committee expects to see similar increases in the NCS budget for the next several years to accommodate the new cemetery activations.

The NCS's workload per FTEE continues to grow. Nationally, the number of interments is projected to increase to a record 76,875 in fiscal year 1998. Similarly, the number of gravesites maintained is estimated to reach 2.2 million in fiscal year 1998. If increases in workload are not matched by FTEE increases, NCS will continue to lose ground relative to overall system maintenance. This results in a deterioration in the appearance and overall condition of the entire system and allows what may be minor maintenance items to become major repair projects. While FTEE levels have essentially kept pace with workload increases since 1994, funding shortfalls for previous years have created a catch-up situation.

The Committee strongly supports the President's request, especially the additional 52 FTEE to ensure that staffing and equipment keep up with workload. The National Cemetery System must maintain its facilities as befitting their status as national shrines to veterans.

Operating Account

The Committee is pleased that VA is proposing to increase funding by nearly $1.4 million for maintenance and repair, grounds

maintenance and related supplies. These funds are vital to preserving the appearance of cemetery grounds.

The National Cemetery System maintains approximately 400 buildings and 100 miles of roads. To help with that maintenance, VA has an inventory of more than 8,000 pieces of equipment with an estimated value of $23 million. Through an extensive maintenance program, this equipment's longevity has been extended an average of five years beyond its scheduled replacement date. In many instances, however, it is no longer economical to maintain the equipment. The budget proposes to reduce this backlog in obsolete equipment to $6.3 million.

Cemetery Construction

The VA's construction needs for new and existing cemeteries are addressed through Major and Minor Construction appropriations. NCS has focused construction planning on providing new cemeteries in areas of the country with the greatest unserved veteran population, extending the life of existing cemeteries through gravesite development, and repairing and maintaining the infrastructure of the system.

For fiscal year 1998, the President's budget proposes $30.9 million for major cemetery construction, including: $12.6 million for a new cemetery at Cleveland, Ohio; $9.4 million for expansion of the cemetery at Ft. Sam Houston, Texas; and $9.1 million for gravesite development at the National Memorial Cemetery of Arizona. The Committee supports these proposals and notes that activation of these cemeteries in future years will require significant increases in NCS personnel.

Minor construction projects, which are those costing less than $3 million, total $16 million for fiscal year 1998, and the Committee supports that request.

State Cemetery Grants Program

The State Cemetery Grants Program makes grants available to assist the states in establishing, expanding, and improving state-owned veterans cemeteries. The State Cemetery Program is funded at $1 million for fiscal year 1997. Since its establishment in 1980, $48.3 million has been obligated through fiscal year 1996. Nearly 100 grants have been awarded to 18 states and Guam since the program's inception.

The Department is proposing to change the funding formula for grants to construct state veterans cemeteries and to increase funding to $10 million for fiscal year 1998. Under the current formula, VA pays 50 percent of the cost to construct a state cemetery. VA is proposing to increase the Federal share to 100 percent of construction plus 100 percent of initial equipment costs. VA believes that this will encourage more states to participate in the grant program.

The Committee continues to support the state grant program as a means to increase burial space for veterans.

U.S. Court of Veterans Appeals

The Veterans' Judicial Review Act, Public Law 100–687, established the U.S. Court of Veterans Appeals as an executive branch court. The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, vacate, reverse or remand such decisions as appropriate. The Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of Veterans Affairs. The Court also has the authority to compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed.

The Committee supports the Court's budget request of $9.4 million.

Department of Labor

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. To meet those needs, the Secretary of Labor is required to effectively and vigorously implement policies and programs which increase opportunities for veterans to obtain employment, job training, counseling and job placement services. Such implementation is accomplished through the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET). The ASVET is the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures which affect veterans.

Disabled Veterans' Outreach Program

The Disabled Veterans' Outreach Program (DVOP) was established by Congress to provide intensive employment and training services to service-connected disabled veterans and other veterans in need of job search and placement assistance. DVOPs serve as workshop facilitators for the Transition Assistance Program (TAP), a 3-day program that provides transition counseling, job-search training and information, placement assistance and other information and services to servicemembers who are within 180 days of separation from active duty. DVOPs also develop job and job-training opportunities for veterans through contacts with employers. Additionally, DVOPs provide assistance to community-based organizations and grantees who provide services to veterans under other federal and federally-funded employment and training programs, such as the Job Training Partnership Act and the Stewart McKinney Act.

Under section 4103A, title 38, United States Code, the Secretary of Labor is required to annually make available for use in each state sufficient funds to support the appointment of one DVOP specialist per 6,900 veterans residing in the state who are veterans of the Vietnam era, veterans who entered active duty as a member of the armed forces after May 7, 1975, or service-disabled veterans. This formula provides an indicator of anticipated workload and the

number of DVOPs required to provide an acceptable level of service to veterans seeking employment assistance. DVOPs are located in employment service offices and outstation sites such as Department of Veterans Affairs regional offices and Vet Centers. The Committee supports full funding at the statutorily-mandated level of $104.7 million. Full funding will result in an estimated 44,000 additional job placements for veterans.

Local Veterans' Employment Representatives

The Local Veterans' Employment Representative (LVER) program was established to functionally supervise the provision of job counseling, testing, job development, referral and placement to veterans in local employment services offices. LVERs participate in TAP workshops and maintain regular contact with community leaders, employers, labor unions, training programs and veterans service organizations in order to keep them advised of eligible veterans available for employment and training. LVERs also provide labor exchange information to veterans and promote and monitor participation of veterans in federally funded employment and training programs. Finally, LVERs monitor the listing of jobs by federal contractors and subsequent referrals of qualified veterans to these employment openings, refer eligible veterans to training, supportive services, and educational opportunities, and assist, through automated data processing, in securing and maintaining current information regarding available employment and training opportunities.

Section 4104(a)(1), title 38, United States Code, mandates that the Secretary of Labor make available funding to support the appointment of at least 1,600 full-time LVERs and the states' administrative expenses associated with the appointment of that number of LVERs. The Committee supports full funding at the statutorily-mandated level of $86.5 million.

VETS also manages the Homeless Veterans Reintegration Program (HVRP). The program is designed to provide support services to local agencies targeting homeless veterans with employment assistance. For the past two years, the President and the Appropriations Committee have failed to support funding for the program, while the law creating this program authorizes $10 million per year. This year the President has proposed $2.5 million for HVRP. The Committee recommends funding HVRP at $7.5 million to increase services to homeless veterans.

The Committee feels strongly that the recommended funding for HVRP if not otherwise provided should come from the McKinney Act, (Stewart B. McKinney Homeless Assistance Act, Public Law 100–77). Public Law 103–446 expressed the sense of Congress that programs for homeless veterans should receive a fair share of funding from any federal agency or program targeting the homeless. Currently, homeless veterans are estimated to comprise one third of the homeless adult population, with nearly 250,000 veterans living in the streets. The McKinney Act is a major source of homeless funds and programs for homeless veterans should receive a fair portion of those funds and not be forced to rely on funds intended for veterans medical care or employment programs.

National Veterans Training Institute

The National Veterans Training Institute (NVTI) is operated under contract by the University of Colorado at Denver and provides basic and advanced instruction in veterans employment programs and services. Because this is the only source of formal training for federal and state employees for veterans employment programs, NVTI is vital to the success of those programs. The President has recommended $2.0 million for fiscal year 1998 and the Committee fully supports that request.

Proposed Legislation

Cost of Living Adjustment (COLA).—The Committee supports a cost-of-living adjustment (COLA) for compensation and Dependency and Indemnity Compensation, and education recipients based on the COLA calculation for Social Security recipients.

Montgomery GI Bill

The Committee notes that the President's budget contains education initiatives estimated to cost over $50 billion but did not recommend additional funds to increase the benefit level in any education program operated by the Department of Veterans Affairs. The Committee also notes that inflation in the cost of education has averaged over 7 percent per year since the inception of the Montgomery GI Bill. Today, a veteran who has earned an education benefit through two years of military service receives $347 per month from the Montgomery GI Bill, but the average annual cost is $9,750 for tuition, room and board, fees, books and transportation at a public institution. For private schools, the annual cost is now $20,750. Today, the Montgomery GI Bill falls short by $6,600 annually for a public school and $17,600 for a private school. Therefore, the Committee recommends that the Budget Committee include improvements to the Montgomery GI Bill and other education programs provided in return for military service as a significant part of any education initiatives supported in fiscal year 1998.

Savings Provisions

The President's budget proposes several savings provisions. These include a permanent round down of compensation COLAs for all beneficiaries, limiting monthly pension benefits to $90 for Medicaid-eligible beneficiaries in nursing homes, the authority to match income records with the IRS and SSA for pension beneficiaries, imposition of a .75 percent surcharge on VA home loans, continuing VA's authority to use the higher "no bid" rate in housing loan programs, and continuing the 3 percent fee for multiple uses of VA home loans made with less than 5 percent down payment. The President's budget proposes to make permanent several recent budget provisions of current law which were enacted in prior budget reconciliation acts, and which are schedule to expire at the end of 1998. The Committee has not supported making savings provisions permanent in the past and recommends that the Budget Committee reject that proposal.

The budget also proposes new legislative initiatives that would repeal restrictions on the collection of loan guaranty debts, permanently extend loan asset sales enhancement authority, and increase the funding fee for vendee loans to 2.25 percent.

Projected first year savings for these provisions total $46.36 million and $3.44 billion over five years.

REPORT TO THE COMMITTEE ON THE BUDGET FROM THE COMMITTEE ON VETERANS' AFFAIRS ON THE BUDGET PROPOSED FOR FISCAL YEAR 1999, SUBMITTED ON MARCH 24, 1998

Summary Table: Estimates of Committee on Veterans' Affairs For Fiscal Year 1999 Budget

(Net Budget Authortiy—$ in millions)

Department of Veterans Affairs	FY 1997	FY 1998	FY 1999 Administration Request	FY 1999 Committee Recommendation	Comm. +/− Admin.
Veterans Benefits Administration:					
Compensation and Pension	19,599	20,483	21,857	21,857	0
Proposed Legislation	.....	.....	.....	0	0
COLA	.....	.....	287	287	0
Tobacco	.....	.....	− 400	− 400	0
Readjustment Benefits	1,377	1,366	1,175	1,175	0
Proposed Legislation	.....	0	291	400	109
Housing Programs	657	1,036	423	423	0
Proposed Legislation	0	0	− 2	0	2
All Others	40	52	47	47	0
Subtotal, Veterans Benefits	21,673	22,937	23,678	23,789	111
Veterans Health Administration:					
Medical Care Appropriation	17,012	17,057	17,028	17,509	481
Medical Care Collection Fund	0	688	677	559	− 118
Proposed Legislation	0	0	87	0	− 87
Subtotal	17,012	17,745	17,792	18,068	276
Medical and Prosthetic Research	262	272	300	300	0
MAMOE	61	60	60	62	2
State Homes and Parking	60	80	37	80	43
Subtotal, Veterans Health	17,395	18,157	18,189	18,510	321
Departmental Administration:					
Construction, Major Projects	219	209	97	237	140
Construction, Minor Projects	175	175	141	175	34
Subtotal Construction	394	384	238	412	174
VBA	626	596	651	672	21
General Administration	202	191	199	200	1
Subtotal GOE	828	787	850	872	22
National Cemetery System	77	84	92	93	1
Office of Inspector General	31	31	33	36	3
Grants for State Cemeteries	1	10	10	10	0
Subtotal, Department Administration	1,331	1,296	1,223	1,423	200
Total, DVA adjusted	**40,398**	**42,390**	**43,090**	**43,722**	**632**
Trust funds, net	1,067	1,025	968	968	0
Proprietary receipts, adjustments, and intragovernmental transactions	− 1,667	− 675	− 685	− 685	.....
Total, Department of Veterans Affairs	**39,798**	**42,740**	**43,373**	**44,005**	**632**

Introduction

THE VETERANS POPULATION

Between 1997 and the year 2010, the number of living veterans is projected to decline from 25.4 million to 20 million, a decline of 21 percent. The largest group of living veterans by period of service is the Vietnam era population of 8.2 million veterans, followed by

the World War II group of 6.7 million veterans. The number of veterans 65 years and over is expected to peak in the year 2000 at 9.3 million. The number of veteran deaths will increase each year until a peak of 620,000 deaths is reached in 2008.

Projected Number of Participants in VA Programs, FY 1999

Program	Participants	Program	Participants
Medical Care:		Vocational Rehabilitation:	
Unique Patients	3,413,000	Veterans Receiving Services	52,200
Compensation:		Loan Guaranty:	
Veterans	2,361,900	Loans Guaranteed	222,000
Survivors/Children	307,400	Insurance:	
Pension:		Administered Policies	2,275,800
Veterans	390,100	Supervised Policies	2,465,000
Survivors	283,000	National Cemetery System:	
Education:		Interments	80,300
Veterans and Servicepersons	309,900	Graves Maintained	2,322,400
Reservists	76,400	Headstones and Markers	336,500
Survivors/Dependents	43,000		

SPENDING FOR VETERANS

In 1950, the veteran population was just over 19 million and Federal spending for veterans benefits and services comprised almost 21 percent of the total Federal budget and was equal to 3.24 percent of the gross domestic product (GDP). In that same year, veterans benefits made up more than 62 percent of the category of spending known as "human resources", e.g. spending for education, health, and social security. By 1965, spending for veterans benefits had declined to less than one per cent of GDP, and it has been around one half of one percent since at least 1985.

In the most recently completed fiscal year (1997), spending for veterans benefits and services had shrunk to 2.5 percent of total Federal spending, and equaled one-half of one percent (0.5 percent) of GDP. Veterans benefits comprised only 3.9 percent of Federal spending for human resources in the same year. Outlays for mandatory veterans benefits (mainly compensation, pension and education benefits) are projected to fall from 13.4 percent of all federal mandatory outlays in 1965 to 2.8 percent of such outlays in 1999.

Comparing spending for veterans' health care needs reveals a similar picture. In 1965, the year in which Medicaid and Medicare were created, spending for veterans health equaled roughly 40 percent of total Federal health spending. A decade later, spending for veterans health was less than 10 percent of spending on Medicaid and Medicare. In 1997, the $17.1 billion spent for veterans health was 5.4 percent of Federal spending on Medicare and other health programs, and this percentage will continue to decline if present fiscal trends continue.

The Administration's 1999 budget assumes that the federal government will receive approximately $65.5 billion from tobacco companies in connection with pending legislation to approve a tentative

settlement agreement between various state attorneys general and major tobacco companies. Given the billions of dollars expended each year by the VA to provide health care and other benefits to veterans suffering from tobacco-related illnesses, it is the Committee's view that the VA and the veterans it serves should receive significant proceeds from any such settlement. The Committee is disappointed that the Administration's budget fails to directly provide any settlement proceeds for the VA, and intends to take necessary action to ensure that VA receives funds from any tobacco settlement that is approved by the Congress.

PROJECTED SPENDING FOR VETERANS BENEFITS AND SERVICES (FUNCTION 700)

(Budget Authority in billions of dollars)

	1998	1999	2000	2001	2002	2003	1998–2002
Mandatory	23.8	23.9	24.8	25.6	26.2	27.6	151.9
Discretionary	19.0	18.9	18.9	18.9	18.9	19.6	114.2
Total	**42.8**	**42.8**	**43.7**	**44.5**	**45.1**	**47.2**	**266.1**

EFFECTS OF THE BALANCED BUDGET ACT ON SPENDING FOR VETERANS

The table above shows the projected spending levels for veterans benefits and services under the budget agreement reached in 1997. The totals shown for discretionary spending do not include amounts which VA would be authorized to spend for medical care as a result of keeping receipts which were previously deposited in the Treasury. CBO estimates these receipts will range from $542 million in 1998 to $615 million in 2002. Since spending will equal the amount collected, a bookkeeping convention excludes these amounts from the total shown for discretionary spending.

Under the budget agreement, discretionary spending for veterans benefits and services is projected to remain almost constant at the 1998 level of $19 billion. Mandatory spending is projected to rise slightly over the next five years, from $24 billion in 1998 to $26.5 billion in 2002, an increase of about 2 percent a year over this period. Overall spending for veterans benefits and services would rise from $43.1 billion to $45.4 billion, an annual rate of increase just over one percent (compared with a projected 2.3 percent annual increase in overall Federal spending for the same period).

Background and Committee Recommendations

Department of Veterans Affairs

VETERANS HEALTH ADMINISTRATION

Medical Care

"Change" and "transition" continue to characterize the state of the VA health care system. At all levels, the Veterans Health Administration has undergone major reorganization. Statutory changes and new policies continue to be implemented, primarily through VHA's 22 network offices, which to varying degrees have

exercised decentralized authority to make their mark on the provision of care in their respective geographic service areas. Among the changes still underway are:

- reductions in the number of acute care beds (down 40 percent or some 21,000 beds since September 1994) and a decline in annual inpatient admissions of some 250,000/year;
- an accompanying increase of 7.3 million ambulatory care visits in the last three years;
- further reallocation of medical care funds from networks of facilities serving a shrinking patient base to those whose funding had not kept pace with veteran population growth;
- redirecting resources—from merging hospitals, closing hospital wards, and other efforts at improving productivity—to establish new community-based outpatient clinics (some 150 have been established);
- implementation of new health-care eligibility rules, which will require enrollment of most veterans as a condition of their receiving care;
- development of a national formulary for pharmaceuticals and other efforts to achieve economies of scale to increase VA purchasing power;
- efforts to increase reliance on non-appropriated funding sources.

With greater efficiencies at VA facilities and accompanying changes in practice patterns, more emphasis has been placed on providing veterans have gained increased access to primary care. These ongoing changes also pose a large challenge for VA managers at all levels to assure that VA effectively employs its resources—budgetary and otherwise—to meet the needs and expectations of a complex patient population.

As the Department wrestles with the complex management challenges associated with major system changes, VA must also grapple with a difficult fiscal challenge. No longer is the VA's congressionally appropriated medical care budget the sole source of needed revenue to support the health care system. With the establishment of authority for VA to retain collections and fees in the new Medical Care Collections Fund and use those funds to supplement medical care appropriations, Congress has given VA a powerful new incentive to maximize collections. It has been clear, however, that the primary source of those supplementary funds are third-party collections, primarily from health-care insurers.

The fiscal year 1999 budget is dependent both on the Department's increasing substantially the revenues generated through its recovery efforts and on its ability to function effectively with medical care appropriations which not only do not increase, but would be $29 million below the 1998 appropriation level. Consistent with the budget agreement approved by Congress last year, the Administration, in effect, asks Congress to make two huge leaps of faith in advancing this budget for VA medical care. First, it asks Congress to believe that VA will increase its medical care collections more than $100 million above the 1998 level, a level which the Congressional Budget Office projects will increase only slightly in

1999. Even more significantly, it urges Congress to concur in the blind faith that VA can wring *more than $680 million* in savings out of its medical care system—by absorbing fixed cost increases and the impact of inflation—without any adverse effect on its medical care to veterans. Those savings would come on top of savings squeezed from the same system in the prior fiscal year.

As described above, the VA has made dramatic changes in its health care delivery system. Many of the changes have been positive. Facilities in close proximity have merged. Redundancies and unneeded positions have been eliminated. Underutilized hospital wards have been closed, reliance on outpatient care has been expanded. In the aggregate, indicators of quality have improved.

But budget-driven cuts have not been without impact on VA's patients. Pressures to reduce costs have resulted in:

- medical centers cutting valued staff in needed programs including blind rehabilitation, prosthetics, spinal cord injury care and similar special programs which Congress in Public Law 104–262 explicitly required VA to protect;
- medical centers closing needed but costly-to-operate VA nursing home beds or placing restrictions on the number of nursing home bed days veterans can receive;
- medical centers cutting home-health and other services to veterans; and
- instances of VA practitioners being required to cease using expensive medications and to limit the time spent with any patient to a matter of minutes.

While such situations are not occurring at every VA facility, they are neither isolated events nor matters of hearsay. With VA facilities under unyielding pressure both to cut costs and to increase the numbers of veterans served, it is apparent that the changes underway are not wholly "seamless" or painless to patients who require more than primary care services. In a system which has decentralized authority to 22 network offices and has eliminated the requirements and much of the means for national oversight, VA headquarters itself no longer knows where individual patients are falling through the cracks created by budget pressures. This Committee finds increasing evidence, however, that some facilities have already squeezed out what savings can reasonably be achieved and cannot keep doing more with less spending power—except at the expense of the care provided to veterans. With growing signs that the system cannot sustain "no growth" budgets without endangering needed programs and compromising care or access to needed services, this Committee rejects the Administration's overconfident view that veterans can rely on "anticipated management efficiencies" to offset in their entirety increased costs of such magnitude.

In addition to that concern, the Administration budget projects that gross fiscal year 1999 collections will total $677 million, a hefty increase over a current estimate for FY 1998 of $598 million. Such efforts at estimating have proven unreliable in the past; in fiscal year 1997, VA collections fell almost $200 million below projection targets. VA officials have acknowledged that there is no reli-

able methodology on which to base collections' projections, and no assurance that future projections can be achieved.

Under the Administration's budget, the availability of needed health care dollars are not simply dependent on VA employees' response to collections' incentives; factors completely beyond VA's control absolutely limit recovery potential. In a recent report to this Committee, the General Accounting Office cited a number of these factors as evidencing the likelihood that recoveries from private health insurance will actually decline. They include:

- the shift in care from inpatient to outpatient settings;
- increased enrollment in managed-care health-insurance plans;
- changes in how insurers process VA claims; and
- the aging and decline of the veteran population.

The Committee notes that, in contrast to the heady projections in the Administration's budget, the Congressional Budget Office baseline projects medical care collections of only $559 million for fiscal year 1999. In effect, this Administration asks the Congress to join its wager that VA will exceed the CBO collections' estimate by $118 million. It is particularly troubling that this wager accompanies an Administration budget request for medical care appropriations which, as discussed above, seeks *no funds* for uncontrollable increases in program costs, such as rent costs and mandatory salary increases, (totaling $419 million) and inflation ($262 million) and blithely looks to unidentified "management efficiencies" as a source for absorbing these costs. With such a dangerous balancing act ahead, Congress can ill afford to bet on OMB's collections' targets and risk a more than $100 million error.

Proposed legislation.—The Administration's FY 99 budget extends a wholly unprecedented offer to Congress. As proposed in the budget, if the Congress enacts legislation to authorize a "new smoking cessation program for any honorably discharged veteran who began smoking in the military . . . the Administration will submit a budget amendment requesting an appropriation of $87 million for this new activity." It is apparent to the Committee that the Department of Veterans Affairs did not initiate this request, and would be hard pressed to defend it as a priority.

The "smoking cessation" proposal is ill conceived. It ignores the existence of authority under current law to provide such services—as part of the care furnished veterans who enroll as VA patients. It proposes to spend substantial monies on a new benefit which, in practice, would have to be made available to any honorably discharged veteran. The proposal would draw a distinction, without explanation, between the honorably discharged veteran and veterans with general discharges or other than dishonorable discharges, but would be open to veterans regardless of income. While making large numbers of veterans eligible for a limited, new benefit, the proposal is logically flawed in providing no other services for veterans who have or are presumed to be at risk for smoking-related illnesses. With VA only beginning to implement a 1996 law reforming the patchwork of law which had previously governed eligibility for VA health care, this proposal would reinstate the confusion inherent in a veteran being provided a service related to smoking but denied other smoking-related care or preventive services.

Unmet long-term care need.—While the Administration's budget proposes a new "medical" benefit for veterans, it does little to assure needed availability of care for those both eligible for, and dependent on, VA care. Specifically, this budget does little to narrow the gap between the needs of the aging veteran population and VA's capacity to meet their long-term care needs. While VA has extended its capacity to provide relatively low-cost primary care services to its patients, it has no comparable record of achievement in meeting long-term care needs—particularly in provision of services aimed at avoiding institutionalization. To the contrary, VA's Advisory Committee on the Future of Long-Term Care, in its deliberations over the past months, has identified VA's level of commitment to noninstitutional community-based long term care programs as in need of a dramatic infusion of funds.

Currently, only approximately seven percent of VA long-term care funding is devoted to noninstitutional long-term care programming, with almost 93 percent of funds devoted to provision of nursing home care. The small percentage dedicated to keeping patients in their homes and communities masks the reality that there is tremendous variability in expenditures from network to network. Thus, while a number of networks allocate some 10 percent of their long-term care budgets to community-based non-institutional care, several dedicate only half that much. Given a need for such services among the large numbers of VA's elderly chronically ill patients, it is apparent that VA has much catching up to do. The Advisory Committee, for example, discussed a proposal to triple VA funding for these programs. VA would need to boost spending by some $250 million to meet that target. The Committee believes that the $87 million proposed for smoking cessation programs would be better spent if those monies were allocated instead as a first step toward meeting aging and chronically ill veterans' widespread need for non-institutional services. Such added funding alone would provide no new services, however, if VA collections fall significantly below the budget estimates.

In testimony before this Committee, VA has also recognized a need to provide case-management services for veterans with complex health problems. Case management services are needed by a range of VA's patients, from the elderly, chronically ill veteran to Persian Gulf veterans with complex undiagnosed illnesses. This budget, however, is not only silent as to dedicating staff to address this need, it actually proposes a *reduction* in VA's health care workforce by 2,600 FTEE. With a staffing reduction projected to occur at the same time as a planned increase in patients treated, there is little basis to believe that medical centers will have sufficient incentive or capacity to establish new case-manager positions. Yet such positions are needed to ensure that veterans in greatest need do not "fall through the cracks".

VA's resource allocation system (VERA) does provide its *networks* with higher per patient funding for special care patients, those suffering from such chronic conditions as schizophrenia and dementia, spinal cord injury, and AIDS, who are necessarily high intensity users of medical care. The General Accounting Office's audit of VA's implementation of VERA makes apparent, however, that there is no system or uniformity associated with the distribution of

those funds by VA's networks to their VA medical centers. Such variability may be attributable to the competing pressures for funds within the networks. For example, networks are required to absorb the often high recurring and nonrecurring costs of construction activations. Moreover, there is no requirement on the networks that such special care funding support in full the needs of special care patients, and no evidence that they have been so used. In fact, recent testimony before this Committee suggests that they are not. Accordingly, the Committee is concerned that the closure of many inpatient programs and anticipated further reduction in employment levels will leave many networks without the capacity to support adequately the growing number of deinstitutionalized chronically mentally ill veterans and other chronically ill veterans with little or no community support mechanisms.

The Committee believes it is important and prudent in the face of further anticipated deinstitutionalization, that new monies and accompanying FTEE be targeted to ensure intense case-management programs for the most complex cases. The Committee believes this investment could ultimately avoid the need to reinstitutionalize patients. VA reports that it provides care to more than 146 thousand "special care" patients. Dedicating 980 FTEE to case management support could ensure closely supervised, coordinated care for some 10 percent of the most complex of cases within the special care population.

Accordingly, the Committee recommends an increase above the amount recommended by the Administration for appropriation to the medical care account of $481 million, encompassing the following:

- the addition of $118 million to cover the difference between CBO's projection of medical care collections in FY 1999 and VA's collections' target;
- $200 million to cover that part of the projected $681 million health-care cost increases and inflation which cannot reasonably be absorbed by "management efficiencies" without putting valued veterans' programs and services at risk;
- a reduction of the $87 million proposed for a smoking cessation program, and the addition of $95 million to expand community-based non-institutional long term care services; and
- $68 million to establish case-management programs at VA medical centers and large clinics.

Such an increase in the medical care appropriation would reduce the very large risks facing veterans who depend on the VA health care system while enabling the Department to begin to expand much needed programs to care for the most vulnerable of VA's patients.

Medical Research

The $300 million fiscal year 1999 budget for medical and prosthetic research for the first time in many years recognizes the real value of this program, and the dangers in reducing VA's research efforts. The Department has designed well-developed strategies and performance goals for its research program which provide con-

fidence that a historically strong effort will be both focused and provide maximum benefit. The Committee is pleased that in proposing a substantial increase over the fiscal year 1998 appropriation, this budget would allow for new initiatives in areas with particular relevance to veterans.

Major Medical Construction

As the VA health care system undergoes a significant transformation from providing care primarily in hospital wards to offering more outpatient services in an expanding number of both facility-based and community-based outpatient clinics, Congress expects VA to continue to rely on its expansive hospital-based infrastructure as a foundation for its clinical, education and research activities. Much of that infrastructure is decades old, and in many cases fails to meet patient care, safety, and privacy needs.

In recent years, constrained major construction budgets have resulted in fierce competition for scarce funding among projects with demonstrable compelling needs. As limited budgets have delayed approval of long pending initiatives, projects have undergone repeated scrutiny and reassessment. It is clear that VA's highest priority projects are well justified and are limited to addressing the most serious needs—to improve ambulatory care capacity, to remedy seismic problems, and to meet current patient care standards and requirements. It is troubling, that, with the backlog of worthy proposals, the Administration budget would fund only two major medical construction projects. While the Committee recognizes the need for these two projects, it finds very troubling this budget's failure to request funds for what the Department itself has identified as its three highest priority projects, ambulatory care additions to medical centers serving major metropolitan areas. The three projects, in Cleveland, Tucson, and Washington, D.C., would provide needed space for ambulatory treatment now furnished in buildings constructed for much smaller outpatient workloads 40 or more years ago. Similarly, the budget would not fund two other highly ranked projects, one at the Palo Alto, California VA Medical Center which Congress authorized in Public Law 104–262, and the other at the Dallas, Texas VA Medical Center.

Mindful of competing budget pressures, the Committee recommends a funding level of $237 million, a $140 million increase above the Administration's proposal.

While the Administration's budget clearly does not assign a priority to major medical construction, it is perplexing that greater priority is not given to either the minor construction program or to funding which supports the State home construction program.

Minor Construction

The minor construction account, funding initiatives of $4 million or less, supports a wide range of needs. Operating in facilities which are often many decades old, VA requires the flexibility provided by this account to correct safety deficiencies; replace utility, heating and cooling systems; meet patient privacy standards, including those dictated by the increasing number of women patients; renovate space for provision of ambulatory care; correct seismic deficiencies; clean-up environmental contamination and remove as-

bestos; and address other needs. Given growing, rather than diminishing, needs in the Department's huge infrastructure, it is difficult to understand a proposed cut of $34 million in this account. Extensive systemwide needs and the absence of any rationale for the proposed reduction, compel the Committee to recommend restoration of those monies and full funding at the current fiscal year level of $175 million.

State Home Construction

This program provides funding for up to 65 percent of the cost of construction or needed renovation to help assure that States can assist in meeting veterans' needs for nursing home and other long term care. The states have been reliable partners in this effort, and many have appropriated monies in advance to establish priority for grant funding in accordance with the governing statutory priority system. At this time, many states have already appropriated their share of construction costs (to establish priority #1 level ranking) for as yet unfunded construction projects, for a total of more than $112 million.

The fiscal year 1999 budget proposal to cut funding for this program by $43 million sends a strange signal to the VA' state partners. In the face of a large backlog of unfunded projects, it is unreasonable to cut funding by more than half. Rather than asking states which have put up their share of funding in advance to wait for outyear appropriations, the budget should reflect a commitment to eliminate the backlog as soon as possible. Accordingly, the Committee proposes an appropriation of $80 million for fiscal year 1999.

Medical Administration and Miscellaneous Operating Expenses (MAMOE)

The MAMOE budget funds the headquarters' operations of the largest health care system in the country. Congress looks to VA's headquarters not simply to set policy, but to achieve results. It expects the Under Secretary for Health to manage and oversee a system which is marked not only by its size but by its increasing complexity. The Under Secretary's headquarters staff would shrink by some 16 FTEE under the fiscal year 1999 budget. Such a cut would come at a time of growing concern about inconsistent management of VA programs.

VHA's streamlined headquarters staff is adequate in size to provide policy guidance within a system which vests network directors with broad authority for operations and oversight. It has become increasingly apparent, however, that with the limited role charted for headquarters, there no longer exists adequate oversight, or capacity for oversight, of field activities. Quality management represents perhaps the most striking example of marked inconsistency throughout the VA health care system, and one which requires a far more active, vigilant headquarters' role. In a recent report on quality management in VHA, the Department Inspector General's Office of Healthcare Inspections highlighted this concern:

> "VHA has many QM policies and processes, which, *if applied consistently and effectively*, would assure the best

> possible treatment of VHA patients . . . VHA is challenged with having to ensure the operation of an effective QM program in what may be one of the largest and most complex healthcare systems in existence today . . . [However] VHA's process of devolving management functions to the lowest management level, and the emphasis that has been placed on performance measures . . . has led to a potential inability of top VA managers to know the status of QM implementation in the field. OHI believes that this may have occurred because of a diminution of QM-specific staff at the Headquarters and VISN levels, and because of the remaining employees' need to emphasize performance measurement. By implication, a weakened QM program . . . means that top managers cannot know definitively that VAMC practitioners are maintaining an adequate level of quality in patient care."

The Committee shares such concerns, and believes that a reduction in staffing would exacerbate the kinds of problems the Inspector General has highlighted. Based on these concerns, the Committee recommends an additional $2 million for this account to restore proposed staffing cuts and provide additional staff for quality management oversight.

The Committee recommends 20 additional staff, for a total of 560 employees for the Medical and Miscellaneous Operating Expenses account. These additional positions would be assigned to systemwide quality assurance programs in the Office of Quality and Performance and other appropriate areas reporting to the Under Secretary for Health. Such positions should monitor and enforce compliance of headquarters' quality-management directives; coordinate and monitor quality assurance activities, including VA's new Patient Safety Improvement initiative; and ensure timely access, analysis, and response to information collected from VHA's automated databases including clinical indicators of quality. New quality assurance employees should also be responsible for ensuring appropriate levels of credentialed, privileged and board-certified staff at each level of the organization.

VETERANS BENEFITS ADMINISTRATION

Operation of Benefit Programs

The General Operating Expenses account funds full time employee equivalents (FTEE) and operating expenses for both the Veterans Benefits Administration (VBA) and VA's Central Office (headquarters). VBA administers a broad range of non-medical benefits to veterans, their dependents, and survivors through 57 regional offices or medical and regional office centers. These programs include compensation and pension, education, vocational rehabilitation, insurance, and loan guaranty (home loans). VBA is also responsible for processing applications for these programs. Headquarters includes the Secretary's staff and other VA support staff, and is mainly located in Washington, DC.

The Department proposes to reduce overall VBA staffing by 125 FTEE in fiscal year 1999, largely through reductions in information technology and support staff positions. The Committee does not

support the proposal. This would be a decrease of 698 FTEE from the fiscal year 1997 actual employment level. The Committee recommends an increase of $15 million to support an additional 300 FTEE. These additional FTEE should be utilized in direct service positions and for quality review activities described below.

The Committee does not support the proposed reduction of FTEE because VBA's backlog of claims waiting to be processed is again increasing, approaching 400,000 claims. The situation is simply this: the funnel into which all the work is being poured is too small. The adverse effects of the overflow are a decline in the quality of work and employee morale. The Administration and Congress must recognize that benefit programs cannot be delivered effectively without sufficient well-trained staff.

To illustrate the Committee's concern about the quality of work being affected by FTEE reductions, VA recently completed its first Systematic Technical Accuracy Review (STAR). This review of a national sample of original compensation claims found that 36 percent of the claims contained at least one serious error. In that group of claims, errors average over four per claim. Clearly, this error rate is substantially higher than VA had ever acknowledged and the Committee highly commends VBA for its candor and willingness to finally document what most stakeholders had been saying for years. The Committee strongly believes this type of quality review must continue and recommends an additional 10 FTEE and $600,000 to continue this vital program.

Compensation & Pension Service(C&P).—The ability of the VA to provide timely and quality benefits delivery is heavily dependent on a combination of proper staffing levels, effective implementation of computer modernization initiatives, training and retention incentives, and inter-departmental cooperation between the various VA agencies and military service departments. Over the past decade the number of trained personnel in the adjudication division has declined by approximately 40 percent. The Committee commends the Department for reversing this trend with a 140 FTEE increase proposed for adjudication services in fiscal year 1999. As mentioned before, this increase comes largely from redistribution of resources within the C&P service and its related support staff. The net gain for the C&P Service following redistribution is seven FTEE. With processing time still averaging over 130 days for an original compensation claim, and remand rates from the Board of Veterans' Appeals (BVA) still approaching 50 percent of the Board's decisions, the Committee supports the 140 FTEE increase in the C&P Service proposed in fiscal year 1999. The Committee also recommends 100 FTEE be added to the C&P Service from the 300 FTEE in overall VBA employment recommended by the Committee.

Computer Based Training Initiative.—The Committee commends the VBA for developing an innovative approach to computer based training in a cooperative adult learning environment. The initial training module developed for certifying a case to the BVA has been completed and will be implemented during the current fiscal year. The development of additional training modules is expected to reduce the time necessary to train key VA decision-makers by at least 50 percent. Given the anticipated savings in cost and im-

proved performance by well-trained employees, the Committee believes that the development of additional computer based training materials should be accelerated and recommends an additional $6,000,000 for this purpose.

Vocational Rehabilitation and Counseling Program (VR&C).—The goal of the Vocational Rehabilitation and Counseling Program is employment of disabled veterans and certain dependents. To accomplish that goal, VR&C is authorized to provide all services and assistance necessary to enable service-connected disabled veterans to become employable, obtain and maintain suitable employment, or to achieve maximum independence in daily living. Additionally, VR&C is authorized to provide educational and vocational counseling services to eligible active duty members, veterans, and dependents. Last year, about 9,000 veterans were rehabilitated and VA projects a slight decline in program participants from 1997 and 1998 levels. Vocational rehabilitation specialists currently carry an average caseload of about 300 and the small decline in overall participation will not measurably affect the average.

The General Accounting Office has issued three reports since 1984 citing significant program management problems, such as an inability to identify program costs, high drop-out rates, poor case management and an almost blanket use of college degree programs for rehabilitation. The Committee expects VR&C to pursue a more integrated working relationship with the Veterans' Employment and Training Service and implement several recent management initiatives until these significant problems are overcome. While the Committee is supportive of the budget's additional 12 FTEE for the Vocational Rehabilitation and Counseling Service, the Committee notes that this is about 26 FTEE below the 1997 actual employment level for the VR&C Service. The VA estimates that an additional 87 FTEE would be required to enable VR&C staff to eliminate its backlog of cases and provide an adequate level of services.

Education Service.—VA's Education Service is responsible for several programs, most notably the Montgomery GI Bill (MGIB), which provides earned education assistance benefits to 400,000 veterans, active duty, and National Guard and Reserve personnel, as well as programs for survivors of veterans who are 100 percent disabled, died of a service-connected disability or were killed on active duty.

The Committee rejects the proposed reduction of 25 FTEE for the Education Service in the President's fiscal year 1999 budget. Such reductions will result in a lower level of service to veterans because automation and business process reengineering initiatives are not yet mature enough to sufficiently increase administrative efficiencies.

The Committee finds it surprising that VA has not implemented an electronic method of monthly certification of enrollment, which would eliminate nearly all of the, three weeks required at a minimum to process monthly education benefits. The Committee estimates that postal savings alone will pay for the system within two years. The Committee also supports the requested $4.5 million for the automation of education program management.

BOARD OF VETERANS' APPEALS

The Board of Veterans' Appeals (BVA) has made progress toward meeting the production levels needed to reduce the backlog of appeals pending. The fiscal year 1996 backlog of over 60,000 appeals has now been reduced to under 35,000 as a result of additional resources provided over the past two years, as well as several management initiatives. In fiscal year 1997, the BVA made over 43,000 decisions, an increase of 10,000 over the previous year. Unfortunately, 42 percent of those decisions were remands back to the regional offices, another example of the quality problems that continue to plague the Regional Offices.

Clearly, production trends are improving at the BVA and the Committee notes that BVA total processing time for all categories of claims was reduced from 1,146 days in fiscal year 1996 to 1,027 days in fiscal year 1997. The Administration has requested an additional three FTEE to serve as counsel to the Board members and the Committee supports that request. An independent consultant retained to study the processes used internally by the Department to prepare cases appealed to the United States Court of Veterans Appeals has suggested that the Board should prepare an appellate record as it reviewed each case on appeal. The Committee also notes that there is a substantial backlog of cases where veterans have requested personal hearings by the Board near their residence. Since additional staff are needed to address both of these situations, the Committee is recommending an additional $1 million for the Board's operations in fiscal year 1999.

INSPECTOR GENERAL

Over the past five fiscal years (FY 1993–97), OIG audits and inquiries identified cost savings and cost avoidance in excess of $1.6 billion. This represents an average rate of return of $10 for every $1 spent by the OIG. Despite the efficiencies which stem from the work of the OIG, there is a significant amount of important work which the Office of Inspector General (OIG) cannot accomplish with the resources it has available today and under the proposed 1999 budget. Present staffing levels are inadequate to meet present department needs. Therefore, the Committee recommends an additional $3 million for increased OIG staffing. The increased OIG funding provided in the Committee's budget represents a sound investment strategy which will help identify waste, fraud and abuse within the VA, and save VA money in the process.

NATIONAL CEMETERY SYSTEM

The National Cemetery System (NCS) administers national shrines honoring those who served in uniform and should be maintained as places of high honor, dignity and respect. Currently, 149 cemeteries and soldiers' lots located in 41 states, the District of Columbia and Puerto Rico comprise the National Cemetery System. Since the first cemeteries for American soldiers were established in 1862, approximately 2.4 million decedents have been interred in national cemeteries and approximately 6.4 million headstones and markers have been furnished.

For fiscal year 1999, the Administration is proposing an increase of $7.8 million to fund NCS's ever-enlarging operations. This includes funds for 21 additional FTEE to accommodate increased workloads throughout the system as well as staffing for a new cemetery in Tahoma, Washington, and start-up staffing for new cemeteries being constructed near Chicago, Illinois; Dallas, Texas; and Albany, New York. The Committee is in full support of the Administration's request for an additional $7.8 million, including 21 FTEE, for the National Cemetery System.

Between fiscal years 1995 and 2010, the veteran population will decrease by six million (23 percent). As a result, NCS faces an increasing workload because many families of the remaining 7.5 million veterans of the World War II generation will seek burial in a national cemetery. The NCS's workload per FTEE will continue to grow in all areas of operations. For example, the total number of gravesites and acreage maintained will increase every year. The number of headstones and memorial certificates delivered will also increase. In fiscal year 1997, the VA interred 73,786 veterans and family members. In fiscal year 1999, VA expects to inter 80,300 and by the year 2003, the number of interments is projected to increase to 93,600. The VA also expects to process 342,000 grave marker applications in fiscal year 1999. NCS must have both human and material resources to accommodate these increases. Similarly, the number of gravesites maintained is estimated to exceed 2.3 million in fiscal year 1999.

National Cemetery System Operating Account

The Committee is pleased that VA is proposing to increase funding by $1.5 million for maintenance and repair, grounds maintenance and related supplies. These funds are vital to preserving the appearance of the cemeteries. The Committee recommends an additional $1 million to accelerate the improvements of the System's appearance.

The National Cemetery System maintains approximately 400 buildings and 100 miles of roads. To help with that maintenance, VA has an inventory of more than 8,000 pieces of equipment with an estimated value of $23 million, approximately $7.2 million of which is past due for replacement.

Cemetery Construction

The VA's construction needs for new and existing cemeteries are addressed through Major and Minor Construction appropriations. NCS has focused construction planning on providing new cemeteries in areas of the country with the greatest unserved veteran population, extending the life of existing cemeteries through gravesite development, and repairing and maintaining the infrastructure of the system. The Committee notes there are no funds requested for additional new cemeteries beyond the four scheduled to open through 1999. The Committee recommends that of the additional funds recommended for VA construction, $500,000 be used for planning efforts to identify sites for additional NCS cemeteries.

The Administration's fiscal year 1999 proposal contains $12 million in major construction projects for columbaria at the Florida

and the Ft. Rosecrans, California, National Cemeteries. The Committee fully supports those proposals.

Minor construction projects, which are those costing less than $3 million, total $14 million for fiscal year 1999, and the Committee supports that request.

State Cemetery Grants Program

The State Cemetery Grants Program provides grants to assist the states in establishing, expanding, and improving state-owned veterans cemeteries. The State Cemetery Program is funded at $10 million for fiscal year 1998. Since its establishment in 1980, $57.6 million has been obligated through fiscal year 1997. Nearly 100 grants have been awarded to 25 states, Saipan and Guam since the program's inception. The Committee supports sufficient funding to accommodate any state seeking to participate in the State Grants Program.

Arlington National Cemetery

Arlington National Cemetery is the nation's premier resting place for veterans. The cemetery is currently the final resting place for over 250,000 remains. In fiscal year 1999, Arlington Cemetery officials estimate they will add about 5,600 remains to that total, and conduct 2,700 non-funeral ceremonies.

The Administration's request is $150,000 below the fiscal year 1998 appropriation. The Committee does not support that request and recommends an additional $1 million to support operations and maintenance at Arlington National Cemetery.

U.S. Court of Veterans Appeals

The Veterans' Judicial Review Act, Public Law 100–687, established the U.S. Court of Veterans Appeals as an executive branch court. The Court is empowered to review decisions of the Board of Veterans' Appeals and may affirm, vacate, reverse or remand such decisions as appropriate. The Court has the authority to decide all relevant questions of law, to interpret constitutional, statutory, and regulatory provisions, and to determine the meaning or applicability of the terms of an action by the Secretary of Veterans Affairs. The Court also has the authority to compel actions of the Secretary that are found to have been unlawfully withheld or unreasonably delayed.

The Committee supports the Court's budget request of $10.2 million.

Department of Labor

VETERANS' EMPLOYMENT AND TRAINING SERVICE

Congress has determined that our nation has a responsibility to meet the employment and training needs of veterans. To accomplish those goals, the Assistant Secretary of Labor for Veterans' Employment and Training (ASVET) is authorized to implement training and employment programs for veterans. The ASVET also acts as the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures which affect veterans.

The Committee is aware of the significant changes in the national labor exchange system. States are changing the way they deliver employment services and adopting new service delivery models ranging from devolving state programs to the county level to privatizing some or all employment functions and instituting one-stop employment centers.

Since the Veterans' Employment and Training Service (VETS) and its state-based Disabled Veterans Outreach Program Specialist (DVOP) and Local Veterans Employment Representative (LVER) system depends upon the state employment services, VETS must adopt new strategies to deliver employment services to veterans. During the next year, the Committee expects the Department of Labor to provide a plan to evolve the veterans' employment system to function effectively in the new labor exchange marketplace.

Disabled Veterans' Outreach Program

Under section 4103A, title 38, United States Code, the Secretary of Labor is required to annually make available sufficient funds for use in each state to support the appointment of one DVOP specialist per 6,900 veterans of the Vietnam era, veterans who entered active duty as a member of the armed forces after May 7, 1975, or service-disabled. For fiscal year 1999, this formula results in 2,082 DVOPS. However, the Administration's budget provides funds to support only 1,440 DVOP positions, 641 below the Congressionally-mandated level. Accordingly, the Committee recommends that an additional $36,065,000, for a total of $116.1 million, be provided for the DVOP program. The Committee notes that this full funding level will result in an estimated 50,000 additional veterans placed in jobs.

The Disabled Veterans' Outreach Program (DVOP) provides intensive employment and training services to service-connected disabled veterans and other veterans in need of job search and placement assistance. DVOPs serve as workshop facilitators for the Transition Assistance Program (TAP), a 3-day program that provides transition counseling, job-search training and information, placement assistance and other information and services to servicemembers who are within 180 days of separation from active duty. DVOPs also develop job and job-training opportunities for veterans through contacts with employers. Additionally, DVOPs provide assistance to community-based organizations and grantees who provide services to veterans under other federal and federally-funded employment and training programs, such as the Job Training Partnership Act and the Stewart McKinney Act.

Local Veterans' Employment Representatives

Section 4104(a)(1), title 38, United States Code, mandates that the Secretary of Labor make available funding to support the appointment of at least 1,600 full-time LVERs and the states' administrative expenses associated with the appointment of that number of LVERs. The Committee supports full funding at the statutorily-mandated level of $96.7 million for the 1,600 positions, an increase of $19,622,000 over the funding level proposed in the Administration's budget. VETS estimates that the additional 300 LVER posi-

tions provided by full funding will result in 50,000 more veterans being placed in jobs.

The Local Veterans' Employment Representative (LVER) program was established to functionally supervise the provision of job counseling, testing, job development, referral and placement to veterans in local employment services offices. LVERs participate in TAP workshops and maintain regular contact with community leaders, employers, labor unions, training programs and veterans service organizations in order to keep them advised of eligible veterans available for employment and training. LVERs also provide labor exchange information to veterans and promote and monitor participation of veterans in federally funded employment and training programs. Finally, LVERs monitor the listing of jobs by federal contractors and subsequent referrals of qualified veterans to these employment openings, refer eligible veterans to training, supportive services, and educational opportunities, and assist, through automated data processing, in securing and maintaining current information regarding available employment and training opportunities.

VETS also manages the Homeless Veterans Reintegration Program (HVRP). The program is designed to provide support services to local agencies targeting homeless veterans with employment assistance. For the past two years, the President and the Appropriations Committee have failed to support funding for the program, while the law creating this program authorizes $10 million per year. This year the President has proposed $2.5 million for HVRP. The Committee recommends funding HVRP at the authorized level of $10 million to increase services to homeless veterans.

National Veterans Training Institute

The National Veterans Training Institute (NVTI) is operated under contract by the University of Colorado at Denver and provides basic and advanced instruction in veterans employment programs and services. Because this is the only source of formal training for federal and state employees for veterans employment programs, NVTI is vital to the success of those programs. The President has recommended $2.0 million for fiscal year 1999 and the Committee fully supports that request.

Proposed Legislation

Cost of Living Adjustment (COLA).—The Committee supports a cost-of-living adjustment (COLA) for compensation and Dependency and Indemnity Compensation, and education recipients equal to the COLA calculation for Social Security recipients.

LEGISLATIVE ITEMS WHICH THE VA COMMITTEE MAY REPORT WITH SMALL DIRECT SPENDING IMPLICATIONS

Extend expired authority to allow VA medical center retention of certain pension benefits payable to veterans who are being provided nursing home care at VA expense.—Veterans without dependents who are being provided nursing home care by the Department and who receive pension benefits have the amount of their pension reduced to $90 per month after three calendar months of nursing

home care. The VA facility providing the medical care had the authority to retain amounts of pension above $90 which would otherwise be paid to the pensioner and to use those funds for operating expenses. This authority expired on September 30, 1997. The Committee estimates the first year cost of reinstating this authority at $2 million and the five year cost at $11 million.

H.R. 3039, Transitional Housing for Homeless Veterans.—The bill would authorize VA to guarantee loans made to providers of transitional housing for homeless veterans. The number of projects is limited to 15 and the total amount of loans guaranteed is limited to $100,000,000.

The Committee estimates the first year cost at $1 million and the five year cost at $7 million.

Increase Auto Allowance and Specially Adapted Housing Allowance for Severely Disabled Veterans.—VA is authorized to provide a one-time reimbursement to severely disabled veterans of $5,500 for the cost of an automobile. This amount has not changed since 1988, while the cost of a new automobile has increased to nearly $22,000 in 1997. VA also provides a grant to offset the cost of purchasing or modifying a home to accommodate a veterans' disabilities. The current benefit level of $38,000 was set in 1988.

The Committee estimates the first year cost at $7 million and the five year cost at $34 million.

H.R. 1877, Extend VA work study authority.—VA authorizes institutions such as colleges and other government programs to hire veterans to assist with veterans-related work. The program pays the higher of the federal or state minimum wage. The Committee has introduced legislation to broaden the organizations eligible to apply for work study positions.

The Committee estimates the first year cost at $1 million and the five year cost at $5 million.

COMPENSATION FOR TOBACCO-RELATED ILLNESSES

As part of its fiscal year 1999 request, the Department of Veterans Affairs submitted a legislative proposal to limit compensation for tobacco-related illnesses to those who contract such illnesses on active duty or within the standard one year presumptive period following service. However, the Administration only proposes spending about $1.5 billion (9 percent) of the OMB-estimated $16.9 billion in savings to improve three veterans' benefit programs. The Congressional Budget Office estimates savings from enacting such legislation at $10 billion over five years.

VA has begun processing and paying service-connected disability compensation for tobacco-related illnesses as a result of a 1997 decision by the VA General Counsel. The General Counsel's decision held that if a disease or death can be shown to be a result of nicotine addiction acquired in military service, service-connected compensation is warranted.

Following that decision, in a May 9, 1997, letter to the Speaker accompanying the legislative proposal, former VA Secretary Jesse Brown stated that such payments could cause a loss of public support, thereby threatening the integrity of the veterans disability compensation system. The Committee concurs with former Sec-

retary Brown's concerns about the integrity of the compensation system. The Committee also believes that paying compensation to veterans for tobacco-related illnesses goes beyond the government's responsibility. There is a significant philosophical difference between service-connected compensation and other disability programs such as Social Security or the VA pension program which make no distinctions based on when a disability or illness occurs or is first diagnosed. Service-connected compensation, on the other hand, is based on the presumption that a person would not have the illness or disability save for some event or circumstance beyond the person's control. A policy of paying compensation for tobacco-related illnesses absolves the veteran of personal responsibility for his or her choices about tobacco use. In the past, Congress has determined that the individual, not the federal government, is responsible for illnesses which are related to the use of alcohol or drugs. Thus, a policy of paying benefits for illnesses related to the use of tobacco would be inconsistent with these prior determinations.

The Committee is also very concerned that the projected annual caseload of 540,000 tobacco-related claims would overload the adjudication system and lengthen the already-too-long processing time for all types of claims. VA estimated in 1997 that processing time for an original compensation claim would increase from 113 days to 312 days.

To reflect the nation's commitment to its veterans, the Committee will recommend legislation that will use all of the savings from enacting a limitation on compensation for tobacco-related illnesses to improve a wide range of programs. These are programs affecting our most disabled veterans, surviving dependents, separating service members, unemployed and under-employed veterans, and those seeking an education or a home.

Although the Committee is still considering a number of benefit enhancement proposals, the Committee has made it clear that an increase in the Montgomery GI Bill is warranted and long overdue. Therefore, to implement a 40 percent increase in the basic education benefit payment over the next two fiscal years, the Committee recommends a 20 percent increase in the Montgomery GI Bill benefit for fiscal year 1999 and a 20 percent increase for fiscal year 2000. This would be the most significant increase in veterans' education benefits since the Montgomery GI Bill was enacted in 1985 and would decrease the gap between the cost of higher education and the level of benefits due to inflation in education costs.

The cost of education has increased at over seven percent per year since the inception of the Montgomery GI Bill. Today a veteran with two years of honorable military service receives a maximum basic benefit of $3,213 for a nine month school year, from the Montgomery GI Bill (MGIB). But the average annual cost in 1996 for tuition, room and board, fees, books and transportation at a public institution was $10,759, a total increase of 109 percent since 1987. For private schools, the annual cost is now $20,003, an increase of 84 percent since 1987.

As a result, the Montgomery GI Bill falls short by $7,546 annually for a public school and $16,790 for a private school. By way of comparison, the current AmeriCorps education benefit of $4,725

per year for two years exceeds the earned MGIB basic benefit on a per school year basis by $1,512. In addition, persons participating in Americorps are also eligible for additional benefits such as health care and child care.

Further, GI Bill benefits count as income or resources when calculating a veterans' eligibility for all other federal education assistance programs. In stark contrast, AmeriCorps benefits do not count against other federal education grant and loan programs. As a result, because of their GI Bill benefits, veterans are often eligible for less federal financial aid than their non veteran contemporaries.

Additional and Dissenting Views

"Particularly onerous is a legislative proposal to repeal the VA's authority to pay compensation to veterans or their survivors for disabilities related to tobacco use in military service. The 'savings' from denying compensation to those veterans and their families would then be used to boost spending for other non-VA programs. Such a proposal is an irrational reversal of policy. I find it totally unfair and unjustified to pillage veterans programs . . . ". Arthur H. Wilson, National Adjutant, Disabled Veterans of America, DAV Magazine, March / April, 1998.

On the proposal to enact legislation to significantly preclude the granting of service-connection for tobacco-related illnesses, the National Adjutant of the Disabled American Veterans unquestionably speaks for millions of his fellow veterans. As a matter of principle, the Administration's proposal to enact legislation to significantly limit the granting of service-connection for disabilities related to initial tobacco use in military service and a resulting nicotine addiction is rejected.

In defending its proposal, VA has stated that the denial of service-connected compensation to veterans for smoking related illnesses resulting from a nicotine addiction developed in service is needed to preserve the integrity of the VA compensation system. In fact, the opposite is true. The integrity of VA's compensation system will be undermined if Congress were to enact new legislation prohibiting service-connected compensation for smoking related illnesses.

This is also an issue of equity for veterans. Social Security programs provide income for individuals with tobacco-related disabilities. Once a disability is determined to be chronic (having a long-term effect on an individual's ability to re-enter the workforce), Social Security Disability Insurance is provided for disabled workers with an adequate number of work credits. Supplemental Security Income is a needs-based program for those disabled persons who have long-term illnesses and limited income and resources. These programs do not attempt to base eligibility for those with smoking-related disorders on a different set of criteria than exists for other disabilities. Neither should VA base its compensation for smoking-related compensation on factors other than those it establishes for others with service-connected disorders.

As noted in the Committee's report, the Administration has assumed "savings" of $17 billion from enactment of this proposed legislation, but only $1.5 billion of these savings (or less than ten percent of these resources) are proposed to be used to enhance veter-

ans benefits and service. Denying earned benefits to our Nation's veterans is injurious; using those "savings" to enhance non-veteran programs adds insult to that injury. While estimates of "savings" expected from enactment of the Administration's proposed legislation vary significantly, if such legislation were to be enacted, all "savings" should be used to enhance veterans benefits and services, as the Committee's report has noted.

The benefit increases for the Montgomery GI Bill education program and the Survivors' and Dependents' Education program included in the Administration's budget request for fiscal year 1999 are long overdue, demonstrably needed, and strongly supported on their own merit. The real value of these programs has been eroding for years as the costs of education have soared. The needs of veteran students have been ignored for too long. However, the Administration's proposed linkage between the recommended increase in VA educational benefits and the enactment of controversial legislation to repeal existing authority to provide compensation for tobacco-related disabilities should be rejected. Our veteran students have more than earned their right to meaningful educational assistance through their service in America's Armed Forces. The education benefit increases included in the Administration's proposed budget are the right thing to do. The proposed increases in veterans' education benefits should be provided by a grateful Nation with no gimmicks or strings attached.

If Congress were to accept the Administration's artificial and inappropriate linkage of veterans' education benefits and veterans' compensation, it will not only be breaking faith with America's veterans, but also would potentially establish a frightening precedent. Which existing veterans benefit will Congress be called on to reduce or repeal next in order to provide a meritorious increase for another benefit program? Which veterans or dependents will next be forced to forego current benefits so the benefits of other veterans can be enhanced?

In its proposed fiscal year 1999 budget, the Administration has proposed legislation to pay full disability compensation benefits to Filipino veterans and their survivors residing in the United States. Currently, these veterans and survivors receive benefits at one-half the amount their U.S. counterparts receive. The Administration's proposal is strongly supported and recommended.

Finally, for the record, it should be noted that the increase in VA research funding, which the Committee is pleased to recommend for next fiscal year, was proposed by the Administration. In this respect, the Committee should give credit where credit is due.

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STATISTICAL DATA—WAR VETERANS AND DEPENDENTS

(AS OF OCTOBER 31, 1998)

AMERICAN REVOLUTION (1775–1784)

Participants	290,000
Deaths in service	4,000
Last veteran died Apr. 5, 1869	Age 109
Last widow died Nov. 11, 1906	Age 92
Last dependent died Apr. 25, 1911	Age 90

WAR OF 1812 (1812–1815)

Participants	287,000
Deaths in service	2,000
Last veteran died May 13, 1905	Age 105
Last widow died June 28, 1936	Age unknown
Last dependent died Mar. 12, 1946	Age 89

INDIAN WARS (Approx. 1817–1898)

Participants	106,000
Deaths in service	1,000
Last veteran died June 18, 1973	Age 101

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Surviving spouses	1
Children	1

MEXICAN WAR (1846–1848)

Participants	79,000
Deaths in service	13,000
Last veteran died Sept. 3, 1929	Age 98
Last widow died June. 20, 1963	Age 89
Last dependent died Nov. 1, 1962	Age 94

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Surviving spouses	287
Children	27
Veterans	15

CIVIL WAR (1861–1865)

(Confederate)

Participants	*1,000,000
Deaths in service	*133,821
Last Confederate veteran died Mar. 16, 1958	Age 112

(Union)

Participants	2,213,000
Deaths in service	364,000
Last Union veteran died Aug. 2, 1956	Age 109

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Surviving spouses	2
Children	15

SPANISH-AMERICAN WAR (1898–1902)

Participants	392,000
Deaths in service	11,000
Last veteran died Sept. 10, 1992	Age 106

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Surviving spouses	660
Children	326

WORLD WAR I (1917–1918)

Participants	4,744,000
Deaths in service	116,000
Living veterans[#]	4,800

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	2
Surviving spouses	43,687
Children	6,899
Veterans	666

WORLD WAR II (Sept. 16, 1940–July 25, 1947)

Participants	[a] 16,535,000
Deaths in service	406,000
Living veterans	[b c] 6,319,000

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	2,810
Surviving spouses	296,009
Children	20,084
Veterans	781,616

KOREAN CONFLICT (June 27, 1950–Jan. 31, 1955)

Participants	[a d] 6,807,000
Deaths in service	55,000
Living veterans	[b c e i] 4,179,000

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	2,305
Surviving spouses	66,536
Children	4,555
Veterans	270,794

VIETNAM ERA (Aug. 5, 1964–May 7, 1975)

Participants	[d] 9,200,000
Deaths in service	109,000
Living veterans	[b e h i] 8,166,000

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	7,547
Surviving spouses	104,221
Children	16,106
Veterans	820,284

PERSIAN GULF WAR (Aug. 2, 1990–date)

Participants	[f] 3,700,000
Deaths in service	[g] 6,526
Living veterans	[h i] 2,048,000

VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	352
Surviving spouses	4,605
Children	6,796
Veterans	244,781

AMERICA'S WAR TOTALS THROUGH JULY 1, 1995

Participants[##]	[f] 41,746,000
Deaths in service	[g] 1,090,200
Living war veterans	19,300,400
Living ex-servicemembers	25,188,400

TOTAL VETERANS AND DEPENDENTS ON COMPENSATION AND PENSION ROLLS

Parents	[l] 13,016
Surviving spouses	[m] 516,008
Children	[k] 54,809
Veterans	[j] 1,336,540

[#] Living veterans does not include World War I veterans with military service in other eras.

[##] Persons who served in more than one war period are counted only once.

[*] Authoritative statistics for Confederate forces not available. Estimated 28,000 Confederate personnel died in Union prisons.

[**] Children connotes a minor or a helpless adult.

[a] Includes 1,476,000 who served in World War II and the Korean conflict.

[b] Includes 217,000 who served in World War II, the Korean conflict, and the Vietnam era.

[c] Includes 518,000 who served in both World War II and the Korean conflict.

[d] Includes 887,000 served in the Korean conflict and the Vietnam era.

[e] Includes 303,000 who served in both the Korean conflict and the Vietnam era.

[f] Through end of October 1998.

[g] During fiscal years 1991 through 1995 for Persian Gulf War.

[h] Includes 244,000 who served in both Persian Gulf War and the Vietnam era.

[i] Includes small number who served in the Persian Gulf War, Vietnam era, and the Korean conflict.

[j] Includes 513,644 peacetime veterans with service between January 31, 1955, and August 5, 1964; peacetime veterans with service beginning after May 7, 1975, and all other peacetime periods; 5 World War I Retired Emergency Officers and 1 Peacetime Special Act.

[k] Includes 9,024 children of deceased peacetime veterans.
[l] Includes 2,993 parents of deceased peacetime veterans.
[m] Includes 37,185 surviving spouses of deceased peacetime veterans.

NOTE: Figures on the number of living veterans reflect final 1990 Census data and include only veterans living in the U.S. Detail may not add to total due to rounding.

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